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

FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2014

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _________ to _________

Commission file number 001-12658

ALBEMARLE CORPORATION
(Exact name of registrant as specified in its charter)

VIRGINIA	**54-1692118**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

451 Florida Street
Baton Rouge, Louisiana 70801
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 225-388-8011

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
COMMON STOCK, $.01 Par Value	**NEW YORK STOCK EXCHANGE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 at least the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its Corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements 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 a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity stock held by non-affiliates of the registrant was approximately $5.6 billion based on the reported last sale price of common stock on June 30, 2014, the last business day of the registrant's most recently completed second quarter.

Number of shares of common stock outstanding as of February 13, 2015: 112,155,745

Documents Incorporated by Reference

Portions of Albemarle Corporation's definitive Proxy Statement for its 2015 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, are incorporated by reference into Parts II and III of this Form 10-K.

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Year Ended December 31, 2014

PART I

Item 1. Business.

Albemarle Corporation was incorporated in Virginia in 1993. Our principal executive offices are located at 451 Florida Street, Baton Rouge, Louisiana 70801. Unless the context otherwise indicates, the terms "Albemarle," "we," "us," "our" or "the Company" mean Albemarle Corporation and our consolidated subsidiaries.

On January 12, 2015, we completed the previously announced acquisition (the "Merger") of Rockwood Holdings, Inc. ("Rockwood") pursuant to an Agreement and Plan of Merger (the "Merger Agreement"). The discussion in this report relates to a period prior to the acquisition of Rockwood and, except as otherwise noted, does not give effect to it. For additional information about the acquisition of Rockwood, see "Recent Acquisitions and Joint Ventures" beginning on page 9, and Note 23, "Acquisitions" to our consolidated financial statements included in Part II, Item 8 of this report.

We are a leading global developer, manufacturer and marketer of highly-engineered specialty chemicals that meet customer needs across an exceptionally diverse range of end markets including the petroleum refining, consumer electronics, construction, automotive, lubricants, pharmaceuticals, crop protection, food safety and custom chemistry services markets. We are committed to global sustainability and are advancing responsible eco-practices and solutions in our two business segments. We believe that our commercial and geographic diversity, technical expertise, innovative capability, flexible, low-cost global manufacturing base, experienced management team and strategic focus on our core base technologies will enable us to maintain leading market positions in those areas of the specialty chemicals industry in which we operate.

We and our joint ventures currently operate 56 production and research and development ("R&D") facilities, including facilities we acquired from Rockwood, as well as a number of administrative and sales offices, in North and South America, Europe, the Middle East, Asia, Africa and Australia. As of December 31, 2014, we served approximately 2,500 customers in approximately 100 countries. For information regarding our unconsolidated joint ventures see Note 9, "Investments" to our consolidated financial statements included in Part II, Item 8 of this report.

Business Segments

During 2014, our operations were managed and reported under two operating segments: Performance Chemicals and Catalyst Solutions. The Performance Chemicals segment includes the Fire Safety Solutions, Specialty Chemicals and Fine Chemistry Services product categories. The Catalyst Solutions segment includes the Refinery Catalyst Solutions and Performance Catalyst Solutions product categories. Financial results and discussion about our operating segments included in this Annual Report on Form 10-K are categorized according to these two operating segments except where noted.

On January 20, 2015, we announced that as a result of the completion of the Rockwood acquisition we will realign our organizational structure, to be effective by the end of the first quarter of 2015. At that time, the Company's new reportable business segments will consist of three segments: Performance Chemicals, Refining Solutions and Chemetall Surface Treatment. Performance Chemicals will combine our lithium, aluminum alkyls and derivative catalysts businesses with Albemarle's existing Performance Chemicals segment. Refining Solutions will consist of the Heavy Oil Upgrading and Clean Fuels Technologies businesses, delivering a robust portfolio of catalyst solutions that apply to the entire refinery process. Chemetall Surface Treatment will supply specialty chemicals with a focus on processes for the surface treatment of metals and plastics. Each segment will have a dedicated team of sales, R&D, process engineering, manufacturing and sourcing, and business strategy personnel and will have full accountability for improving execution through greater asset and market focus, agility and responsiveness. Additionally, in 2015 we intend to pursue strategic alternatives, including divestitures, related to certain product lines including flame retardants, specialty chemicals, fine chemistry services and metal sulfides. These businesses will not be included in the aforementioned segments.

For financial information regarding our operating segments, including revenues generated for each of the last three fiscal years from each of the product categories included in our operating segments, and geographic areas, see Note 24, "Operating Segments and Geographic Area Information" to our consolidated financial statements included in Part II, Item 8 of this report.

Performance Chemicals Segment

As of December 31, 2014, our Performance Chemicals segment consisted of three product categories: Fire Safety Solutions, Specialty Chemicals and Fine Chemistry Services.

Fire Safety Solutions. Our fire safety technology enables the use of plastics in high performance, high heat applications by enhancing the flame resistant properties of these materials. Some of the end market products that benefit from our fire safety technology include plastic enclosures for consumer electronics, printed circuit boards, wire and cable, electrical connectors, textiles and foam insulation. We compete in two major fire safety chemistries: brominated and mineral. Our brominated flame retardants include products sold under the Saytex® brand and our mineral-based flame retardants include products such as Martinal® and Magnifin®. Our strategy is to have a broad range of chemistries applicable to each major flame retardant application.

Specialty Chemicals. Specialty Chemicals includes products such as elemental bromine, alkyl bromides, inorganic bromides, brominated powdered activated carbon and a number of bromine fine chemicals. Our products are used in chemical synthesis, oil and gas well drilling and completion fluids, mercury control, paper manufacturing, water purification, beef and poultry processing and various other industrial applications. Other specialty chemicals that we produce include tertiary amines for surfactants, biocides, disinfectants and sanitizers and aluminum oxides used in a wide variety of refractory, ceramic and polishing applications.

We produce plastic additives as well as other additives, such as curatives, which are often specially developed and formulated for a customer's specific manufacturing requirements. Our additives products include curatives for polyurethane, polyurea and epoxy system polymerization. Our Ethacure® curatives are used in cast elastomers, coatings, reaction injection molding and specialty adhesives that are incorporated into products such as wheels, tires and rollers.

Fine Chemistry Services. In addition to supplying the specific fine chemistry products and performance chemicals for the pharmaceutical and agricultural uses described below, our Fine Chemistry Services business offers custom manufacturing, research and chemical scale-up services for companies. These services position us to support customers in developing their new products, such as new drugs, specialty materials and agrichemicals.

Our agrichemicals are sold to agrichemical manufacturers and distributors that produce and distribute finished agricultural herbicides, insecticides, fungicides and soil fumigants. Our products include orthoalkylated anilines used in the acetanilide family of pre-emergent herbicides used with corn, soybeans and other crops and methyl bromide, which is used as a soil fumigant. We also manufacture and supply a variety of custom chemical intermediates for the agricultural industry.

Customers

Our Performance Chemicals segment offers more than 150 products to a variety of end markets. We sell our products mostly to chemical manufacturers and processors, such as polymer resin suppliers (including pharmaceutical and agricultural companies), drilling and oil service companies, beef and poultry processors, water treatment and photographic companies, energy producers and other specialty chemical companies.

Sales of Performance Chemicals in Asia are expected to grow long-term due to the underlying growth in consumer demand and the shift of the production of consumer electronics from the United States ("U.S.") and Europe to Asia. In response to this development, we have established a sales and marketing network in China, Japan, Korea and Singapore with products sourced from the U.S., Europe, China and the Middle East.

Pricing for many of our Performance Chemicals products and services is based upon negotiation with customers. The critical factors that affect prices are the level of technology differentiation we provide, the maturity of the product and the level of assistance required to bring a new product through a customer's developmental process.

A number of customers of our Performance Chemicals segment manufacture products for cyclical industries, including the consumer electronics, building and construction, and automotive industries. As a result, demand from our customers in such industries is also cyclical.

Competition

Our Performance Chemicals segment serves the following geographic markets: the Americas, Asia, Europe and the Middle East, each of which is highly competitive. Product performance and quality, price and contract terms are the primary factors in determining which qualified supplier is awarded a contract. Research and development, product and process improvements, specialized customer services, the ability to attract and retain skilled personnel and maintenance of a good safety record have also been important factors to compete effectively in the Performance Chemicals marketplace.

We are a market leader in the bromine-based product groups (including flame retardants) and our most significant competitors are Chemtura Corporation and Israel Chemicals Ltd. We are also a market leader in the mineral-based flame retardants business. In our mineral-based flame retardants business, our most significant competitors include J.M. Huber Corporation, Kyowa Chemical Industry Co., Ltd. and Nabaltec GmbH. We differentiate ourselves from our competitors by developing new, high quality innovative products, offering cost reductions and enhancing the services that we offer.

Raw Materials and Significant Supply Contracts

The major raw materials we use in our Performance Chemicals operations are bromine, bisphenol-A, potassium chloride, chlorine, ammonia, aluminum chloride, alpha-olefins, methyl amines, propylene, benzene, caustic soda, alumina trihydrate and polystyrene, most of which are readily available from numerous independent suppliers and are purchased under contracts at prices we believe are competitive. The cost of raw materials is generally based on market prices although we may use contracts with price caps or other tools, as appropriate, to mitigate price volatility. Many of our customers operate under long-term supply contracts that provide for either the pass-through of raw material and energy cost changes, or pricing based on short-term “tenders” in which changing market conditions are quickly reflected in the pricing of the finished product.

The bromine we use in our Performance Chemicals segment comes from two locations: Arkansas and the Dead Sea. Our brine reserves in Arkansas are supported by an active brine rights leasing program. We believe that we have in excess of 70 years of proven bromine reserves in Arkansas. In addition, through our 50% interest in Jordan Bromine Company Limited (“JBC”), a consolidated joint venture with operations in Safi, Jordan, we produce bromine from the Dead Sea, which has virtually inexhaustible reserves. In addition, we have a joint venture with Weifang Sinobrom Import and Export Company, Ltd. (“Sinobrom”), in China that allows us the option to source bromine directly from China’s Shandong Province brine fields.

Catalyst Solutions Segment

As of December 31, 2014, our Catalyst Solutions segment included the Refinery Catalyst Solutions and Performance Catalyst Solutions product categories.

Refinery Catalyst Solutions. Our two main refinery catalysts businesses are Clean Fuels Technologies, which is primarily composed of hydroprocessing catalysts (“HPC”), and Heavy Oil Upgrading, which is primarily composed of fluidized catalytic cracking (“FCC”) catalysts and additives. HPC products are widely applied throughout the refining industry. Their application enables the upgrading of oil fractions to clean fuels and other usable oil products by removing sulfur, nitrogen and other impurities from the feedstock. In addition, they improve product properties by adding hydrogen and in some cases improve the performance of downstream catalysts and processes. We continuously seek to add more value to refinery operations by offering HPC products that meet our customers’ requirements for profitability and performance in the very demanding refining market. FCC catalysts assist in the high yield cracking of less desired refinery petroleum streams into derivative, higher-value products such as transportation fuels and petrochemical feedstocks like propylene. Our FCC additives are used to reduce emissions of sulfur dioxide and nitrogen oxide in FCC units and to increase liquefied petroleum gas olefins yield, such as propylene, and to boost octane in gasoline. Albemarle offers unique refinery catalysts to crack and treat the lightest to the heaviest feedstocks while meeting refinery yield and product needs. We offer a wide range of HPC products and approximately 60 different FCC catalysts and additives products to our customers.

Performance Catalyst Solutions (“PCS”). We have three business units in our PCS division: polymer catalysts, chemical catalysts, and electronic materials. We manufacture organometallic co-catalysts (e.g., aluminum, magnesium and zinc alkyls) as well as metallocene components and co-catalysts (e.g., methylaluminumoxane, organoborons, metallocene compounds, and finished polymerization catalysts comprising these products). We also offer finished single-site catalysts with or without our proprietary ActivCat® technology and a line of proprietary Ziegler-Natta catalysts under the Advantage™ brand. Our co-catalysts and finished catalysts are used in our customers’ production of polyolefin polymers. Such polymers are commodity (i.e., Ziegler-Natta polymerization technology-based) and specialty (i.e., Single Site polymerization technology-based) plastics serving a wide variety of end markets including packaging, non-packaging, films and injection molding. Some of our organometallic products are also used in the manufacture of alpha-olefins (i.e., hexene, octene, decene). In electronic materials, we manufacture and sell high purity metal organic products into electronic applications such as the production of light-emitting diodes (“LEDs”) for displays and general lighting, as well as other products used in the production of solar cells. Our chemical catalysts include a variety of catalysts used in the broad chemical industry, for example, catalysts used in the production of ethylene dichloride and methylamines, among others.

Customers

Our Catalyst Solutions segment customers include multinational corporations such as ExxonMobil Corporation, Chevron Corporation, TOTAL S.A., Saudi Basic Industries Corporation and INEOS Group Holdings S.A.; independent petroleum refining companies such as Valero Energy Corporation and SK Holdings; lubricant manufacturers, and national petroleum refining companies such as Reliance, Petróleo Brasileiro S.A. and Petróleos Mexicanos.

We estimate that there are currently approximately 500 FCC units being operated globally, each of which requires a constant supply of FCC catalysts. In addition, we estimate that there are approximately 3,200 HPC units being operated globally, each of which typically requires replacement HPC catalysts once every one to three years. There are approximately 1,200 polyolefin and elastomer units worldwide which require a constant supply of co-catalysts and finished catalysts.

Competition

Our Catalyst Solutions segment serves the global market including the Americas, Asia, Europe and the Middle East, each of which is highly competitive. Product performance and quality, price and contract terms are the primary factors in determining which qualified supplier is awarded a contract. Research and development, product and process improvements, specialized customer services, the ability to attract and retain skilled personnel and the maintenance of a good safety record have also been important factors to compete effectively in the Catalysts marketplace. Through our research and development programs, we strive to differentiate our business by developing value-added products and products based on proprietary technologies.

We are a market leader in the HPC, FCC and polyolefin organometallic catalysts markets. Our major competitors in the HPC catalysts market include Criterion Catalysts and Technologies, Advanced Refining Technologies and Haldor Topsoe. Our major competitors in the FCC catalysts market include W.R. Grace & Co. and BASF Corporation. Our major competitors in the organometallics market include AkzoNobel and Chemtura Corporation, as well as W.R. Grace & Co. and BASF in the Ziegler-Natta catalysts area. Some of our major catalysts competitors have alliances with global major refiners to facilitate new product development and introduction.

Raw Materials

The major raw materials we use in our Catalysts operations include aluminum, ethylene, alpha-olefins, sodium silicate, sodium aluminate, kaolin, rare earths, molybdenum, nickel and cobalt, most of which are readily available from numerous independent suppliers and are purchased or provided under contracts at prices we believe are competitive. The cost of raw materials is generally based on market prices, although we may use contracts with price caps or other tools, as appropriate, to mitigate price volatility. These raw materials may nevertheless be subject to significant volatility despite our mitigating efforts. Our profitability may be affected if we are unable to recover significant raw material costs from our customers.

Sales, Marketing and Distribution

We have an international strategic account program that uses cross-functional teams to serve large global customers. This program emphasizes creative strategies to improve and strengthen strategic customer relationships with emphasis on creating value for customers and promoting post-sale service. Complementing this program are regional Albemarle sales personnel around the world who serve numerous additional customers within North America, Europe, the Middle East, India, Asia Pacific, Russia, Africa and Latin America. We also use approximately 75 commissioned sales representatives and specialists in specific market areas, some of which are affiliated with subsidiaries of large chemical companies.

Research and Development

We believe that in order to generate revenue growth, maintain our margins and remain competitive, we must continually invest in research and development, product and process improvements and specialized customer services. Through research and development, we continue to seek increased margins by introducing value-added products and proprietary processes and innovative green chemistry technologies. Our green chemistry efforts focus on the development of products that benefit society in a manner that minimizes waste and the use of raw materials and energy, avoids the use of toxic reagents and solvents and is produced in safe, environmentally friendly manufacturing processes. Green chemistry is encouraged with our researchers through periodic focus group discussions and special rewards and recognition for outstanding new green developments.

Our research and development efforts support each of our business segments. As of December 31, 2014, the focus of research in Performance Chemicals is divided among new and improved flame retardants, new uses for bromine and bromine-based products, curing agents and the development of efficient processes for the manufacture of chemical intermediates and actives for the pharmaceutical and agrichemical industries. Fire safety solutions research is focused primarily on developing new flame retardants which not only meet the higher performance requirements required by today’s polymer producers, formulators and original equipment manufacturers but which also have superior toxicological and environmental profiles, such as our GreenArmor™ flame retardant product, that are greatly enhanced in both end product performance and environmental responsibility. Another area of research is the development of bromine-based products for use as biocides in industrial water treatment and food safety applications and as additives used to reduce mercury emissions from coal-fired power plants. Curatives research is focused primarily on improving and extending our line of curing agents and formulations.

As of December 31, 2014, Catalyst Solutions research is focused on the needs of our refinery catalysts customers, our performance catalysts customers and developing metal organics for LED and other electronic applications. Refinery catalysts research is focused primarily on the development of more effective catalysts and related additives to produce clean fuels and to maximize the production of the highest value refined products. In the performance catalysts area, we are focused primarily on catalysts, co-catalysts and finished catalysts systems for polymer producers to meet the market's demand for improved polyolefin polymers and elastomers as well as metal organics for electronic customers.

We have incurred research and development expenses of $88.3 million, $82.2 million and $78.9 million during 2014, 2013 and 2012, respectively.

Intellectual Property

Our intellectual property, including our patents, licenses and trade names, is an important component of our business. As of December 31, 2014, we owned approximately 1,800 active U.S. and foreign patents and approximately 800 pending U.S. and foreign patent applications. We also have acquired rights under patents and inventions of others through licenses, and we license certain patents and inventions to third parties.

Regulation

Our business is subject to a broad array of employee health and safety laws and regulations, including those under the Occupational Safety and Health Act. We also are subject to similar state laws and regulations as well as local laws and regulations for our non-U.S. operations. We devote significant resources and have developed and implemented comprehensive programs to promote the health and safety of our employees and we maintain an active health, safety and environmental program. We finished 2014 with an occupational injury and illness rate of 0.327 for Albemarle employees and nested contractors, down from 0.55 in 2013.

Our business and our customers also may be subject to significant requirements under the European Community Regulation for the Registration, Evaluation and Authorization of Chemicals ("REACH"). REACH imposes obligations on European Union manufacturers and importers of chemicals and other products into the European Union to compile and file comprehensive reports, including testing data, on each chemical substance, and perform chemical safety assessments. Additionally, substances of high concern—such as Carcinogenic, Mutagenic and Reprotoxic ("CMRs"); Persistent, Bioaccumulative and Toxic ("PBTs"); very Persistent, very Bioaccumulative ("vPvB"); and endocrine disruptors—will be subject to an authorization process. Authorization may result in restrictions in the use of products by application or even banning the product. In 2009, one of our products was designated by European regulators as a Substance of Very High Concern under authorization, Hexabromocyclododecane ("HBCD"). Our sales of HBCD approximated 0.7%, 1.3% and 1.9% of our total annual net sales in 2014, 2013 and 2012, respectively. In 2012, another of our products, decabromodiphenyl ether ("decaBDE") similarly was identified as a Substance of Very High Concern. Our sales of decaBDE were negligible in 2014, and approximated 0.3% of our total annual net sales in 2013 and 0.7% of our total annual net sales in 2012. Albemarle ceased production of decaBDE effective at the end of 2012. Albemarle actively conducts research and development activities to find more sustainable substitutes for products such as HBCD and decaBDE that may be subject to restrictions. For example, in August of 2014, Albemarle announced a joint venture with ICL Industrial Products ("ICL") for the production of GreenCrest™, a substitute chemical for HBCD with a superior environmental profile.

The REACH regulations impose significant additional burdens on chemical producers, importers, downstream users of chemical substances and preparations, and the entire supply chain. Our significant manufacturing presence and sales activities in the European Union will require us to incur significant additional compliance costs and may result in increases in the costs of raw materials we purchase and the products we sell. Increases in the costs of our products could result in a decrease in their overall demand; additionally, customers may seek products that are not regulated by REACH, which could also result in a decrease in the demand of certain of our products subject to the REACH regulations.

Recently, there has been increased scrutiny of certain brominated flame retardants by regulatory authorities, legislative bodies and environmental interest groups in various countries. We manufacture a broad range of brominated flame retardant products, which are used in a variety of applications. Concern about the impact of some of our products on human health or the environment may lead to regulation, or reaction in our markets independent of regulation.

Environmental Regulation

We are subject to numerous foreign, federal, state and local environmental laws and regulations, including those governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated properties. Ongoing compliance with such laws and regulations is an important consideration for us. Key aspects of our operations are subject to these laws and regulations. In addition, we incur substantial capital and operating costs in our efforts to comply with them.

Liabilities associated with the investigation and cleanup of hazardous substances, as well as personal injury, property damages or natural resource damages arising from the release of, or exposure to, such hazardous substances, may be imposed in many situations without regard to violations of laws or regulations or other fault, and may also be imposed jointly and severally (so that a responsible party may be held liable for more than its share of the losses involved, or even the entire loss). Such liabilities also may be imposed on many different entities with a relationship to the hazardous substances at issue, including, for example, entities that formerly owned or operated the property affected by the hazardous substances and entities that arranged for the disposal of the hazardous substances at the affected property, as well as entities that currently own or operate such property. We are subject to such laws, including the federal Comprehensive Environmental Response, Compensation and Liability Act, commonly known as CERCLA or Superfund, in the U.S., and similar foreign and state laws. We may have liability as a potentially responsible party (“PRP”) with respect to active off-site locations under CERCLA or state equivalents. We have sought to resolve our liability as a PRP at these sites through indemnification by third parties and settlements, which would provide for payment of our allocable share of remediation costs. Because the cleanup costs are estimates and are subject to revision as more information becomes available about the extent of remediation required, and in some cases we have asserted a defense to any liability, our estimates could change. Moreover, liability under CERCLA and equivalent state statutes may be joint and several, meaning that we could be required to pay in excess of our pro rata share of remediation costs. Our understanding of the financial strength of other PRPs has been considered, where appropriate, in estimating our liabilities. Accruals for these matters are included in the environmental reserve discussed below. Our management is actively involved in evaluating environmental matters and, based on information currently available to us, we have concluded that our outstanding environmental liabilities for unresolved waste sites currently known to us should not have a material effect on our operations.

We use and generate hazardous substances and wastes in our operations and may become subject to claims for personal injury and/or property damage relating to the release of such substances into the environment. In addition, some of our current properties are, or have been, used for industrial purposes, which could contain currently unknown contamination that could expose us to governmental requirements or claims relating to environmental remediation, personal injury and/or property damage. While we conduct our operations so as to minimize the risk of incurring such losses, the nature of our business and the types of operations in which we engage create a potential for such losses to occur. These risks could expose us to substantial liability for personal injury, wrongful death, property damage, loss of production, pollution and other environmental damages. Depending on the frequency and severity of such incidents, it is possible that the Company’s operating costs, insurability and relationships with customers, employees and regulators could be impaired. In particular, our customers may elect not to purchase our product if they view our safety record as unacceptable. This could also cause us to lose customers and substantial revenues. However, we believe that the likelihood of an environmental-related catastrophic occurrence or a series of occurrences that could materially affect the Company’s financial position or competitiveness is low.

We record accruals for environmental matters when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. It is possible that new information or future developments could require us to reassess our potential exposure related to environmental matters. We may incur significant costs and liabilities in order to comply with existing environmental laws and regulations. It is also possible that other developments, such as increasingly strict environmental laws, regulations and orders of regulatory agencies, as well as claims for damages to property and the environment or injuries to employees and other persons resulting from our current or past operations, could result in substantial costs and liabilities in the future. As this information becomes available, or other relevant developments occur, we will adjust our accrual amounts accordingly. While there are still uncertainties related to the ultimate costs we may incur, based upon our evaluation and experience to date, we believe our reserves are adequate. We cannot assure you that, as a result of former, current or future operations, there will not be some future impact on us relating to new regulations or additional environmental remediation or restoration liabilities. See “Safety and Environmental Matters” in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations on page 55.

Climate Change

The growing concerns about climate change and the related imposition by governments of more stringent regulations may provide us with new or expanded business opportunities. The Company seeks to capitalize on the “green revolution” by providing solutions to companies pursuing alternative fuel products and technologies (such as renewable fuels, gas-to-liquids and others), emission control technologies (including mercury emissions) and other similar solutions. As demand for, and legislation mandating or incentivizing the use of alternative fuel technologies that limit or eliminate greenhouse gas emissions increase, we continue to monitor the market and offer solutions where we have appropriate technology and believe we are well positioned to take advantage of opportunities that may arise if new legislation is enacted.

Recent Acquisitions, Joint Ventures and Divestitures

Over the last three years, we have devoted resources to acquisitions and joint ventures, including the subsequent integration of acquired businesses. These acquisitions and joint ventures have expanded our base business, provided our customers with a wider array of products and presented new alternatives for discovery through additional chemistries. Following is a summary of our acquisitions and joint ventures during recent years.

On July 15, 2014, we entered into the Merger Agreement to acquire all the outstanding shares of Rockwood. On January 12, 2015, we completed the acquisition of Rockwood for a purchase price of approximately $5.6 billion, comprised of approximately $3.6 billion in cash consideration and approximately $2.0 billion in equity consideration, with Rockwood becoming a wholly-owned subsidiary of Albemarle. Rockwood is a leading global developer, manufacturer and marketer of technologically advanced and high value added specialty chemicals. It is a leading integrated and low cost global producer of lithium and lithium compounds used in lithium ion batteries for electronic devices, transportation vehicles and future energy storage technologies, meeting the significant growth in global demand for these products. Rockwood is also one of the largest global producers of surface treatments and coatings for metal processing, servicing the automotive, aerospace and general industrial markets. The acquisition of Rockwood reflects our commitment to drive sustainable growth, creating one of the world's premier specialty chemicals companies, with market-leading positions across four high-margin businesses: lithium, catalysts, bromine and surface treatment. On a combined basis, the Company is expected to drive growth through:

- Continuing to penetrate lithium-based energy storage products, including e-mobility batteries and batteries for the automotive industry;
- Capitalizing on attractive global trends in refinery catalysts, including the increasing demand for transportation fuels particularly in developing regions, as well as the demand for solutions to convert a range of feedstocks into high-value finished products;
- Expanding within existing bromine markets driven by the proliferation of digital technology, offshore deep water drilling and mercury control emission reduction, along with growth driven by new bromine applications; and
- Leveraging our position as a market-leading provider of surface treatment products and services to grow through innovative technology coupled with superior technical and customer service, proximity to the customer, global market segment focus and regional expansion in developing economies.

On August 29, 2014, we announced an agreement with ICL to establish a manufacturing joint venture for the production of ICL's FR-122P polymeric flame retardant and our GreenCrest™ polymeric flame retardant. These flame retardants are designed to replace HBCD. The joint venture and its partners will own and operate a 2,400 MT per year Netherlands plant and a 10,000 MT per year Israel plant. The transaction is subject to certain closing conditions, including regulatory approvals, and is expected to close in the first half of 2015.

On September 1, 2014, we closed the sale of our antioxidant, ibuprofen and propofol businesses and assets to SI Group, Inc. and received net proceeds of $104.7 million. Included in the transaction were Albemarle's manufacturing sites in Orangeburg, South Carolina and Jinshan, China, along with Albemarle's antioxidant product lines manufactured in Ningbo, China.

On October 8, 2013, we announced the expansion of our presence in the electronic materials market with the acquisition of Cambridge Chemical Company, Ltd. for consideration of approximately $3.6 million, effective October 1, 2013. Based in Cambridge, UK, Cambridge Chemical is a key technology player for producing high purity metal organic chemicals used in the laser market. Cambridge Chemical's technology and products will further strengthen Albemarle's offerings in the electronic market including LED, semiconductor, organic light-emitting diode and now laser. Albemarle will also benefit from a number of R&D and distribution synergies resulting from the acquisition.

On September 13, 2010, we announced the purchase of certain property and equipment in Yeosu, South Korea in connection with our plans for building a metallocene polyolefin catalyst and trimethyl gallium ("TMG") manufacturing site. The total purchase price of the initial property and equipment acquired was approximately $10.2 million. The site will effectively mirror Albemarle's world scale metallocene polyolefin catalyst and TMG capabilities located in Baton Rouge, Louisiana. Commercial production of metallocene polyolefin catalysts and co-catalysts began in July 2013 and commercial production of TMG began in September 2014.

Employees

As of December 31, 2014, we had 3,625 employees of whom 1,830, or 50%, are employed in the U.S. and Latin America; 1,106, or 31%, are employed in Europe; 351, or 10%, are employed in Asia and 338, or 9%, are employed in the Middle East. Approximately 11% of our U.S. employees are unionized. We have bargaining agreements at two of our U.S. locations:

- Baton Rouge, Louisiana—United Steel Workers ("USW"); and
- Pasadena, Texas—USW; Sheet Metal Workers International Association; United Association of Journeymen & Apprentices of Plumbing and Pipefitting Industry; and International Brotherhood of Electrical Workers.

We believe that we have good working relationships with these unions, and we have operated without a labor work stoppage at each of these locations for more than 20 years. Bargaining agreements expire at our Pasadena, Texas location in 2017 and our Baton Rouge, Louisiana location in 2019.

As of December 31, 2014, we had two works councils representing the majority of our European sites—Amsterdam, the Netherlands and Bergheim, Germany—covering approximately 900 employees. We believe that we have a generally good relationship with these councils and bargaining representatives.

Available Information

Our internet website address is *http://www.albemarle.com*. We make available free of charge through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), as well as reports on Forms 3, 4 and 5 filed pursuant to Section 16 of the Exchange Act, as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). The information on our website is not, and shall not be deemed to be, a part of this report or incorporated into any other filings we make with the SEC. These reports may also be obtained at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. The SEC also maintains a website at *http://www.sec.gov* that contains reports, proxy statements and other information regarding SEC registrants, including Albemarle.

Our Corporate Governance Guidelines, Code of Business Conduct and the charters of the Audit and Finance, Health, Safety and Environment, Executive Compensation, and Nominating and Governance Committees are also available on our website and are available in print to any shareholder upon request by writing to Investor Relations, 451 Florida Street, Baton Rouge, Louisiana 70801, or by calling (225) 388-8011.

Item 1A. Risk Factors.

You should consider carefully the following risks when reading the information, including the financial information, contained in this Annual Report on Form 10-K.

Adverse conditions in the global economy and volatility and disruption of financial markets can negatively impact our customers and suppliers and therefore have a material adverse effect on our results of operations.

A global economic downturn may reduce customer demand or inhibit our ability to produce our products, negatively impacting our operating results. Our business and operating results have been and will continue to be sensitive to global economic downturns (including credit market tightness which can impact our liquidity as well as our customers and suppliers), declining consumer and business confidence, fluctuating commodity prices, volatile exchange rates and other challenges that can affect the global economy. Our customers may experience deterioration of their businesses, cash flow shortages and difficulty obtaining financing. As a result, existing or potential customers can delay or cancel plans to purchase products and may not be able to fulfill their obligations in a timely fashion. Further, suppliers may be experiencing similar conditions, which could impact their ability to fulfill their obligations to us. If the current weakness in much of the global economy continues for an extended period or deepens significantly, our results of operations, financial condition and cash flows could be materially adversely affected.

Our inability to pass through increases in costs and expenses for raw materials and energy, on a timely basis or at all, could have an adverse effect on the margins of our products and our results of operations.

In general, raw material costs account for a significant percentage of our total costs of products sold. Our raw material and energy costs can be volatile and may increase significantly. Increases are primarily driven by significantly tighter market conditions and major increases in the pricing of basic building blocks for our products such as lithium brine, bromine, crude oil, chlorine and metals (including molybdenum and rare earths which are used in the refinery catalysts business). We generally attempt to pass through changes in the prices of raw materials and energy to our customers, but we may be unable to or be delayed in doing so. Our inability to efficiently and effectively pass through price increases, or inventory impacts resulting from price volatility, could adversely affect our margins. In addition to raising prices, raw material suppliers may extend lead times or limit supplies. Constraints on the supply or delivery of energy or critical raw materials could disrupt production and adversely affect the performance of our business.

We face competition from other specialty chemical companies, which places downward pressure on the prices and margins of our products.

We operate in a highly competitive marketplace, competing against a number of global specialty chemical producers. Competition is based on several key criteria, including product performance and quality, product price, product availability and security of supply and responsiveness of product development in cooperation with customers and customer service. Some of our competitors are larger than we are and may have greater financial resources. In addition, our products are facing increasing competition from market participants in China. These competitors may also be able to maintain significantly greater operating and financial flexibility than we do. As a result, these competitors may be better able to withstand changes in conditions within our industry, changes in the prices of raw materials and energy and in general economic conditions. Additionally, competitors' pricing decisions could compel us to decrease our prices, which could affect our margins and profitability adversely. Our ability to maintain or increase our profitability is, and will continue to be, dependent upon our ability to offset decreases in the prices and margins of our products by improving production efficiency and volume, shifting to higher margin chemical products and improving existing products through innovation and research and development. If we are unable to do so or to otherwise maintain our competitive position, we could lose market share to our competitors.

Within the end-use markets in which we compete, competition between products is intense. Substitute products also exist for many of our products. Therefore, we face substantial risk that certain events, such as new product development by our competitors, changing customer needs, production advances for competing products, price changes in raw materials and products, our failure to secure patents or the expiration of patents, could result in declining demand for our products as our customers switch to substitute products or undertake manufacturing of such products on their own. If we are unable to develop, produce or market our products to effectively compete against our competitors, our results of operations may materially suffer.

We believe that our customers are increasingly looking for strong, long-term relationships with a few key suppliers that help them improve product performance, reduce costs, or support new product development. To satisfy these growing customer requirements, our competitors have been consolidating within product lines through mergers and acquisitions. We may also need to invest and spend more on research and development and marketing costs to strengthen existing customer relationships, as well as attract new customers. Our indebtedness could limit our flexibility to react to these industry trends and our ability to remain competitive.

Albemarle's brands, product image and trademarks represent the unique product identity of each of our products and are important symbols of the Company's reputation. Accordingly, the performance of our business could be adversely affected by any marketing and promotional materials used by our competitors that make false or unsubstantiated claims, implies immoral or improper conduct or is otherwise disparaging to our Company or its products. Further, our own actions could hurt such brands, product image and trademarks if our products underperform or we otherwise draw negative publicity.

Downturns in our customers' cyclical industries could adversely affect our sales and profitability.

Downturns in the businesses that use our specialty chemicals will adversely affect our sales. Many of our customers are in industries, including the electronics, building and construction, oilfield and automotive industries, that are cyclical in nature and sensitive to changes in general economic conditions. Historically, downturns in general economic conditions have resulted in diminished product demand, excess manufacturing capacity and lower average selling prices, and we may experience similar problems in the future. A decline in economic conditions in our customers' cyclical industries may have a material adverse effect on our sales and profitability.

Our results are subject to fluctuation because of irregularities in the demand for our HPC catalysts and certain of our agrichemicals.

Our HPC catalysts are used by petroleum refiners in their processing units to reduce the quantity of sulfur and other impurities in petroleum products. The effectiveness of HPC catalysts diminishes with use, requiring the HPC catalysts to be replaced, on average, once every one to three years. The sales of our HPC catalysts, therefore, are largely dependent on the useful life cycle of the HPC catalysts in the processing units and may vary materially by quarter. In addition, the timing and profitability of HPC catalysts sales can have a significant impact on revenue and profit in any one quarter. Sales of our agrichemicals are also subject to fluctuation as demand varies depending on climate and other environmental conditions, which may prevent or reduce farming for extended periods. In addition, crop pricing and timing of when farms alternate from one crop to another crop in a particular year can also alter sales of agrichemicals.

Changes in our customers' products can reduce the demand for our specialty chemicals.

Our customers use our specialty chemicals for a broad range of applications. Changes in our customers' products or processes may enable our customers to reduce consumption of the specialty chemicals that we produce or make our specialty chemicals unnecessary. Customers may also find alternative materials or processes that no longer require our products. Should a customer decide to use a different material due to price, performance or other considerations, we may not be able to supply a product that meets the customer's new requirements. Consequently, it is important that we develop new products to replace the sales of products that mature and decline in use. Our business, results of operations, cash flows and margins could be materially adversely affected if we are unable to manage successfully the maturation of our existing products and the introduction of new products.

Our research and development efforts may not succeed and our competitors may develop more effective or successful products.

The specialty chemicals industry is subject to periodic technological change and ongoing product improvements. In order to maintain our margins and remain competitive, we must successfully develop, manufacture and market new or improved products. As a result, we must commit substantial resources each year to research and development. Ongoing investments in research and development for future products could result in higher costs without a proportional increase in revenues. Additionally, for any new product program, there is a risk of technical or market failure in which case we may not be able to develop the new commercial products needed to maintain our competitive position or we may need to commit additional resources to new product development programs. Moreover, new products may have lower margins than the products they replace.

Our industries and the end-use markets into which we sell our products experience periodic technological change and product improvement. Manufacturers periodically introduce new generations of products or require new technological capacity to develop customized products. Our future growth will depend on our ability to gauge the direction of the commercial and technological progress in all key end-use markets and upon our ability to fund and successfully develop, manufacture and market products in such changing end-use markets. We will have to continue to identify, develop, market and in certain cases, secure regulatory approval for innovative products on a timely basis to replace or enhance existing products in order to maintain our profit margins and our competitive position. We may not be successful in developing new products and/or technology, either alone or with third parties, or licensing intellectual property rights from third parties on a commercially competitive basis. Our new products may not be accepted by our customers or may fail to receive regulatory approval. If we fail to keep pace with the evolving technological innovations in our end-use markets on a competitive basis, our business, financial condition and results of operations could be adversely affected.

We also expect competition to increase as our competitors develop and introduce new and enhanced products. As new products enter the market, our products may become obsolete or competitors' products may be marketed more effectively than our products. If we fail to develop new products, maintain or improve our margins with our new products or keep pace with technological developments, our business, financial condition, results of operations and cash flows will suffer.

Our inability to protect our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

Protection of our proprietary processes, methods and compounds and other technology is important to our business. We generally rely on patent, trade secret, trademark and copyright laws of the U.S. and certain other countries in which our products are produced or sold, as well as licenses and nondisclosure and confidentiality agreements, to protect our intellectual property rights. The patent, trade secret, trademark and copyright laws of some countries may not protect our intellectual property rights to the same extent as the laws of the U.S. Failure to protect our intellectual property rights may result in the loss of valuable proprietary technologies. Additionally, some of our technologies are not covered by any patent or patent application and, even if a patent application has been filed, it may not result in an issued patent. If patents are issued to us, those patents may not provide meaningful protection against competitors or against competitive technologies. We cannot assure you that our intellectual property rights will not be challenged, invalidated, circumvented or rendered unenforceable.

We also conduct research and development activities with third parties and license certain intellectual property rights from third parties and we plan to continue to do so in the future. We endeavor to license or otherwise obtain intellectual property rights on terms favorable to us. However, we may not be able to license or otherwise obtain intellectual property rights on such terms or at all. Our inability to license or otherwise obtain such intellectual property rights could have a material adverse effect on our ability to create a competitive advantage and create innovative solutions for our customers, which will adversely affect our net sales and our relationships with our customers.

We could face patent infringement claims from our competitors or others alleging that our processes or products infringe on their proprietary technologies. If we are found to be infringing on the proprietary technology of others, we may be liable for damages and we may be required to change our processes, redesign our products partially or completely, pay to use the technology of others, stop using certain technologies or stop producing the infringing product entirely. Even if we ultimately prevail in an infringement suit, the existence of the suit could prompt customers to switch to products that are not the subject of infringement suits. We may not prevail in intellectual property litigation and such litigation may result in significant legal costs or otherwise impede our ability to produce and distribute key products.

We also rely upon unpatented proprietary manufacturing expertise, continuing technological innovation and other trade secrets to develop and maintain our competitive position. While we generally enter into confidentiality agreements with our employees and third parties to protect our intellectual property, we cannot assure you that our confidentiality agreements will not be breached, that they will provide meaningful protection for our trade secrets and proprietary manufacturing expertise or that adequate remedies will be available in the event of an unauthorized use or disclosure of our trade secrets or manufacturing expertise.

Our business and operations could suffer in the event of cyber-security breaches.

Attempts by others to gain unauthorized access to our information technology systems become more sophisticated over time. These attempts, which might be related to industrial or other espionage, include covertly introducing malware to our computers and networks and impersonating authorized users, among others. We seek to detect and investigate all security incidents and to prevent their recurrence, but in some cases we might be unaware of an incident or its magnitude and effects. The theft, unauthorized use or publication of our intellectual property and/or confidential business information could harm our competitive position, reduce the value of our investment in research and development and other strategic initiatives or otherwise adversely affect our business. To the extent that any cyber-security breach results in inappropriate disclosure of our customers' or licensees' confidential information, we may incur liability as a result.

Our substantial international operations subject us to risks of doing business in foreign countries, which could adversely affect our business, financial condition and results of operations.

We conduct a substantial portion of our business outside of the U.S. We expect sales from international markets to continue to represent a significant portion of our net sales and the net sales of our joint ventures. Accordingly, our business is subject to risks related to the differing legal, political, social and regulatory requirements and economic conditions of many jurisdictions. Risks inherent in international operations include the following:

- fluctuations in foreign currency exchange rates may affect product demand and may adversely affect the profitability in U.S. Dollars of products and services we provide in international markets where payment for our products and services is made in the local currency;
- transportation and other shipping costs may increase;
- intellectual property rights may be more difficult to enforce;
- increased cost of, and decreased availability of raw materials;
- changes in foreign laws and tax rates or U.S. laws and tax rates with respect to foreign income may unexpectedly increase the rate at which our income is taxed, impose new and additional taxes on remittances, repatriation or other payments by subsidiaries, or cause the loss of previously recorded tax benefits;
- foreign countries may adopt other restrictions on foreign trade or investment, including currency exchange controls;
- trade sanctions could result in losing access to customers and suppliers in those countries;
- unexpected adverse changes in foreign laws or regulatory requirements may occur;
- agreements may be difficult to enforce and receivables difficult to collect;
- compliance with a variety of foreign laws and regulations may be burdensome;
- compliance with anti-bribery and anti-corruption laws may be costly;
- unexpected adverse changes in export duties, quotas and tariffs and difficulties in obtaining export licenses;

- general economic conditions in the countries in which we operate could have an adverse effect on our earnings from operations in those countries;
- foreign operations may experience staffing difficulties and labor disputes;
- foreign governments may nationalize private enterprises; and
- our business and profitability in a particular country could be affected by political or economic repercussions from terrorist activities and the response to such activities, the possibility of hyperinflationary conditions and political instability in certain countries.

In addition, certain of our joint ventures operate, and we have ongoing capital projects in, high-risk regions of the world such as the Middle East and South America. Unanticipated events such as geopolitical changes could result in a write-down of our investment in the affected joint venture or a delay or cancellation of those capital projects, which could negatively impact our future growth and profitability. Our success as a global business will depend, in part, upon our ability to succeed in differing legal, regulatory, economic, social and political conditions by developing, implementing and maintaining policies and strategies that are effective in each location where we and our joint ventures do business.

Furthermore, our subsidiaries are subject to rules and regulations related to anti-bribery prohibitions of the U.S. and other countries and export controls and economic embargoes, violations of which may carry substantial penalties. For example, export control and economic embargo regulations limit the ability of our subsidiaries to market, sell, distribute or otherwise transfer their products or technology to prohibited countries or persons. Failure to comply with these regulations could subject our subsidiaries to fines, enforcement actions and/or have an adverse effect on our reputation and the value of our common stock.

We are exposed to fluctuations in foreign exchange rates, which may adversely affect our operating results and net income.

We conduct our business and incur costs in the local currency of most of the countries in which we operate. The financial condition and results of operations of each foreign operating subsidiary and joint venture are reported in the relevant local currency and then translated to U.S. Dollars at the applicable currency exchange rate for inclusion in our consolidated financial statements. Changes in exchange rates between these foreign currencies and the U.S. Dollar will affect the recorded levels of our assets, liabilities, net sales, cost of goods sold and operating margins and could result in exchange losses. The primary currencies to which we have exposure are the European Union Euro, Japanese Yen, British Pound Sterling, Korean Won, Chinese Renminbi, Brazilian Real and the U.S. Dollar (in certain of our foreign locations). Exchange rates between these currencies and the U.S. Dollar in recent years have fluctuated significantly and may do so in the future. With respect to our potential exposure to foreign currency fluctuations and devaluations, for the year ended December 31, 2014, approximately 26% of our net sales were denominated in such currencies. Significant changes in these foreign currencies relative to the U.S. Dollar could also have an adverse effect on our ability to meet interest and principal payments on any foreign currency-denominated debt outstanding. In addition to currency translation risks, we incur currency transaction risks whenever one of our operating subsidiaries or joint ventures enters into either a purchase or a sales transaction using a different currency from its functional currency. Our operating results and net income may be affected by any volatility in currency exchange rates and our ability to manage effectively our currency transaction and translation risks.

Our business could be adversely affected by environmental, health and safety laws and regulations to which our raw materials, products and facilities are subject.

In the jurisdictions in which we operate, we are subject to numerous federal, state and local environmental, health and safety laws and regulations, including those governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated properties. Further, some of the raw materials we handle are subject to government regulation. These regulations affect the manufacturing processes, handling, uses and applications of our products. In addition, our production facilities and a number of our distribution centers require numerous operating permits that are subject to renewal. Due to the nature of these requirements and changes in our operations, our operations may exceed limits under permits or we may not have the proper permits to operate our operations. Ongoing compliance with such laws, regulations and permits is an important consideration for us and we incur substantial capital and operating costs in our compliance efforts. Environmental laws have become increasingly strict in recent years. We expect this trend to continue and anticipate that compliance will continue to require increased capital expenditures and operating costs.

Compliance with environmental laws generally increases the costs of manufacturing, the cost of registration/approval requirements, the costs of transportation and storage of raw materials and finished products, as well as the costs of the storage and disposal of wastes, and could have a material adverse effect on our results of operations. We may incur substantial costs, including fines, damages, criminal or civil sanctions and remediation costs, or experience interruptions in our operations, for violations arising under these laws or permit requirements. Furthermore, environmental laws are subject to change and have tended to become stricter over time. Such changes in environmental laws or their interpretation, or the enactment of new environmental laws, could result in materially increased capital expenditures and compliance costs.

Violations of environmental, health and safety laws and regulations may subject us to fines, penalties and other liabilities and may require us to change certain business practices or curtail production.

If we violate environmental, health and safety laws or regulations, in addition to being required to correct such violations, we can be held liable in administrative, civil or criminal proceedings for substantial fines and other sanctions could be imposed that could disrupt or limit our operations. Liabilities associated with the investigation and cleanup of hazardous substances, as well as personal injury, property damages or natural resource damages arising from the release of, or exposure to, such hazardous substances, may be imposed in many situations without regard to violations of laws or regulations or other fault, and may also be imposed jointly and severally (so that a responsible party may be held liable for more than its share of the losses involved, or even the entire loss). Such liabilities may also be imposed on many different entities with a relationship to the hazardous substances at issue, including, for example, entities that formerly owned or operated the property affected by the hazardous substances and entities that arranged for the disposal of the hazardous substances at the affected property, as well as entities that currently own or operate such property. Such liabilities can be difficult to identify and the extent of any such liabilities can be difficult to predict. We use, and in the past have used, hazardous substances at many of our facilities, and we have in the past, and may in the future, be subject to claims relating to exposure to hazardous materials and the associated liabilities may be material. We also have generated, and continue to generate, hazardous wastes at a number of our facilities. Some of our facilities also have lengthy histories of manufacturing or other activities that have resulted in site contamination. We have also given contractual indemnities for environmental conditions relating to facilities we no longer own or operate. The nature of our business, including historical operations at our current and former facilities, exposes us to risks of liability under these laws and regulations due to the production, storage, use, transportation and sale of materials that can cause contamination or personal injury if released into the environment. Additional information may arise in the future concerning the nature or extent of our liability with respect to identified sites, and additional sites may be identified for which we are alleged to be liable, that could cause us to materially increase our environmental accrual or the upper range of the costs we believe we could reasonably incur for such matters.

We may be subject to indemnity claims and liable for other payments relating to properties or businesses we have divested.

In connection with the sale of certain properties and businesses, we have agreed to indemnify the purchasers for certain types of matters, such as certain breaches of representations and warranties, taxes and certain environmental matters.

With respect to environmental matters, the discovery of contamination arising from properties that we have divested may expose us to indemnity obligations under the sale agreements with the buyers of such properties or cleanup obligations and other damages under applicable environmental laws.

We may not have insurance coverage for such indemnity obligations or cash flows to make such indemnity or other payments. Further, we cannot predict the nature of and the amount of any indemnity or other obligations we may have to the applicable purchaser. Such payments may be costly and may adversely affect our financial condition and results of operations.

Contractual indemnities may be ineffective in protecting us from environmental liabilities.

At several of our properties where hazardous substances are known to exist (including some sites where hazardous substances are being investigated or remediated), we believe we are entitled to contractual indemnification from one or more former owners or operators; however, in the event we make a claim, the indemnifier may disagree with us or not have the financial capacity to fulfill its indemnity obligation. If our contractual indemnity is not upheld or effective, our accrual and/or our costs for the investigation and cleanup of hazardous substances could increase materially.

We may be exposed to certain regulatory and financial risks related to climate change.

Growing concerns about climate change may result in the imposition of additional regulations or restrictions to which we may become subject. Climate changes include changes in rainfall and in storm patterns and intensities, water shortages, significantly changing sea levels and increasing atmospheric and water temperatures, among others. For example, there has been increasing concern regarding the declining water level of the Dead Sea, from which our joint venture, JBC, produces bromine. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to climate change. For example, some of our operations are within jurisdictions that have, or are developing, regulatory regimes governing greenhouse gas emissions. Potentially, additional U.S. federal regulation will be forthcoming with respect to greenhouse gas emissions (including carbon dioxide) and/or “cap and trade” legislation that could have impacts on our operations. In addition, we have operations in the European Union, Brazil, China, Japan, Jordan, Saudi Arabia, Singapore and the United Arab Emirates, which have implemented measures to achieve objectives under the Kyoto Protocol, an international agreement linked to the United Nations Framework Convention on Climate Change ("UNFCC"), which set binding targets for reducing greenhouse gas emissions. The first commitment period under the Kyoto Protocol expired in 2012. An amendment was passed by the UNFCC during the December 2012 Doha climate change talks that would implement a second commitment period through 2020, but the amendment has not entered into legal force pending acceptance by participating countries. The outcome of new legislation or regulation in the U.S. and other jurisdictions in which we operate may result in new or additional requirements, additional charges to fund energy efficiency activities, fees or restrictions on certain activities. While certain climate change initiatives may result in new business opportunities for us in the area of alternative fuel technologies and emissions control, compliance with these initiatives may also result in additional costs to us, including, among other things, increased production costs, additional taxes, reduced emission allowances or additional restrictions on production or operations. Any adopted future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. Even without such regulation, increased public awareness and adverse publicity about potential impacts on climate change emanating from us or our industry could harm us. We may not be able to recover the cost of compliance with new or more stringent laws and regulations, which could adversely affect our business and negatively impact our growth. Furthermore, the potential impacts of climate change and related regulation on our customers are highly uncertain and may adversely affect us.

Regulation, or the threat of regulation, of some of our products could have an adverse effect on our sales and profitability.

We manufacture or market a number of products that are or have been the subject of attention by regulatory authorities and environmental interest groups. For example, for many years we have marketed methyl bromide, a chemical that is particularly effective as a soil fumigant. In recent years, the market for methyl bromide has changed significantly, driven by the Montreal Protocol of 1990 and related regulations prompted by findings regarding the chemical's potential to deplete the ozone layer. Completion of the phase-out of methyl bromide as a fumigant took effect January 1, 2005 with critical uses allowed on an annual basis until feasible alternatives are available.

Over the past decade, there has been increasing scrutiny of certain brominated flame retardants by regulatory authorities, legislative bodies and environmental interest groups in various countries. We manufacture a broad range of brominated flame retardant products, which are used in a variety of applications to protect people, property and the environment from the negative consequences of fire. Concern about the impact of some of our products on human health or the environment may lead to regulation, or reaction in our markets independent of regulation, that could reduce or eliminate markets for such products.

In 2009, one of our products, HBCD, was designated by European regulators as a Substance of Very High Concern. In February 2011, the European Union included HBCD on a list of substances published under Annex XIV of the REACH regulation. Our expectation is that the sale of HBCD could be banned in Europe under the REACH process as early as August 2015, or as late as August 2019, assuming certain applications are authorized during a period of transition to alternative products. A final decision on authorization is expected by mid-2015. Also, in August 2013, the Stockholm Convention on Persistent Organic Pollutants banned HBCD under the Convention effective November 2014, with certain uses exempted for a five year period to allow time for the development of alternative products. Japan chose not to apply for an exemption and as a result sales of HBCD ended in Japan in 2014. Certain other countries also did not file for an exemption, however none of those countries are significant consumers of HBCD. Our sales of HBCD approximated 0.7%, 1.3%, and 1.9% of our total annual net sales in 2014, 2013 and 2012, respectively. There is no assurance that we will be able to develop alternative products in the future that generate sales comparable to HBCD, however, Albemarle is actively marketing a new polymeric flame retardant based on bromine, GreenCrest™, as a replacement for HBCD, with commercial sales starting in 2014.

Agencies in the European Union continue to evaluate the risks to human health and the environment associated with certain brominated flame retardants such as tetrabromobisphenol A and decabromodiphenylethane, both of which we manufacture. Additional government regulations, including limitations or bans on the use of brominated flame retardants, could result in a decline in our net sales of brominated flame retardants and have an adverse effect on our sales and profitability. In addition, the threat of additional regulation or concern about the impact of brominated flame retardants on human health or the environment could lead to a negative reaction in our markets that could reduce or eliminate our markets for these products, which could have an adverse effect on our sales and profitability.

We could be subject to damages based on claims brought against us by our customers or lose customers as a result of the failure of our products to meet certain quality specifications.

Our products provide important performance attributes to our customers' products. If a product fails to perform in a manner consistent with quality specifications or has a shorter useful life than guaranteed, a customer could seek replacement of the product or damages for costs incurred as a result of the product failing to perform as guaranteed. These risks apply to our refinery catalysts in particular because, in certain instances, we sell our refinery catalysts under agreements that contain limited performance and life cycle guarantees. Also, because many of our products are integrated into our customers' products, we may be requested to participate in, or fund in whole or in part the costs of, a product recall conducted by a customer. For example, some of our businesses supply products to customers in the automotive industry. In the event one of these customers conducts a product recall that it believes is related to one of our products, we may be asked to participate in or fund in whole or in part such a recall.

Our customers often require our subsidiaries to represent that our products conform to certain product specifications provided by our customers. Any failure to comply with such specifications could result in claims or legal action.

A successful claim or series of claims against us could have a material adverse effect on our financial condition and results of operations and could result in a loss of one or more customers.

Our business is subject to hazards common to chemical businesses, any of which could interrupt our production and adversely affect our reputation and results of operations.

Our business is subject to hazards common to chemical manufacturing, storage, handling and transportation, including explosions, fires, inclement weather, natural disasters, mechanical failure, unscheduled downtime, transportation interruptions, remediation, chemical spills, discharges or releases of toxic or hazardous substances or gases and other risks. These hazards can cause personal injury and loss of life, severe damage to, or destruction of, property and equipment and environmental contamination. In addition, the occurrence of material operating problems at our facilities due to any of these hazards may diminish our ability to meet our output goals. Accordingly, these hazards and their consequences could adversely affect our reputation and have a material adverse effect on our operations as a whole, including our results of operations and cash flows, both during and after the period of operational difficulties.

Natural disasters and weather-related matters could impact our results of operations.

In 2005 and again in the third quarter of 2008, major hurricanes caused significant disruption to the operations on the U.S. Gulf Coast for many of our customers and our suppliers of certain raw materials, which had an adverse impact on volume and cost for some of our products. If similar weather-related matters or other natural disasters occur in the future, they could negatively affect the results of operations at our sites in the affected regions as well as have adverse impacts on the global economy.

The insurance that we maintain may not fully cover all potential exposures.

We maintain property, business interruption and casualty insurance but such insurance may not cover all risks associated with the hazards of our business and is subject to limitations, including deductibles and maximum liabilities covered. We may incur losses beyond the limits, or outside the coverage, of our insurance policies, including liabilities for environmental remediation. In addition, from time to time, various types of insurance for companies in the specialty chemical industry have not been available on commercially acceptable terms or, in some cases, have not been available at all. We are potentially at additional risk if one or more of our insurance carriers fail. Additionally, severe disruptions in the domestic and global financial markets could adversely impact the ratings and survival of some insurers. Future downgrades in the ratings of enough insurers could adversely impact both the availability of appropriate insurance coverage and its cost. In the future, we may not be able to obtain coverage at current levels, if at all, and our premiums may increase significantly on coverage that we maintain.

We may incur significant charges in the event we close or divest all or part of a manufacturing plant or facility.

We continually assess our manufacturing operations in order to manufacture and distribute our products in the most efficient manner. Based on our assessments, we may make capital improvements to modernize certain units, move manufacturing or distribution capabilities from one plant or facility to another plant or facility, discontinue manufacturing or distributing certain products or close or divest all or part of a manufacturing plant or facility. We also have shared services agreements at several of our plants and if such agreements are terminated or revised, we would assess and potentially adjust our manufacturing operations. The closure or divestiture of all or part of a manufacturing plant or facility could result in future charges that could be significant.

If we are unable to retain key personnel or attract new skilled personnel, it could have an adverse effect on our business.

The unanticipated departure of any key member of our management team could have an adverse effect on our business. In addition, because of the specialized and technical nature of our business, our future performance is dependent on the continued service of, and on our ability to attract and retain, qualified management, scientific, technical, marketing and support personnel. Competition for such personnel is intense, and we may be unable to continue to attract or retain such personnel.

Some of our employees are unionized, represented by workers' councils or are employed subject to local laws that are less favorable to employers than the laws of the U.S.

As of December 31, 2014, we had 3,625 employees. Approximately 11% of our 1,830 U.S. employees are unionized. Our collective bargaining agreements expire in 2017 and 2019. In addition, a large number of our employees are employed in countries in which employment laws provide greater bargaining or other rights to employees than the laws of the U.S. Such employment rights require us to work collaboratively with the legal representatives of the employees to effect any changes to labor arrangements. For example, most of our employees in Europe are represented by workers' councils that must approve any changes in conditions of employment, including salaries and benefits and staff changes, and may impede efforts to restructure our workforce. Although we believe that we have a good working relationship with our employees, a strike, work stoppage, slowdown or significant dispute with our employees could result in a significant disruption of our operations or higher ongoing labor costs.

Our joint ventures may not operate according to their business plans if our partners fail to fulfill their obligations, which may adversely affect our results of operations and may force us to dedicate additional resources to these joint ventures.

We currently participate in a number of joint ventures and may enter into additional joint ventures in the future. The nature of a joint venture requires us to share control with unaffiliated third parties. If our joint venture partners do not fulfill their obligations, the affected joint venture may not be able to operate according to its business plan. In that case, our results of operations may be adversely affected and we may be required to increase the level of our commitment to the joint venture. Also, differences in views among joint venture participants may result in delayed decisions or failures to agree on major issues. If these differences cause the joint ventures to deviate from their business plans, our results of operations could be adversely affected.

We may not be able to successfully integrate the businesses of Albemarle and Rockwood and therefore may not be able to realize the anticipated benefits of the Merger.

Realization of the anticipated benefits in the Merger will depend, in part, on our ability to successfully integrate the businesses and operations of Albemarle and Rockwood. We will be required to devote significant management attention and resources to integrating business practices, operations and support functions.

Our success after the Merger will also depend in part upon our ability to retain key employees after the Merger is completed. The diversion of management's attention and any delays or difficulties encountered in connection with the integration of the two companies' operations could have an adverse effect on our business, financial results, financial condition or our stock price. The integration process may also result in additional and unforeseen expenses. There can be no assurance that the contemplated synergies anticipated from the Merger will be realized. If the integration is not successful, the anticipated benefits of the Merger may not be realized fully or at all or may take longer to realize than expected. There can be no assurances that the expected benefits and efficiencies related to the integration of the businesses will be realized to offset the integration and restructuring costs over time.

We may not be able to consummate future acquisitions or integrate acquisitions into our business, which could result in unanticipated expenses and losses.

As part of our business growth strategy, we have acquired businesses and entered into joint ventures in the past and intend to pursue acquisitions and joint venture opportunities in the future. Our ability to implement this component of our growth strategy will be limited by our ability to identify appropriate acquisition or joint venture candidates and our financial resources, including available cash and borrowing capacity. The expense incurred in consummating acquisitions or entering into joint ventures, the time it takes to integrate an acquisition or our failure to integrate businesses successfully, could result in unanticipated expenses and losses. Furthermore, we may not be able to realize any of the anticipated benefits from acquisitions or joint ventures.

The process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of existing operations. Some of the risks associated with the integration of acquisitions include:

- potential disruption of our ongoing business and distraction of management;
- unforeseen claims and liabilities, including unexpected environmental exposures;

- unforeseen adjustments, charges and write-offs;
- problems enforcing the indemnification obligations of sellers of businesses or joint venture partners for claims and liabilities;
- unexpected losses of customers of, or suppliers to, the acquired business;
- difficulty in conforming the acquired businesses' standards, processes, procedures and controls with our operations;
- variability in financial information arising from the implementation of purchase price accounting;
- inability to coordinate new product and process development;
- loss of senior managers and other critical personnel and problems with new labor unions; and
- challenges arising from the increased scope, geographic diversity and complexity of our operations.

Although our pension plans currently meet minimum funding requirements, events could occur that would require us to make significant contributions to the plans and reduce the cash available for our business.

We have several defined benefit pension plans around the world, including in the U.S., Germany, Belgium, and Japan, covering most of our employees. As of December 31, 2014, the U.S. plans represented approximately 93% of the total liabilities of the plans worldwide. We are required to make cash contributions to our pension plans to the extent necessary to comply with minimum funding requirements imposed by the various countries' benefit and tax laws. The amount of any such required contributions will be determined annually based on an actuarial valuation of the plans as performed by the plans' actuaries.

In previous years, we have made voluntary contributions to our U.S. qualified defined benefit pension plans. Under the Pension Protection Act of 2006, we anticipate no required cash contributions during 2015 for our U.S. qualified defined benefit pension plans. Additional voluntary pension contributions in and after 2015 may vary depending on factors such as asset returns, interest rates, and legislative changes. The amounts we may elect or be required to contribute to our pension plans in the future may increase significantly. These contributions could be substantial and would reduce the cash available for our business.

Further, an economic downturn or recession or market disruption in the capital and credit markets may adversely impact the value of our pension plan assets, our results of operations, our statement of changes in stockholders' equity and our liquidity. For example, we have several pension plans located in Germany, Belgium, Japan and the United States. Our funding obligations could change significantly based on the investment performance of the pension plan assets and changes in actuarial assumptions for local statutory funding valuations. Any deterioration of the capital markets or returns available in such markets may negatively impact our pension plan assets and increase our funding obligations for one or more of these plans and negatively impact our liquidity. We cannot predict the impact of this or any further market disruption on our pension funding obligations.

The occurrence or threat of extraordinary events, including domestic and international terrorist attacks, may disrupt our operations and decrease demand for our products.

Chemical-related assets may be at greater risk of future terrorist attacks than other possible targets in the U.S. and throughout the world. As a result, we are subject to existing federal rules and regulations (and may be subject to additional legislation or regulations in the future) that impose site security requirements on chemical manufacturing facilities, which increase our overhead expenses.

We are also subject to federal regulations that have heightened security requirements for the transportation of hazardous chemicals in the U.S. We believe we have met these requirements but additional federal and local regulations that limit the distribution of hazardous materials are being considered. We ship and receive materials that are classified as hazardous. Bans on movement of hazardous materials through cities, like Washington, D.C., could affect the efficiency of our logistical operations. Broader restrictions on hazardous material movements could lead to additional investment to produce hazardous raw materials and change where and what products we manufacture.

The occurrence of extraordinary events, including future terrorist attacks and the outbreak or escalation of hostilities, cannot be predicted, and their occurrence can be expected to continue to negatively affect the economy in general and specifically the markets for our products. The resulting damage from a direct attack on our assets, or assets used by us, could include loss of life and property damage. In addition, available insurance coverage may not be sufficient to cover all of the damage incurred or, if available, may be prohibitively expensive.

We will need a significant amount of cash to service our indebtedness and our ability to generate cash depends on many factors beyond our control.

Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt depends on a range of economic, competitive and business factors, many of which are outside our control. Our business may not generate sufficient cash flow from operations to service our debt obligations. If we are unable to service our debt obligations, we may need to refinance all or a portion of our indebtedness on or before maturity, reduce or delay capital expenditures, sell assets or raise additional equity. We may not be able to refinance any of our indebtedness, sell assets or raise additional equity on commercially reasonable terms or at all, which could cause us to default on our obligations and impair our liquidity. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, could have a material adverse effect on our business and financial condition.

Restrictive covenants in our debt instruments may adversely affect our business.

Our February 2014 credit agreement and the indentures governing our senior notes contain select restrictive covenants. These covenants provide constraints on our financial flexibility. The failure to comply with the covenants in our February 2014 credit agreement, the indentures governing the senior notes and the agreements governing other indebtedness, including indebtedness incurred in the future, could result in an event of default, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. See "Financial Condition and Liquidity—Long-Term Debt" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations on page 51.

A downgrade of the ratings on our debt or an increase in interest rates will cause our debt service obligations to increase.

Borrowings under our February 2014 credit agreement and our commercial paper program bear interest at floating rates. The rates under the February 2014 credit agreement are subject to adjustment based on the ratings of our senior unsecured long-term debt by Standard & Poor's Ratings Services ("S&P") and Moody's Investors Services ("Moody's"). S&P has rated our senior unsecured long-term debt as BBB- and Moody's has rated our senior unsecured long-term debt as Baa3. S&P has rated our commercial paper as A-3 and Moody's has rated it as P-3. S&P and/or Moody's may downgrade our ratings in the future. The downgrading of any of our ratings or an increase in any of the benchmark interest rates would result in an increase of our interest expense on our variable rate borrowings.

Changes in credit ratings issued by nationally recognized statistical rating organizations could adversely affect our cost of financing and the market price of our securities.

Credit rating agencies rate our debt securities on factors that include our operating results, actions that we take, their view of the general outlook for our industry and their view of the general outlook for the economy. Actions taken by the rating agencies can include maintaining, upgrading or downgrading the current rating or placing us on a watch list for possible future downgrading. Downgrading the credit rating of our debt securities or placing us on a watch list for possible future downgrading would likely increase our cost of future financing, could limit our access to the capital markets and have an adverse effect on the market price of our securities.

Because a significant portion of our operations is conducted through our subsidiaries and joint ventures, our ability to service our debt may be dependent on our receipt of distributions or other payments from our subsidiaries and joint ventures.

A significant portion of our operations is conducted through our subsidiaries and joint ventures. As a result, our ability to service our debt may be partially dependent on the earnings of our subsidiaries and joint ventures and the payment of those earnings to us in the form of dividends, loans or advances and through repayment of loans or advances from us. Payments to us by our subsidiaries and joint ventures will be contingent upon our subsidiaries' or joint ventures' earnings and other business considerations and may be subject to statutory or contractual restrictions. In addition, there may be significant tax and other legal restrictions on the ability of non-U.S. subsidiaries or joint ventures to remit money to us.

We may continue to expand our business through acquisitions and we may incur additional indebtedness, including indebtedness related to acquisitions.

We have historically expanded our business primarily through acquisitions. A part of our business strategy is to continue to grow through acquisitions that complement our existing technologies and accelerate our growth. Because the consummation of acquisitions and integration of acquired businesses involves significant risk, this means that investors in our securities will be subject to the risks inherent in our acquisition strategy. In addition, the indentures governing our senior notes does not limit our ability to incur additional indebtedness in connection with acquisitions or otherwise. Our credit facilities have limited financial maintenance covenants. As a result, we may incur substantial additional indebtedness in connection with acquisitions.

As a result of the Merger, Albemarle, on a consolidated basis, incurred substantial additional indebtedness and related debt service obligations. This additional indebtedness and the related debt service obligations could have important consequences, including:

- reducing flexibility in planning for, or reacting to, changes in our businesses, the competitive environment and the industries in which we operate, and to technological and other changes;
- lowering credit ratings;
- reducing access to capital and increasing borrowing costs generally or for any additional indebtedness to finance future operating and capital expenses and for general corporate purposes;
- reducing funds available for operations, capital expenditures and other activities; and
- creating competitive disadvantages relative to other companies with lower debt levels.

We may be subject to increased tax exposure resulting from Rockwood pre-acquisition periods.

Under the terms of certain purchase agreements, third party sellers have agreed to substantially indemnify us for tax liabilities pertaining to Rockwood's pre-acquisition periods. To the extent such companies fail to indemnify or satisfy their obligations, or if any amount is not covered by the terms of the indemnity, earnings could be negatively impacted in future periods through increased tax expense.

Our required capital expenditures may exceed our estimates.

Our capital expenditures for continuing operations generally consist of expenditures to maintain and improve existing equipment and substantial investments in new equipment. Commencement of production requires start-up, commission and certification of product quality by our customers, which may impact the expected timing of sales of product from such facility. Construction of large chemical operations is subject to numerous risks and uncertainties, including, among others, the ability to complete the project on a timely basis and in accordance with the estimated budget for such project and our ability to estimate future demand for our products.

Future capital expenditures may be significantly higher, depending on the investment requirements of each of our business lines, and may also vary substantially if we are required to undertake actions to compete with new technologies in our industry. We may not have the capital necessary to undertake these capital investments. If we are unable to do so, we may not be able to effectively compete in some of our markets.

Item 1B. Unresolved Staff Comments.

NONE

Item 2. Properties.

We operate on a global basis. Our principal executive offices in Baton Rouge, LA, and regional shared services offices in Budapest, Hungary and Dalian, China are leased. We and our affiliates also operate regional sales and administrative offices in various locations throughout the world, which are generally leased. We believe that our production facilities, research and development facilities, and sales and administrative offices are generally well maintained, effectively used and are adequate to operate our business. During 2014, the Company's manufacturing plants operated at approximately 65% capacity in the aggregate.

Set forth below is information regarding our significant production facilities operated by our affiliates and us, including production facilities we acquired from Rockwood in January 2015:

Location	Business Segment in 2014	Principal Use	Owned/Leased
Amsterdam, the Netherlands	Catalyst Solutions	Production of refinery catalysts, research and product development activities	Owned
Arnoldstein, Austria	(1)	Production of metal sulfides	Leased
Auckland, New Zealand	(1)	Production of surface treatment chemicals for general industry, aerospace, and other pre-treatment technologies	Leased
Baton Rouge, Louisiana	Catalyst Solutions; Performance Chemicals	Research and product development activities, and production of flame retardants, catalysts and additives	Owned; on leased land
Bayswater North, Australia	(1)	Production of surface treatment chemicals for general industry, aerospace, and other pre-treatment technologies	Owned
Bergheim, Germany	Performance Chemicals	Production of flame retardants and specialty products based on aluminum trihydrate and aluminum oxide, and research and product development activities	Owned
Bitterfeld, Germany	Catalyst Solutions	Refinery catalyst regeneration, rejuvenation, and sulfiding	Owned by Eurecat S.A., a joint venture owned 50% by each of IFP Investissements and us
Blackman Township, Michigan	(1)	Production of surface treatment chemicals for general industry, automotive, and other pre-treatment technologies	Owned
Boksburg, South Africa	(1)	Production of surface treatment chemicals for automotive and other pre-treatment technologies	Owned
Cambridge, United Kingdom	Catalyst Solutions	Production of performance catalysts	Leased
Canovelles, Spain	(1)	Production of surface treatment chemicals for automotive and other pre-treatment technologies	Owned
Cayirova-Kocaeli, Turkey	(1)	Production of surface treatment chemicals for automotive and other pre-treatment technologies	Owned
Changchun, China	(1)	Production of surface treatment chemicals for automotive and other pre-treatment technologies	Leased by Changchun Chemetall Chemicals Company Limited, a joint venture owned 57% by us and 43% by Changchun Yongchan Petro Chemicals Company Limited
Chennai, India	(1)	Production of surface treatment chemicals for automotive and other pre-treatment technologies	Owned

Location	Business Segment in 2014	Principal Use	Owned/Leased
Chongqing, China	(1)	Production of surface treatment chemicals for automotive and other pre-treatment technologies	Leased by Chongqing Chemetall Surface Treatment Company Limited, a joint venture owned 55% by us and 45% by Chongqing Delta Industry Company Limited
El Marqués, Querétaro, Mexico	(1)	Production of surface treatment chemicals for aerospace, automotive, other pre-treatment technologies	Leased
Giussano, Italy	(1)	Production of surface treatment chemicals for automotive and other pre-treatment technologies	Owned
Greenbushes, Australia	(1)	Production of lithium spodumene minerals and lithium concentrate	Owned by Windfield Holdings Pty Ltd, a joint venture in which we own 49%, and Sichuan Tianqi Lithium Industries Inc which owns the remaining interest
Jubail, Saudi Arabia	Catalyst Solutions	Manufacturing and marketing of organometallics	Owned; Albemarle Netherlands BV and Saudi Specialty Chemicals Company (a SABIC affiliate) each owns 50% interest
Jundiai/São Paulo, Brazil	(1)	Production of surface treatment chemicals for automotive and other pre-treatment technologies	Owned
Kings Mountain, North Carolina	(1)	Production of technical and battery grade lithium hydroxide	Owned
La Mirada, California	(1)	Production of surface treatment chemicals for pre-treatment technologies and aerospace	Leased
La Negra, Chile	(1)	Production of lithium carbonate and lithium chloride	Owned
Langelsheim, Germany	(1)	Production of butyllithium, lithium chloride, specialty products, lithium hydrides, cesium, special metals, as well as surface treatment chemicals for automotive technologies, other pre-treatment technologies and aerospace (sealants)	Owned
Langenfeld, Germany	(1)	Production of surface treatment chemicals for general industry	Leased
Louvain-la-Neuve, Belgium	Catalyst Solutions; Performance Chemicals	Regional offices and research and customer technical service activities	Owned
La Voulte, France	Catalyst Solutions	Refinery catalysts regeneration and treatment, research and development activities	Owned by Eurecat S.A., a joint venture owned 50% by each of IFP Investissements and us
Magnolia, Arkansas	Performance Chemicals	Production of flame retardants, bromine, inorganic bromides, agricultural intermediates and tertiary amines	Owned
McAlester, Oklahoma	Catalyst Solutions	Refinery catalyst regeneration, rejuvenation, pre-reclaim burn off, as well as specialty zeolites and additives marketing activities	Owned by Eurecat S.A., a joint venture owned 50% by each of IFP Investissements and us
Mobile, Alabama	Catalyst Solutions	Production of tin stabilizers	Owned by PMC Group, Inc. which operates the plant for Stannica LLC, a joint venture in which we and PMC Group Inc. each own a 50% interest
Mönchengladbach, Germany	(1)	Production of surface treatment chemicals for general industry	Owned

Location	Business Segment in 2014	Principal Use	Owned/Leased
Nanjing, China	(1)	Production of surface treatment chemicals for automotive and other pre-treatment technologies	Leased by Nanjing Chemetall Surface Technologies Company Limited, a joint venture owned 60% by us and 40% by Nanjing Column
New Johnsonville, Tennessee	(1)	Production of butyllithium and specialty products	Owned
Niihama, Japan	Catalyst Solutions	Production of refinery catalysts	Leased by Nippon Ketjen Company Limited, a joint venture owned 50% by each of Sumitomo Metal Mining Company Limited and us
Ninghai County, Zhejiang Province, China	Catalyst Solutions	Production of antioxidants and polymer intermediates	Owned; on leased land
Pasadena, Texas	Catalyst Solutions; Performance Chemicals	Production of aluminum alkyls, alkenyl succinic anhydride, orthoalkylated anilines, and other specialty chemicals	Owned
Pasadena, Texas	Catalyst Solutions	Production of refinery catalysts, research and development activities	Owned
Pasadena, Texas	Catalyst Solutions	Refinery catalysts regeneration services	Owned by Eurecat U.S. Incorporated, a joint venture in which we own a 57.5% interest and a consortium of entities in various proportions owns the remaining interest
Pune, India	(1)	Production of surface treatment chemicals for automotive and other pre-treatment technologies	Owned
Roveredo in Piano, Italy	(1)	Production of surface treatment chemicals for general industry	Leased
Safi, Jordan	Performance Chemicals	Production of bromine and derivatives and flame retardants	Owned and leased by JBC, a joint venture owned 50% by each of Arab Potash Company Limited and us
St. Jakobs/Breitenau, Austria	Performance Chemicals	Production of specialty magnesium hydroxide products	Leased by Magnifin Magnesiaprodukte GmbH & Co. KG, a joint venture owned 50% by each of Radex Heraklith Industriebeteiligung AG and us
Salar de Atacama, Chile	(1)	Production of lithium brine and potash	Owned; however ownership will revert to the Chilean government once we have sold all remaining amounts under our contract with the Chilean government pursuant to which we extract lithium brine in Chile
Santa Cruz, Brazil	Catalyst Solutions	Production of catalysts, research and product development activities	Owned by Fábrica Carioca de Catalisadores S.A, a joint venture owned 50% by each of Petrobras Química S.A. —PETROQUISA and us
Sens, France	(1)	Production of surface treatment chemicals for automotive and other pre-treatment technologies	Owned
Shanghai, China	(1)	Production of surface treatment chemicals for automotive and other pre-treatment technologies	Leased

Location	Business Segment in 2014	Principal Use	Owned/Leased
Silver Peak, Nevada	(1)	Production of lithium-carbonate	Owned
Singapore, Singapore	(1)	Production of surface treatment chemicals for aerospace and other pre-treatment technologies	Leased
Soissons, France	(1)	Production of surface treatment chemicals for aerospace industry	Owned
South Haven, Michigan	Performance Chemicals	Production of custom fine chemistry products including pharmaceutical actives	Owned
Taichung, Taiwan	(1)	Production of butyllithium	Owned
Takaishi City, Osaka, Japan	Catalyst Solutions	Production of aluminum alkyls	Owned by Nippon Aluminum Alkys, a joint venture owned 50% by each of Mitsui Chemicals, Inc. and us
Twinsburg, Ohio	Performance Chemicals	Production of bromine-activated carbon	Leased
Tyrone, Pennsylvania	Performance Chemicals	Production of custom fine chemistry products, agricultural intermediates, performance polymer products and research and development activities	Owned
Willstatt, Germany	(1)	Production of surface treatment chemicals for coil coating applications	Leased
Yeosu, South Korea	Catalyst Solutions	Research and product development activities/small scale production of catalysts and catalyst components	Owned

(1) Facility was acquired as part of the Rockwood acquisition, which closed on January 12, 2015.

Item 3. Legal Proceedings.

On July 3, 2006, we received a Notice of Violation (the “2006 NOV”) from the U.S. Environmental Protection Agency Region 4 (“EPA”) regarding the implementation of the Pharmaceutical Maximum Achievable Control Technology (“PharmaMACT”) standards at our former plant in Orangeburg, South Carolina. The alleged violations involved (i) the applicability of the specific regulations to certain intermediates manufactured at the plant, (ii) failure to comply with certain reporting requirements, (iii) improper evaluation and testing to properly implement the regulations and (iv) the sufficiency of the leak detection and repair program at the plant. In the second quarter of 2011, the Company was served with a complaint by the EPA in the U.S. District Court for the District of South Carolina, based on the alleged violations set out in the 2006 NOV seeking civil penalties and injunctive relief. The complaint was subsequently amended to add the State of South Carolina as a plaintiff. On June 11, 2014, we entered into a consent decree with the EPA and the South Carolina Department of Health and Environmental Control (“DHEC”) to settle this matter. Pursuant to the consent decree, in the third quarter of 2014 we paid a civil penalty to the EPA in the amount of approximately $332,000. A civil penalty of approximately $112,000 was waived pursuant to the consent decree and we will not be required to pay this amount to the DHEC.

On July 22, 2014, a putative class action complaint was filed in the Chancery Division of the Superior Court of New Jersey, Mercer County (“Superior Court of New Jersey”) relating to the Merger. On July 24, 2014, an additional putative class action complaint was filed in the Superior Court of New Jersey relating to the Merger. Both suits named the same plaintiff but were filed by different law firms. On August 1, 2014 and August 12, 2014, three additional putative class action complaints were filed in the Court of Chancery of the State of Delaware (“Delaware Chancery Court”) relating to the Merger. The lawsuits filed in New Jersey, Thwaites v. Rockwood Holdings Inc., et al. (“Thwaites I”), Thwaites v. Rockwood Holdings, Inc., et al. (“Thwaites II”), and the lawsuits filed in Delaware, Rudman Partners, L.P. v. Rockwood Holdings, Inc., et al., Riley v. Rockwood Holdings, Inc., et al., and North Miami Beach Police Officers & Firefighters’ Retirement Plan v. Rockwood Holdings, Inc., et al., each named Rockwood, its former directors, and Albemarle as defendants. Thwaites II and the cases filed in Delaware also named Albemarle Holdings Corporation, a wholly-owned subsidiary of Albemarle, as a defendant. The lawsuits, which contain substantially similar allegations, included allegations that Rockwood’s former board of directors breached their fiduciary duties in connection with the Merger by failing to ensure that Rockwood shareholders would receive the maximum value for their shares, failing to conduct an appropriate sale process and putting their own interests ahead of those of Rockwood shareholders. Rockwood and Albemarle are alleged to have aided and abetted the alleged fiduciary breaches. The lawsuits sought a variety of equitable relief, including enjoining the former Rockwood board of directors from proceeding with the proposed Merger unless they acted in accordance with their fiduciary duties to maximize shareholder value and rescission of the Merger to the extent implemented, in addition to damages arising from the defendants' alleged breaches and attorneys' fees and costs. On August 12, 2014, the plaintiff in Thwaites I filed a Notice of Voluntary Dismissal Without Prejudice as to all defendants. On August 27, 2014, the Delaware Court of Chancery ordered the three Delaware cases consolidated and appointed co-lead counsel. The court also ordered that no response to the complaints would be due until after plaintiffs filed an amended consolidated complaint. On September 19, 2014, the plaintiff in Thwaites II filed an amended complaint which included allegations that the registration statement failed to disclose material information.

Plaintiffs in Thwaites II and in the Delaware consolidated action subsequently coordinated their litigation efforts, and the Delaware consolidated action was stayed pending the outcome of the Thwaites II litigation. In Thwaites II, the parties (including the Delaware plaintiffs) entered into a Memorandum of Understanding on November 6, 2014, provisionally settling all claims in the pending actions and declaring the parties' intent to submit a settlement agreement for the court's approval within 90 days. On December 2, 2014, the parties submitted a joint stipulation to extend the defendants' time to respond to the amended complaint in Thwaites II until February 4, 2015. The parties executed a final Stipulation of Settlement and Release ("Stipulation") on February 4, 2015, which will be submitted to the Superior Court of New Jersey for approval. In addition to extinguishing the current claims, the Stipulation contemplates broad releases of any and all actual and potential claims, whether known or unknown, by any member of the putative shareholder class against the defendants relating to or arising out of the Merger, the Merger Agreement, or the registration statement. Upon final approval of the settlement by the Superior Court of New Jersey, plaintiffs in the Delaware actions will move to dismiss the pending consolidated action with prejudice, thereby terminating the litigation.

On February 19, 2015, Verition Multi-Strategy Master Fund Ltd and Verition Partners Master Fund Ltd, who collectively owned approximately 882,000 shares of Rockwood common stock immediately prior to the Merger, commenced an action in the Delaware Chancery Court seeking appraisal of their shares of Rockwood stock pursuant to Delaware General Corporation Law § 262. These shareholders exercised their right not to receive the Merger Consideration which was comprised of (i) $50.65 in cash, without interest, and (ii) 0.4803 of a share of Albemarle common stock, for each share of Rockwood common stock owned by such shareholders. Following the Merger, these shareholders ceased to have any rights with respect to their Rockwood shares, except for their rights to seek an appraisal of the cash value of their Rockwood shares under Delaware law. While Albemarle intends to vigorously defend against this action, the outcome of the appraisal process cannot be predicted with any certainty at this time.

In addition, we are involved from time to time in legal proceedings of types regarded as common in our business, including administrative or judicial proceedings seeking remediation under environmental laws, such as Superfund, products liability, breach of contract liability and premises liability litigation. Where appropriate, we may establish financial reserves for such proceedings. We also maintain insurance to mitigate certain of such risks.

Item 4. Mine Safety Disclosures.

Not applicable.

Executive Officers of the Registrant.

The names, ages and biographies of our executive officers, as of February 13, 2015, are set forth below. The term of office of each officer is until the meeting of the Board of Directors following the next annual shareholders' meeting (May 5, 2015).

Name	Age	Position
Luther C. Kissam IV	50	President, Chief Executive Officer and Director
Matthew K. Juneau	54	Senior Vice President, President Performance Chemicals
Susan Kelliher	48	Senior Vice President, Human Resources
Karen G. Narwold	55	Senior Vice President, General Counsel, Corporate and Government Affairs, Corporate Secretary
Scott A. Tozier	49	Senior Vice President, Chief Financial Officer
D. Michael Wilson	52	Senior Vice President, President Catalyst Solutions
Ronald C. Zumstein	53	Senior Vice President, Manufacturing and Supply Chain Excellence
Donald J. LaBauve, Jr.	48	Vice President, Corporate Controller, Chief Accounting Officer

Luther C. Kissam IV was elected to our Board of Directors effective November 2011, as Chief Executive Officer effective September 2011 and as our President effective May 2013. Previously, Mr. Kissam served as President from March 2010 until March 2012, Executive Vice President, Manufacturing, Law and HS&E from May 2009 until March 2010, and as Senior Vice President, Manufacturing and Law and Corporate Secretary from January 2008 until May 2009. Mr. Kissam joined us in October 2003 and served as Vice President, General Counsel and Corporate Secretary from that time until December 2005, when he was promoted to Senior Vice President, General Counsel and Corporate Secretary. Before joining us, Mr. Kissam served as Vice President, General Counsel and Secretary of Merisant Company (manufacturer and marketer of sweetener and consumer food products), having previously served as Associate General Counsel of Monsanto Company (provider of agricultural products and solutions).

Matthew K. Juneau was elected Senior Vice President, President Performance Chemicals effective December 2013. Previously, Mr. Juneau served as Vice President, Polymer Solutions since March 2012, Vice President, Global Sales and Services from May 2009 to February 2012, and prior to that as Division Vice President of our performance chemicals business in the Fine Chemistry division since January 2007. Prior to that, Mr. Juneau held various positions of increasing responsibility in research and development and business management with us including Managing Director of our European operations from January 2003 until December 2007. Mr. Juneau joined us as a chemical engineer in June 1982.

Susan Kelliher joined us in March of 2012, as Senior Vice President, Human Resources. Ms. Kelliher has over twenty years of human resources experience, having most recently served at Hewlett Packard as Vice President, Human Resources—Global Sales and Enterprise Marketing from April 2010 to February 2012, and as Vice President, Human Resources—Imaging and Printing Group from September 2007 to April 2010. Prior to joining Hewlett Packard, she was the Vice President of Human Resources for Cymer, Inc., the world's leading supplier of deep ultraviolet illumination sources. Prior to that, Ms. Kelliher served in various executive and managerial human resources positions at The Home Depot, Inc., Raytheon Company, YUM! Brands' Pizza Hut division, beginning her career at Mobil Oil.

Karen G. Narwold joined us in September of 2010 and currently serves as Senior Vice President, General Counsel, Corporate and Government Affairs, Corporate Secretary of Albemarle. Ms. Narwold has over 20 years of legal, management and business experience with global industrial and chemical companies. After five years in private practice, she served as Vice President, General Counsel, Human Resources and Secretary of GrafTech International Ltd., a global graphite and carbon manufacturer and former subsidiary of Union Carbide. She then served as Vice President and Strategic Counsel of Barzel Industries, a North American steel processor and distributor. Ms. Narwold resigned from Barzel in November 2009, after Barzel reached an agreement to sell substantially all of its assets in a planned transaction that was consummated in a sale pursuant to Section 363 of the U.S. Bankruptcy Code. Prior to joining Albemarle, Ms. Narwold served as Special Counsel with Kelley Drye & Warren LLP and with Symmetry Advisors where she worked in the areas of strategic, financial and capital structure planning and restructuring for public and private companies.

Scott A. Tozier was elected as our Senior Vice President and Chief Financial Officer effective January 2011. Mr. Tozier also served as our Chief Accounting Officer from January 2013 until February 2014. Mr. Tozier has over 25 years of diversified international financial management experience. Following four years of assurance services with the international firm Ernst & Young, LLP, Mr. Tozier joined Honeywell International, Inc., where his 16 year career spanned senior financial positions in the U.S., Australia and Europe. His roles of increasing responsibilities included management of financial planning, analysis and reporting, global credit and treasury services and Chief Financial Officer of Honeywell's Transportation Systems, Turbo Technologies and Building Solutions divisions. Most recently, Mr. Tozier served as Vice President of Finance, Operations and Transformation of Honeywell International, Inc.

D. Michael Wilson joined us in October 2013 and currently serves as Senior Vice President, President Catalyst Solutions. Mr. Wilson joined Albemarle after a successful career with FMC Corporation where he most recently served as president of the Specialty Chemicals Group. At FMC, he held a number of executive roles, including leadership of the Industrial Chemicals Group and the Lithium division. Prior to joining FMC, Mr. Wilson's career progressed through a variety of general management, sales and operational leadership roles with the Wausau Paper Corporation and Rexam, Inc.

Ronald C. Zumstein was elected Senior Vice President, Manufacturing and Supply Chain Excellence effective December 2013. Previously, Dr. Zumstein served as Vice President of Manufacturing since March 2010, and prior to that, as Vice President, Manufacturing Operations since March 2008. Dr. Zumstein previously served as our Vice President of Health, Safety and Environment and Vice President of Manufacturing for our Polymer Solutions division. Dr. Zumstein has held various positions of increasing responsibility since joining the Company and Ethyl Corporation in 1987, including serving as Plant Manager at several of our U.S. manufacturing locations.

Donald J. LaBauve Jr. was elected Vice President, Corporate Controller effective February 2013, and Chief Accounting Officer effective February 2014, after having previously served as Vice President, Finance - Business Operations since April 2009. Mr. LaBauve served as Chief Financial Officer, Fine Chemistry from April 2007 until April 2009, and prior to that time held the role of Controller, Polymer Solutions from January 2006 through March 2007. Since joining the Company as Ethyl Corporation in April 1990, Mr. LaBauve has held various staff and leadership positions of increasing responsibility within the finance function, including an assignment to our European headquarters in Belgium in April 2000 where he held the regional finance leadership role from July 2002 through June 2005.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock trades on the New York Stock Exchange ("NYSE") under the symbol "ALB." The following table sets forth on a per share basis the high and low sales prices for our common stock for the periods indicated as reported on the NYSE composite transactions reporting system and the dividends declared per share on our common stock.

	Common Stock Price Range		Dividends Declared Per Share of Common Stock
	High	Low	
2013			
First Quarter	$ 67.75	$ 60.71	$ 0.24
Second Quarter	$ 69.03	$ 56.64	$ 0.24
Third Quarter	$ 66.39	$ 60.16	$ 0.24
Fourth Quarter	$ 70.00	$ 62.02	$ 0.24
2014			
First Quarter	$ 67.31	$ 60.92	$ 0.275
Second Quarter	$ 72.69	$ 64.55	$ 0.275
Third Quarter	$ 76.28	$ 58.37	$ 0.275
Fourth Quarter	$ 63.38	$ 51.35	$ 0.275

There were 78,030,524 shares of common stock held by 2,917 shareholders of record as of December 31, 2014. On February 24, 2015, we declared a dividend of $0.29 per share of common stock, payable April 1, 2015.

The following table summarizes our repurchases of equity securities for the three-month period ended December 31, 2014:

Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs[(a)]	Maximum Number of Shares that May Yet Be Repurchased Under the Plans or Programs[(a)]
October 1, 2014 to October 31, 2014	—	$ —	—	3,972,525
November 1, 2014 to November 30, 2014[(b)]	223,185	70.60	223,185	3,749,340
December 1, 2014 to December 31, 2014	—	—	—	3,749,340
Total	223,185	$ 70.60	223,185	3,749,340

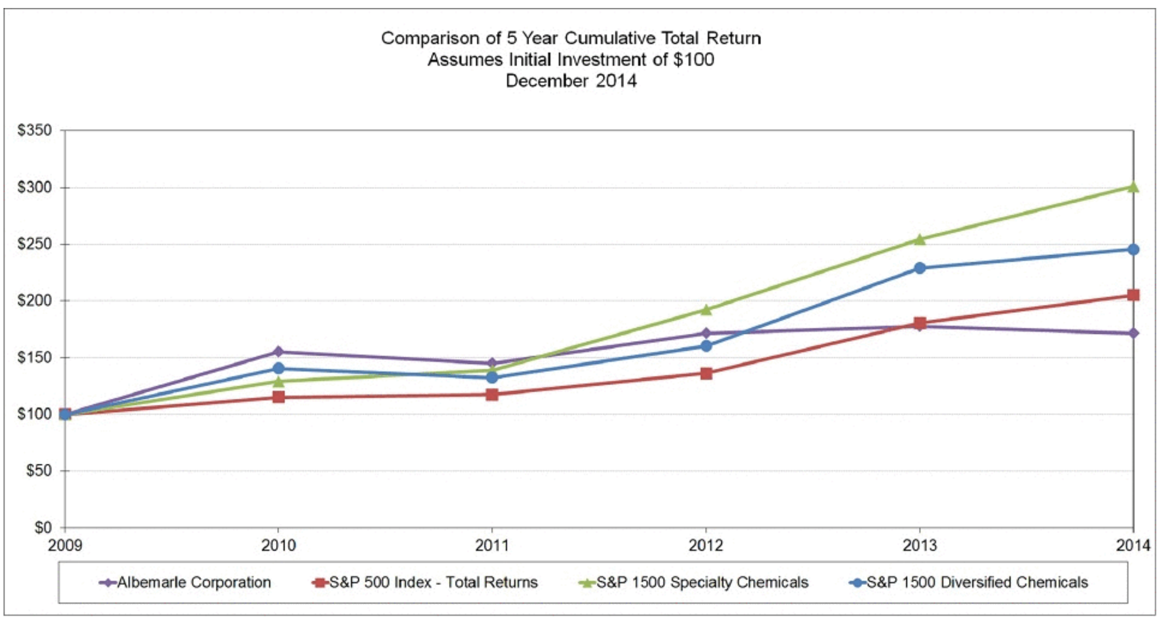
(a) Our stock repurchase plan, which was authorized by our Board of Directors, became effective on October 25, 2000, and included ten million shares. Since then, the Company has regularly repurchased shares under the stock repurchase plan, resulting in the Board of Directors periodically authorizing additional shares for repurchase under the plan. On February 12, 2013, our Board of Directors authorized another increase in the number of shares, pursuant to which the Company is now permitted to repurchase up to a maximum of fifteen million shares under the plan, including those shares previously authorized, but not yet repurchased. The stock repurchase plan will expire when we have repurchased all shares authorized for repurchase thereunder, unless the stock repurchase plan is earlier terminated by action of our Board of Directors or further shares are authorized for repurchase.

(b) In the second quarter of 2014, we paid $100 million pursuant to the terms of an accelerated share repurchase agreement and we received an initial delivery of 1,193,317 shares. Under the terms of the agreement, in the fourth quarter of 2014 the accelerated share repurchase agreement was completed and we received a final settlement of 223,185 shares. The Average Price Paid Per Share reported herein is generally based on the daily Rule 10b-18 volume-weighted average prices of the Company's common stock during the term of the agreement.

The information required by Item 201(d) of Regulation S-K is contained in our definitive Proxy Statement for our 2015 Annual Meeting of Shareholders to be filed with the SEC pursuant to Regulation 14A under the Exchange Act, or the Proxy Statement, and is incorporated herein by reference.

Stock Performance Graph

The graph below shows the cumulative total shareholder return assuming the investment of $100 in our common stock on December 31, 2009 and the reinvestment of all dividends thereafter. The information contained in the graph below is furnished and therefore not to be considered "filed" with the SEC, and is not incorporated by reference into any document that incorporates this Annual Report on Form 10-K by reference.



Item 6. Selected Financial Data.

The information for the five years ended December 31, 2014, is contained in the "Five-Year Summary" included in Part IV, Item 15, Exhibit 99.1 and incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-looking Statements

Some of the information presented in this Annual Report on Form 10-K, including the documents incorporated by reference, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on our current expectations, which are in turn based on assumptions that we believe are reasonable based on our current knowledge of our business and operations. We have used words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will" and variations of such words and similar expressions to identify such forward-looking statements.

These forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict and many of which are beyond our control. Therefore, there can be no assurance that our actual results will not differ materially from the results and expectations expressed or implied in the forward-looking statements. Factors that could cause actual results to differ materially include, without limitation:

- changes in economic and business conditions;
- changes in financial and operating performance of our major customers and industries and markets served by us;
- the timing of orders received from customers;
- the gain or loss of significant customers;
- competition from other manufacturers;
- changes in the demand for our products or the end-user markets in which our products are sold;
- limitations or prohibitions on the manufacture and sale of our products;
- availability of raw materials;
- changes in the cost of raw materials and energy, and our ability to pass through such increases;
- changes in our markets in general;
- fluctuations in foreign currencies;
- changes in laws and government regulation impacting our operations or our products;
- the occurrence of claims or litigation;
- the occurrence of natural disasters;
- hazards associated with chemicals manufacturing;
- the inability to maintain current levels of product or premises liability insurance or the denial of such coverage;
- political unrest affecting the global economy, including adverse effects from terrorism or hostilities;
- political instability affecting our manufacturing operations or joint ventures;
- changes in accounting standards;
- the inability to achieve results from our global manufacturing cost reduction initiatives as well as our ongoing continuous improvement and rationalization programs;
- changes in the jurisdictional mix of our earnings and changes in tax laws and rates;
- changes in monetary policies, inflation or interest rates that may impact our ability to raise capital or increase our cost of funds, impact the performance of our pension fund investments and increase our pension expense and funding obligations;
- volatility and uncertainties in the debt and equity markets;
- technology or intellectual property infringement, including cyber-security breaches, and other innovation risks;
- decisions we may make in the future;
- the ability to successfully operate and integrate Rockwood's operations and realize anticipated synergies and other benefits; and
- the other factors detailed from time to time in the reports we file with the SEC.

We assume no obligation to provide revisions to any forward-looking statements should circumstances change, except as otherwise required by securities and other applicable laws. The following discussion should be read together with our consolidated financial statements and related notes included in this Annual Report on Form 10-K.

The following is a discussion and analysis of results of operations for the years ended December 31, 2014, 2013 and 2012. A discussion of consolidated financial condition and sources of additional capital is included under a separate heading "Financial Condition and Liquidity" on page 49.

Overview

We are a leading global developer, manufacturer and marketer of highly-engineered specialty chemicals that meet customer needs across an exceptionally diverse range of end markets including the petroleum refining, consumer electronics, construction, automotive, lubricants, pharmaceuticals, crop protection, food safety and custom chemistry services markets. We are committed to global sustainability and are advancing responsible eco-practices and solutions in our two business segments. We believe that our commercial and geographic diversity, technical expertise, innovative capability, flexible, low-cost global manufacturing base, experienced management team and strategic focus on our core base technologies will enable us to maintain leading market positions in those areas of the specialty chemicals industry in which we operate.

Secular trends favorably impacting demand within the end markets that we serve combined with our diverse product portfolio, broad geographic presence and customer-focused solutions will continue to be key drivers to our future earnings growth. We continue to build upon our existing green solutions portfolio and our ongoing mission to provide innovative, yet commercially viable, clean energy products and services to the marketplace. We believe our disciplined cost reduction efforts, ongoing productivity improvements and strong balance sheet will position us well to take advantage of strengthening economic conditions as they occur while softening the negative impact of the current challenging economic environment.

2014 Highlights

- In the first quarter, we increased our quarterly dividend for the 20th consecutive year, to $0.275 per share.
- We repurchased approximately 2.2 million shares of our common stock pursuant to the terms of our share repurchase program. As of December 31, 2014, there were approximately 3.7 million shares remaining available for repurchase under our authorized share repurchase program.
- We completed an expansion of our Heavy Oil Upgrading capacity at our Bayport, TX facility.
- On July 15, 2014, we announced an agreement to acquire Rockwood for consideration of $50.65 in cash and 0.4803 of a share of Albemarle common stock, per outstanding share of Rockwood common stock. On November 14, 2014, shareholders from both companies approved the transaction, which was completed on January 12, 2015.
- On August 29, 2014, we announced an agreement with ICL to establish a manufacturing joint venture for the production of ICL's FR-122P polymeric flame retardant and our GreenCrest™ polymeric flame retardant. These flame retardants are designed to replace HBCD. The joint venture and its partners will own and operate a 2,400 MT per year Netherlands plant and a 10,000 MT per year Israel plant. The transaction is subject to certain closing conditions, including regulatory approvals, and is expected to close in the first half of 2015.
- On September 1, 2014, we closed the sale of our antioxidant, ibuprofen and propofol businesses and assets to SI Group, Inc. and received net proceeds of $104.7 million. A post-closing working capital settlement of $7.6 million was received in the first quarter of 2015.
- On November 4, 2014, we announced plans to increase production capabilities of curatives products at our facility in Pasadena, TX. The capacity investment will support Albemarle's ETHACURE® 100 liquid curative product for application in polyureas, urethanes and epoxies. Production in the expanded facility is expected in 2015.
- On November 24, 2014, we closed the offerings of senior notes totaling $1.025 billion, and on December 8, 2014, we closed the offering of €700 million senior notes. Net proceeds from these offerings were used to finance the aggregate cash consideration for the acquisition of Rockwood, pay related fees and expenses and repay the Company's $325.0 million senior notes which matured on February 1, 2015.
- We achieved earnings from continuing operations of $230.4 million during 2014 as compared to $435.7 million for 2013. Our operating results contributed $492.6 million to cash flows from operations in 2014. Earnings from continuing operations for 2014 includes pension and other postretirement benefit ("OPEB") actuarial losses of $83.3 million after income taxes compared to pension and OPEB actuarial gains of $88.3 million after income taxes in 2013.

Outlook

On July 15, 2014, we entered into the Merger Agreement to acquire all the outstanding shares of Rockwood. On January 12, 2015, we completed the acquisition of Rockwood for a purchase price of approximately $5.6 billion, comprised of approximately $3.6 billion in cash consideration and approximately $2.0 billion in equity consideration, with Rockwood becoming a wholly-owned subsidiary of Albemarle. For additional information, see Note 23, “Acquisitions” to our consolidated financial statements included in Part II, Item 8 of this report.

On January 20, 2015, we announced that as a result of the completion of the Rockwood acquisition we will realign our organizational structure, to be effective by the end of the first quarter of 2015. At that time, the Company’s new reportable business segments will consist of three segments: Performance Chemicals, Refining Solutions and Chemetall Surface Treatment. Performance Chemicals will combine our lithium, aluminum alkyls and derivative catalysts businesses with Albemarle’s existing Performance Chemicals segment. Refining Solutions will consist of the Heavy Oil Upgrading and Clean Fuels Technologies businesses, delivering a robust portfolio of catalyst solutions that apply to the entire refinery process. Chemetall Surface Treatment will supply specialty chemicals with a focus on processes for the surface treatment of metals and plastics. Each segment will have a dedicated team of sales, R&D, process engineering, manufacturing and sourcing, and business strategy personnel and will have full accountability for improving execution through greater asset and market focus, agility and responsiveness. Additionally, in 2015 we intend to pursue strategic alternatives, including divestitures, related to certain product lines including flame retardants, specialty chemicals, fine chemistry services and metal sulfides. These businesses will not be included in the aforementioned segments.

The current business environment presents a diverse set of opportunities and challenges in the markets we serve, from a slow and uneven global economic recovery, significantly lower crude oil prices, pricing pressure on bromine derivatives and an ever-changing landscape in electronics, to the continuous need for cutting edge catalysts and technology by our refinery customers, a volatile currency exchange landscape, and increasingly stringent environmental standards. Amidst these dynamics, our business fundamentals are sound and we are strategically well-positioned as we remain focused on increasing sales volumes, optimizing and improving the value of our portfolio through pricing and product development, managing costs and delivering value to our customers. We believe that our businesses remain positioned to capitalize on new business opportunities and long-term trends driving growth within our end markets and to respond quickly to improved economic conditions.

Through 2014, our operations were managed and reported as two operating segments: Performance Chemicals and Catalyst Solutions. Financial results and discussion about our operating segments included in this Annual Report on Form 10-K are categorized according to these two operating segments except where noted.

Performance Chemicals: We expect 2015 sales performance to be comparable overall to the prior year, as we manage through an uncertain environment characterized by soft demand in certain products and applications and cautious inventory management by our customers, along with the uncertain impacts of much weaker oil prices and a much stronger U.S. dollar, particularly as compared to the European Union Euro and the Japanese Yen. We believe we can sustain healthy margins with continued focus on maximizing our bromine franchise value.

We believe that the combination of solid, long-term business fundamentals, with our strong cost position, product innovations and effective management of raw material inventory inflation will enable us to manage our business through end market challenges and to capitalize on opportunities that will come with favorable market trends in select end markets and with a more evenly sustained economic recovery. Our view of third party market indicators and order book trends makes us cautiously optimistic that volume trends for brominated flame retardants have stabilized and that demand for bromine in other applications aside from drilling completion fluids will continue to increase at a rate consistent with overall economic demand.

On a long-term basis, we continue to believe that improving global standards of living, widespread digitization, increasing demand for data management capacity and the potential for increasingly stringent fire safety regulations in developing markets are likely to drive continued demand for fire safety products. Demand for drilling completion fluids in 2015 may be impacted negatively as a result of sharply lower oil prices impacting offshore drilling projects around the world. Clear completion fluids shipment rates slowed somewhat in the fourth quarter of 2014, consistent with this view. Longer term, absent an increase in regulatory pressure on offshore drilling, we would expect this business to resume the solid growth trajectory of recent years once oil prices return to prices seen through most of 2014 as we expect that deep water drilling will continue to increase around the world. We are focused on profitably growing our globally competitive bromine and derivatives production network to serve all major bromine consuming products and markets. We believe the global supply/demand gap will tighten as demand for existing and possible new uses of bromine expand over time.

Catalyst Solutions: 2014 was a solid year for this business segment, with sales up 9% and profits up 15% on a combination of favorable volumes, price and product mix, especially in our Refinery Catalyst Solutions product lines. Our Performance Catalyst Solutions business lines stabilized in 2014, driven by growth in our downstream catalysts business and demand growth in our organometallics product lines as polyolefins demand continued to grow at a 4-5% rate. We expect continued growth in our Refinery Catalyst Solutions business, despite some concerns about how the price of oil will impact the crude slate used by refineries and the resulting demand for catalysts, and some expected product mix impact that is a result of timing of catalysts replacements in fixed bed units. We also expect 2015 to bring increasing stabilization and improvement in our catalysts for polyolefins, consistent with overall demand.

On a longer term basis, we believe increased global demand for petroleum products and implementation of more stringent fuel quality requirements will drive growth in our Refinery Catalyst Solutions business. In addition, we expect growth in our Performance Catalyst Solutions division to come from growing global demand for plastics driven by rising standards of living and infrastructure spending, particularly in Asia and the Middle East.

Delivering superior end-use performance continues to be the most effective way to create sustainable value in the refinery catalysts industry, and our technologies continue to provide significant performance and financial benefits to refiners challenged to meet tighter regulations around the world, those managing new contaminants present in North America tight oil, and those in the Middle East and Asia seeking to use heavier feedstock while pushing for higher propylene yields. While lower oil prices may impact the overall crude slate for a period of time, longer term, we believe that the global crude supply will get heavier and more sour, trends that bode well for catalysts demand. Given this and based on our technology, current production capacities and expected growth in end market demand, we remain well-positioned for the future.

Corporate and Other: We continue to focus on cash generation, working capital management and process efficiencies. We expect our global effective tax rate for 2015 to be approximately 25.0%; however, our rate will vary based on the locales in which income is actually earned and remains subject to potential volatility from changing legislation in the U.S. and other tax jurisdictions.

Actuarial gains and losses related to our defined benefit pension and OPEB plan obligations are reflected in Corporate and other as a component of non-operating pension and OPEB plan costs under mark-to-market accounting. Results for the year ended December 31, 2014 include an actuarial loss of $130.8 million ($83.3 million after income taxes), as compared to a gain of $139.0 million ($88.3 million after income taxes) for the year ended December 31, 2013.

In the first quarter of 2014, we increased our quarterly dividend payout to $0.275 per share. We also repurchased approximately 2.2 million shares of our common stock during 2014 for $150 million under our existing share repurchase program, and we may periodically repurchase shares in the future on an opportunistic basis. In the first quarter of 2015, we increased our quarterly dividend rate to $0.29 per share.

We remain committed to evaluating the merits of any opportunities that may arise for acquisitions or other business development activities that will complement our business footprint. Additional information regarding our products, markets and financial performance is provided at our web site, *www.albemarle.com*. Our web site is not a part of this document nor is it incorporated herein by reference.

Results of Operations

The following data and discussion provides an analysis of certain significant factors affecting our results of operations during the periods included in the accompanying consolidated statements of income.

Selected Financial Data	Year Ended December 31,			Percentage Change	
	2014	2013	2012	2014 vs. 2013	2013 vs. 2012
	(In thousands, except percentages and per share amounts)				
NET SALES	$ 2,445,548	$ 2,394,270	$ 2,519,154	2 %	(5)%
Cost of goods sold	1,674,700	1,543,799	1,620,311	8 %	(5)%
GROSS PROFIT	770,848	850,471	898,843	(9)%	(5)%
GROSS PROFIT MARGIN	31.5%	35.5%	35.7%		
Selling, general and administrative expenses	355,135	158,189	308,456	125 %	(49)%
Research and development expenses	88,310	82,246	78,919	7 %	4 %
Restructuring and other charges, net	25,947	33,361	111,685	(22)%	(70)%
Acquisition and integration related costs	30,158	—	—	*	— %
OPERATING PROFIT	271,298	576,675	399,783	(53)%	44 %
OPERATING PROFIT MARGIN	11.1%	24.1%	15.9%		
Interest and financing expenses	(41,358)	(31,559)	(32,800)	31 %	(4)%
Other (expenses) income, net	(16,761)	(6,674)	1,229	151 %	*
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN NET INCOME OF UNCONSOLIDATED INVESTMENTS	213,179	538,442	368,212	(60)%	46 %
Income tax expense	18,484	134,445	80,433	(86)%	67 %
Effective tax rate	8.7%	25.0%	21.8%		
INCOME FROM CONTINUING OPERATIONS BEFORE EQUITY IN NET INCOME OF UNCONSOLIDATED INVESTMENTS	194,695	403,997	287,779	(52)%	40 %
Equity in net income of unconsolidated investments (net of tax)	35,742	31,729	38,067	13 %	(17)%
NET INCOME FROM CONTINUING OPERATIONS	230,437	435,726	325,846	(47)%	34 %
(Loss) income from discontinued operations (net of tax)	(69,531)	4,108	4,281	*	(4)%
NET INCOME	160,906	439,834	330,127	(63)%	33 %
Net income attributable to noncontrolling interests	(27,590)	(26,663)	(18,591)	3 %	43 %
NET INCOME ATTRIBUTABLE TO ALBEMARLE CORPORATION	$ 133,316	$ 413,171	$ 311,536	(68)%	33 %
NET INCOME FROM CONTINUING OPERATIONS AS A PERCENTAGE OF NET SALES	9.4%	18.2%	12.9%		
Basic earnings (loss) per share:					
Continuing operations	$ 2.57	$ 4.88	$ 3.44	(47)%	42 %
Discontinued operations	(0.88)	0.05	0.05	*	— %
	$ 1.69	$ 4.93	$ 3.49	(66)%	41 %
Diluted earnings (loss) per share:					
Continuing operations	$ 2.57	$ 4.85	$ 3.42	(47)%	42 %
Discontinued operations	(0.88)	0.05	0.05	*	— %
	$ 1.69	$ 4.90	$ 3.47	(66)%	41 %

* Percentage calculation is not meaningful.

Comparison of 2014 to 2013

Net Sales

For the year ended December 31, 2014, we recorded net sales of $2.45 billion, a 2% increase compared to net sales of $2.39 billion for the corresponding period of 2013. This increase was due primarily to favorable volume impacts of 2%, including favorable volume impacts of approximately $85.0 million in Catalyst Solutions and unfavorable volume impacts of approximately $33.0 million in Performance Chemicals, partially offset by unfavorable currency impacts of approximately $2.2 million due to a stronger U.S. dollar as we closed out the year.

Gross Profit

For the year ended December 31, 2014, our gross profit decreased $79.6 million, or 9%, from the corresponding 2013 period. Our gross profit for 2014 was impacted by approximately $36.5 million of pension and OPEB costs (including mark-to-market actuarial losses of $36.4 million) allocated to cost of goods sold, as compared to $42.2 million of pension and OPEB benefits (including mark-to-market actuarial gains of $42.7 million) allocated to cost of goods sold in 2013. Overall, these factors contributed to our gross profit margin of 31.5% for the current year, down from 35.5% in 2013. Excluding the impact of pension and OPEB mark-to-market actuarial losses and gains, our gross profit margin was 33.0% in 2014 and 33.7% in 2013.

The mark-to-market actuarial loss in 2014 is primarily attributable to: (a) a decrease in the weighted-average discount rate for our pension plans to 4.03% from 5.00% to reflect market conditions as of the December 31, 2014 measurement date, and (b) changes in mortality assumptions, and to a lesser extent, other demographic assumptions related to our pension plans. The mark-to-market actuarial loss in 2014 was partially offset by a higher return on pension plan assets in 2014 than was expected, as a result of overall market and investment portfolio performance. The actual return on U.S. pension plan assets was 8.87% versus an expected return of 6.91%.

The mark-to-market actuarial gain in 2013 is primarily attributable to: (a) an increase in the weighted-average discount rate for our pension plans to 5.00% from 4.04% to reflect market conditions as of the December 31, 2013 measurement date; (b) the actual return on U.S. pension plan assets of 15.07% was higher than the expected return of 7.25% as a result of overall market and investment portfolio performance; and (c) changes in demographic assumptions related to our pension plans, such as mortality rates, rates of compensation and other factors.

Selling, General and Administrative Expenses

For the year ended December 31, 2014, our selling, general and administrative ("SG&A") expenses increased $196.9 million, or 125%, compared to the year ended December 31, 2013. This increase was primarily due to unfavorable pension and OPEB items and incentive compensation costs. SG&A expenses for 2014 includes approximately $97.1 million of pension and OPEB costs (including mark-to-market actuarial losses of $94.5 million), as compared to $90.5 million of pension and OPEB benefits (including mark-to-market actuarial gains of $96.3 million) in 2013. The mark-to-market actuarial losses and gains in 2014 and 2013, respectively, resulted from the factors as discussed in *Gross Profit* above.

As a percentage of net sales, SG&A expenses were 14.5% for the year ended December 31, 2014, compared to 6.6% for the corresponding period in 2013. Excluding the impact of pension and OPEB mark-to-market actuarial losses and gains, SG&A expenses as a percentage of net sales were 10.7% in 2014 and 10.6% in 2013.

Research and Development Expenses

For the year ended December 31, 2014, our R&D expenses increased $6.1 million, or 7%, from the year ended December 31, 2013, mainly as a result of higher personnel costs and higher spending for outside services. As a percentage of net sales, R&D expenses were 3.6% in 2014, compared to 3.4% in 2013.

Restructuring and Other Charges, Net

Restructuring and other charges, net, of $25.9 million for the year ended December 31, 2014 includes the following items:

(a) Estimated costs of approximately $20.5 million ($13.6 million after income taxes) in connection with action we initiated to reduce the high cost supply capacity of certain aluminum alkyl products, primarily through the termination of a third party manufacturing contract.

(b) An impairment charge of $3.0 million ($1.9 million after income taxes) for certain capital project costs also related to aluminum alkyls capacity which we do not expect to recover.

(c) Other net charges of $2.4 million ($1.4 million after income taxes), mainly in connection with a write-off of certain multi-product facility project costs that we do not expect to recover in future periods.

In connection with the announced realignment of our operating segments effective January 1, 2014, in the fourth quarter of 2013, we initiated a workforce reduction plan which resulted in a reduction of approximately 230 employees worldwide. We recorded charges of $33.4 million ($21.9 million after income taxes) during the year ended December 31, 2013 for termination benefits and other costs related to this workforce reduction plan.

Acquisition and Integration Related Costs

The year ended December 31, 2014 includes $23.6 million of acquisition and integration related costs in connection with the acquisition of Rockwood and $6.6 million of acquisition-related costs in connection with other significant projects. Acquisition-related costs incurred during the year ended December 31, 2013 are included in SG&A expenses and were not significant.

Interest and Financing Expenses

Interest and financing expenses for the year ended December 31, 2014 increased $9.8 million to $41.4 million from the corresponding 2013 period, due mainly to higher borrowing levels in connection with the acquisition of Rockwood and decreases in interest capitalized on lower average construction work in progress balances in the 2014 period.

Other Expenses, Net

Other expenses, net, for the year ended December 31, 2014 was $16.8 million versus $6.7 million for the corresponding 2013 period. This increase was due to $16.7 million of amortized bridge facility fees and $1.0 million of other financing fees in the 2014 period related to the acquisition of Rockwood, partially offset by net favorable items of $7.6 million primarily related to favorable currency impacts compared to the corresponding period in 2013 due to more effective management of currency risks.

Income Tax Expense

The effective income tax rate for 2014 was 8.7% compared to 25.0% for 2013. Our effective income tax rate differs from the U.S. federal statutory income tax rates in the comparative periods mainly due to the impact of earnings from outside the U.S. In 2014, acquisition and integration related costs and pension-related mark-to-market actuarial losses contributed to a decrease in pre-tax income year over year, which caused the impact of earnings outside the U.S. to have a much larger impact versus the prior year. See Note 19, “Income Taxes” to our consolidated financial statements included in Part II, Item 8 of this report for a reconciliation of the U.S. federal statutory income tax rate to our effective rate for 2014 and 2013.

Equity in Net Income of Unconsolidated Investments

Equity in net income of unconsolidated investments was $35.7 million for the year ended December 31, 2014 compared to $31.7 million in the same period last year. This increase was due primarily to higher equity income reported by our Catalyst Solutions segment joint ventures Nippon Ketjen Company Limited, Stannica LLC and Fábrica Carioca de Catalisadores SA, and our Performance Chemicals segment joint venture Magnifin, partly offset by lower equity income amounts reported by our Catalyst Solutions segment joint ventures Saudi Organometallic Chemicals Company and Eurecat.

(Loss) Income from Discontinued Operations

On September 1, 2014, we closed the sale of our antioxidant, ibuprofen and propofol businesses and assets to SI Group, Inc. The financial results of the disposed group have been presented as discontinued operations in the consolidated statements of income for all periods presented. (Loss) income from discontinued operations, after income taxes, was $(69.5) million for the year ended December 31, 2014, compared to $4.1 million for the year ended December 31, 2013. Included in the 2014 period is a pre-tax charge of $(85.5) million ($65.7 million after income taxes) representing the difference between the carrying value of the related assets and their fair value as determined by the sales price less estimated costs to sell. The loss is primarily attributable to the write-off of goodwill, intangibles and long-lived assets, net of cumulative foreign currency translation gains of $17.8 million.

Net Income Attributable to Noncontrolling Interests

For the year ended December 31, 2014, net income attributable to noncontrolling interests was $27.6 million compared to $26.7 million in the same period last year. This increase of $0.9 million was due primarily to higher profits of our consolidated joint venture JBC in the 2014 period.

Net Income Attributable to Albemarle Corporation

Net income attributable to Albemarle Corporation decreased to $133.3 million for the year ended December 31, 2014, from $413.2 million for the corresponding period of 2013, primarily due to an unfavorable impact of $73.6 million (after income taxes) related to discontinued operations, unfavorable impacts of $266.4 million related to pension and OPEB items mainly resulting from an actuarial loss in 2014 compared to an actuarial gain in 2013, charges of $30.2 million in 2014 for certain significant acquisition-related costs (of which $23.6 million relates to the acquisition of Rockwood), higher manufacturing and SG&A costs of approximately $33.0 million, higher interest and financing expenses of $9.8 million, and higher other expenses, net, of 10.1 million, partly offset by lower income tax expense of $116.0 million, lower restructuring and other charges, net, of $7.4 million, favorable volume impacts of approximately $12.2 million on market demand, and lower variable input costs of approximately $9.3 million.

Other Comprehensive (Loss) Income

Total other comprehensive (loss) income, net of tax, was $(178.7) million in 2014 compared to $31.3 million in 2013. The majority of these amounts are the result of translating our foreign subsidiary financial statements from their local currencies to U.S. Dollars. In 2014, other comprehensive (loss), net of tax, from foreign currency translation adjustments was $(168.8) million, mainly as a result of unfavorable movements of approximately $(124) million in the European Union Euro, $(18) million in the Chinese Renminbi and $(13) million in the Brazilian Real. Also included in total other comprehensive (loss) income, net of tax, for 2014 is $(21.0) million related to a realized loss on our interest rate swap which was settled in the fourth quarter, and $11.4 million in connection with the revaluation of our €700.0 million senior notes and settlement of related foreign currency forward contracts, both of which were designated as a hedge of our net investment in foreign operations. In 2013, other comprehensive income, net of tax, from foreign currency translation adjustments was $31.7 million, mainly as a result of favorable movements in the European Union Euro of approximately $42 million, partially offset by unfavorable movements in the Brazilian Real of approximately $14 million.

Segment Information Overview. We have identified two reportable segments according to the nature and economic characteristics of our products as well as the manner in which the information is used internally by the Company’s chief operating decision maker to evaluate performance and make resource allocation decisions. Our Performance Chemicals segment is composed of the Fire Safety Solutions, Specialty Chemicals and Fine Chemistry Services product categories. Our Catalyst Solutions segment is composed of the Refinery Catalyst Solutions and Performance Catalyst Solutions product categories. Segment income represents segment operating profit and equity in net income of unconsolidated investments and is reduced by net income attributable to noncontrolling interests. Segment data includes intersegment transfers of raw materials at cost and allocations for certain corporate costs.

Corporate & other includes corporate-related items not allocated to the reportable segments. Pension and OPEB service cost (which represents the benefits earned by active employees during the period) and amortization of prior service cost or benefit are allocated to each segment and Corporate & other, whereas the remaining components of pension and OPEB cost or credit are included in Corporate & other.

	Year Ended December 31,				Percentage Change
	2014	% of net sales	2013	% of net sales	2014 vs. 2013
	(In thousands, except percentages)				
Net sales:					
Performance Chemicals	$ 1,351,596	55.3%	$ 1,392,664	58.2%	(3)%
Catalyst Solutions	1,093,952	44.7%	1,001,606	41.8%	9 %
Total net sales	$ 2,445,548	100.0%	$ 2,394,270	100.0%	2 %
Segment operating profit:					
Performance Chemicals	$ 306,616	22.7%	$ 334,275	24.0%	(8)%
Catalyst Solutions	224,407	20.5%	194,322	19.4%	15 %
Total segment operating profit	531,023		528,597		— %
Equity in net income of unconsolidated investments:					
Performance Chemicals	10,068		8,875		13 %
Catalyst Solutions	25,674		22,854		12 %
Total equity in net income of unconsolidated investments	35,742		31,729		13 %
Net income attributable to noncontrolling interests:					
Performance Chemicals	(27,590)		(26,663)		3 %
Total net income attributable to noncontrolling interests	(27,590)		(26,663)		3 %
Segment income:					
Performance Chemicals	289,094	21.4%	316,487	22.7%	(9)%
Catalyst Solutions	250,081	22.9%	217,176	21.7%	15 %
Total segment income	539,175		533,663		1 %
Corporate & other	(203,620)		81,439		*
Restructuring and other charges, net	(25,947)		(33,361)		(22)%
Acquisition and integration related costs	(30,158)		—		*
Interest and financing expenses	(41,358)		(31,559)		31 %
Other expenses, net	(16,761)		(6,674)		151 %
Income tax expense	(18,484)		(134,445)		(86)%
(Loss) income from discontinued operations (net of tax)	(69,531)		4,108		*
Net income attributable to Albemarle Corporation	$ 133,316		$ 413,171		(68)%

* Percentage calculation is not meaningful.

Our segment information includes measures we refer to as Segment operating profit and Segment income which are financial measures that are not required by, or presented in accordance with, GAAP. The Company has reported Segment operating profit and Segment income because management believes that these financial measures provide transparency to investors and enable period-to-period comparability of financial performance. Segment operating profit and Segment income should not be considered as an alternative to Operating profit or Net income attributable to Albemarle Corporation, respectively, as determined in accordance with GAAP.

See below for a reconciliation of Segment operating profit and Segment income, the non-GAAP financial measures, to Operating profit and Net income attributable to Albemarle Corporation, respectively, the most directly comparable financial measures calculated and reported in accordance with GAAP.

	Year Ended December 31,	
	2014	2013
	(In thousands)	
Total segment operating profit	$ 531,023	$ 528,597
Add (less):		
Corporate & other	(203,620)	81,439
Restructuring and other charges, net	(25,947)	(33,361)
Acquisition and integration related costs	(30,158)	—
GAAP Operating profit	$ 271,298	$ 576,675
Total segment income	$ 539,175	$ 533,663
Add (less):		
Corporate & other	(203,620)	81,439
Restructuring and other charges, net	(25,947)	(33,361)
Acquisition and integration related costs	(30,158)	—
Interest and financing expenses	(41,358)	(31,559)
Other expenses, net	(16,761)	(6,674)
Income tax expense	(18,484)	(134,445)
(Loss) income from discontinued operations (net of tax)	(69,531)	4,108
GAAP Net income attributable to Albemarle Corporation	$ 133,316	$ 413,171

Performance Chemicals

Performance Chemicals segment net sales for the year ended December 31, 2014 were $1.35 billion, down $41.1 million, or 3%, in comparison to the same period in 2013. The decrease was driven mainly by unfavorable volume impacts on market demand of approximately 3%, mainly in Fine Chemistry Services and Specialty Chemicals, and unfavorable pricing impacts of approximately 1% mainly in Fire Safety Solutions. Segment income for Performance Chemicals was down 9%, or $27.4 million, to $289.1 million for the year ended 2014 compared to 2013, as a result of higher manufacturing and SG&A spending of approximately $12.9 million, approximately $7.9 million in unfavorable pricing mainly in Fire Safety Solutions, and unfavorable volume impacts of approximately $5.2 million on market demand mainly in Fine Chemistry Services and Specialty Chemicals.

Catalyst Solutions

Catalyst Solutions segment net sales for the year ended December 31, 2014 were $1.1 billion, an increase of $92.3 million, or 9%, compared to the year ended December 31, 2013. This increase was due mainly to favorable volumes of 9% on market demand across all product families, favorable pricing of 1% due to market conditions (driven by Refinery Catalyst Solutions, partly offset by unfavorable pricing in Performance Catalyst Solutions), and unfavorable currency impacts of approximately $1.6 million due to a stronger U.S. dollar. Catalyst Solutions segment income increased 15%, or $32.9 million, to $250.1 million for the year ended December 31, 2014 in comparison to the corresponding period of 2013. This increase was due primarily to approximately $17.2 million favorable volume impacts on stronger market demand across all businesses, lower variable input costs of approximately $8.2 million, favorable performance from our unconsolidated joint ventures, mainly Nippon Ketjen Company Limited, Stannica LLC and Fábrica Carioca de Catalisadores SA, and favorable pricing of approximately $8.4 million mainly in Refinery Catalyst Solutions due to market conditions. These were partly offset by approximately $12.0 million in unfavorable spending due mainly to higher personnel costs and higher maintenance and repairs at our manufacturing facilities, including startup of the Heavy Oil Upgrading capacity expansion in Bayport.

Corporate and other

For the year ended December 31, 2014, Corporate and other expense was $203.6 million compared to Corporate and other income of $81.4 million for the corresponding period in 2013. This unfavorable variance was primarily due to unfavorable pension and OPEB plan impacts of approximately $270 million, and unfavorable incentive compensation costs. Corporate and other expense for 2014 includes $127.2 million of pension and OPEB costs (including mark-to market actuarial losses) compared to $143.1 million of pension and OPEB benefits in 2013.

Comparison of 2013 to 2012

Net Sales

For the year ended December 31, 2013, we recorded net sales of $2.39 billion, a 5% decrease compared to net sales of $2.52 billion for the corresponding period of 2012. This decrease was due primarily to unfavorable pricing impacts of 7%, mainly lower metals surcharges in Refinery Catalyst Solutions, lower overall price mix in Catalyst Solutions, lower regional pricing in Specialty Chemicals and lower pricing in Fire Safety Solutions, partly offset by favorable volume impacts of 2%, driven by higher volumes in Refinery Catalyst Solutions and Fire Safety Solutions, net of lower volumes in Fine Chemistry Services and the unfavorable volume impacts from our exit of the phosphorus flame retardants business in 2012.

Gross Profit

For the year ended December 31, 2013, our gross profit decreased $48.4 million, or 5%, from the corresponding 2012 period due mainly to overall unfavorable pricing impacts, unfavorable currency impacts mainly from a weaker Japanese yen, and higher manufacturing costs. These were partly offset by favorable impacts from lower variable input costs and favorable overall volumes. Additionally, our gross profit for 2013 was impacted by approximately $42.2 million of pension and OPEB benefits (including mark-to-market actuarial gains of $42.7 million) allocated to cost of goods sold, as compared to $26.3 million of pension and OPEB costs (including mark-to-market actuarial losses of $25.9 million) allocated to cost of goods sold in 2012. Pension and OPEB costs included in cost of goods sold for 2012 include a correction of $3.5 million for actuarial gains that relate to 2011. Overall, these factors contributed to our gross profit margin of 35.5% for 2013, down from 35.7% in 2012. Excluding the impact of pension and OPEB mark-to-market actuarial gains and losses, our gross profit margin was 33.7% in 2013 and 36.7% in 2012.

The mark-to-market actuarial gain in 2013 is primarily attributable to: (a) an increase in the weighted-average discount rate for our pension plans to 5.00% from 4.04% to reflect market conditions as of the December 31, 2013 measurement date; (b) the actual return on U.S. pension plan assets of 15.07% was higher than the expected return of 7.25% as a result of overall market and investment portfolio performance; and (c) changes in demographic assumptions related to our pension plans, such as mortality rates, rates of compensation and other factors.

The mark-to-market actuarial loss in 2012 is primarily attributable to: (a) a decrease in the weighted-average discount rate for our pension plans to 4.04% from 5.04% to reflect market conditions as of the December 31, 2012 measurement date, and; (b) changes in demographic assumptions related to our pension plans, such as mortality rates, rates of compensation and other factors. The mark-to-market actuarial loss in 2012 was partially offset by a higher return on pension plan assets in 2012 than was expected, as a result of overall market and investment portfolio performance. The actual return on U.S. pension plans assets was 11.90% versus an expected return of 8.25%.

Selling, General and Administrative Expenses

For the year ended December 31, 2013, our SG&A expenses decreased $150.3 million, or 49%, compared to the year ended December 31, 2012. This decrease was primarily due to favorable pension and OPEB items, lower personnel costs and lower sales commissions partly offset by higher expenses for services. SG&A expenses for 2013 includes approximately $90.5 million of pension and OPEB benefits (including mark-to-market actuarial gains of $96.3 million), as compared to $51.1 million of pension and OPEB costs (including mark-to-market actuarial losses of $49.8 million) in 2012. The mark-to-market actuarial gains and losses in 2013 and 2012, respectively, resulted from the factors as discussed in *Gross Profit* above. Additionally, pension and OPEB costs included in SG&A for 2012 include a correction of $6.8 million for actuarial gains that relate to 2011.

SG&A expenses for 2012 also include: (a) a gain of $8.1 million resulting from proceeds received in connection with the settlement of litigation (net of legal fees); and (b) an $8 million charitable contribution to the Albemarle Foundation, a non-profit organization that sponsors grants, health and social projects, educational initiatives, disaster relief, matching gift programs, scholarships and other charitable initiatives in locations where our employees live and operate.

As a percentage of net sales, SG&A expenses were 6.6% for the year ended December 31, 2013, compared to 12.2% for the corresponding period in 2012. Excluding the impact of pension and OPEB mark-to-market actuarial gains and losses, SG&A expenses as a percentage of net sales were 10.6% in 2013 and 10.3% in 2012.

Research and Development Expenses

For the year ended December 31, 2013, our R&D expenses increased $3.3 million, or 4%, from the year ended December 31, 2012, as a result of higher expenses for services. As a percentage of net sales, R&D expenses were 3.4% in 2013, compared to 3.1% in 2012.

Restructuring and Other Charges, Net

In connection with the announced realignment of our operating segments effective January 1, 2014, in the fourth quarter of 2013 we initiated a workforce reduction plan which resulted in a reduction of approximately 230 employees worldwide. We recorded charges of $33.4 million ($21.9 million after income taxes) during the year ended December 31, 2013 for termination benefits and other costs related to this workforce reduction plan.

Restructuring and other charges, net were $111.7 million for the year ended December 31, 2012 and included the following items:

(a) Net charges amounting to $100.8 million ($76.1 million after income taxes) in connection with our exit of the phosphorus flame retardants business. The charges are comprised mainly of non-cash items consisting of net asset write-offs of approximately $57 million and write-offs of foreign currency translation adjustments of approximately $12 million, as well as accruals for future cash costs associated with related severance programs of approximately $22 million, estimated site remediation costs of approximately $9 million, other estimated exit costs of approximately $3 million, partly offset by a gain of approximately $2 million related to the sale of our Nanjing, China manufacturing site. We began to realize favorable profit impacts from this program in the fourth quarter of 2012.

(b) A net curtailment gain of $4.5 million ($2.9 million after income taxes) and a one-time employer contribution to the Company's defined contribution plan of $10.1 million ($6.4 million after income taxes), both in connection with various amendments to certain of our U.S. pension and defined contribution plans that were approved by our Board of Directors in the fourth quarter of 2012. These amendments provided for formula changes to the related defined contribution plans as well as special benefits for certain defined benefit plan participants which culminate in a freeze of pension benefits under the related qualified and nonqualified defined benefit plan after a two year transition period.

(c) Charges amounting to $5.3 million ($4.3 million after income taxes) related to changes in product sourcing and other items.

Interest and Financing Expenses

Interest and financing expenses for the year ended December 31, 2013 decreased $1.2 million to $31.6 million from the corresponding 2012 period, due mainly to lower interest rates on variable-rate borrowings partially offset by higher levels of variable-rate debt in 2013.

Other (Expenses) Income, Net

Other (expenses) income, net, for the year ended December 31, 2013 was $(6.7) million versus $1.2 million for the corresponding 2012 period. This change was due primarily to unfavorable currency impacts compared to the corresponding period in 2012.

Income Tax Expense

The effective income tax rate for 2013 was 25.0% compared to 21.8% for 2012. Our effective income tax rate differs from the U.S. federal statutory income tax rates in the comparative periods mainly due to the impact of earnings from outside the U.S. Our effective income tax rate for the 2012 period was impacted by discrete net tax benefit items of $1.0 million related principally to tax planning and the release of various tax reserves for uncertain domestic tax positions due to the expiration of the domestic statute of limitations related to the 2008 tax year, as well as $100.8 million of pre-tax charges ($76.1 million after taxes) associated with our exit of the phosphorus flame retardants business. See Note 19, "Income Taxes" to our consolidated financial statements included in Part II, Item 8 of this report for a reconciliation of the U.S. federal statutory income tax rate to our effective rate for 2013 and 2012.

Equity in Net Income of Unconsolidated Investments

Equity in net income of unconsolidated investments was $31.7 million for the year ended December 31, 2013 compared to $38.1 million in the same period last year. This decrease was due primarily to overall lower equity income amounts reported from our Catalyst Solutions segment joint ventures, including unfavorable currency translation impacts of $2.4 million due to a weaker Japanese Yen and Brazilian Real, partly offset by higher equity income amounts reported from our Performance Chemicals segment joint venture Magnifin.

Income from Discontinued Operations

Income from discontinued operations, after income taxes, was $4.1 million for the year ended December 31, 2013, essentially unchanged from the year ended December 31, 2012. Favorable sales volumes and lower variable input costs in these businesses was offset by higher spending and unfavorable pricing trends as compared to the prior year.

Net Income Attributable to Noncontrolling Interests

For the year ended December 31, 2013, net income attributable to noncontrolling interests was $26.7 million compared to $18.6 million in the same period last year. This increase of $8.1 million was due primarily to higher overall profits and a contractually-based reduction in our share of profits of $6.6 million in our joint venture in Jordan.

Net Income Attributable to Albemarle Corporation

Net income attributable to Albemarle Corporation increased to $413.2 million for the year ended December 31, 2013, from $311.5 million for the corresponding period of 2012 primarily due to impacts from higher sales volumes of approximately $59.0 million, lower SG&A expenses (including favorable impacts from pension and OPEB items) of approximately $44.0 million, lower restructuring and other charges of approximately $78.0 million, and favorable overall variable input costs of approximately $54.0 million. These impacts were partly offset by lower pricing impacts, including impacts from both volatility in metals surcharges and related cost impacts in Refinery Catalyst Solutions (particularly rare earths) and in certain products in our bromine portfolio and Fire Safety Solutions, unfavorable manufacturing costs of approximately $18.0 million (net of favorable impacts from pension and OPEB items), lower equity in net income of unconsolidated investments, higher R&D expenses and unfavorable foreign currency impacts.

Other Comprehensive Income

Total other comprehensive income, net of tax, was $31.3 million in 2013 compared to $24.8 million in 2012. The majority of these amounts are the result of translating our foreign subsidiary financial statements from their local currencies to U.S. Dollars. In 2013, other comprehensive income, net of tax, from foreign currency translation adjustments was $31.7 million, mainly as a result of favorable movements in the European Union Euro of approximately $42 million, partially offset by unfavorable movements in the Brazilian Real of approximately $14 million. In 2012, other comprehensive income, net of tax, from foreign currency translation adjustments was $28.8 million, mainly as a result of favorable movements in the European Union Euro, British Pound Sterling and Korean Won of approximately $20 million, $12 million and $5 million, respectively, partially offset by unfavorable movements in the Brazilian Real of approximately $9 million.

	Year Ended December 31,				Percentage Change
	2013	% of net sales	2012	% of net sales	2013 vs. 2012
	(In thousands, except percentages)				
Net sales:					
Performance Chemicals	$ 1,392,664	58.2%	$ 1,451,247	57.6%	(4)%
Catalyst Solutions	1,001,606	41.8%	1,067,907	42.4%	(6)%
Total net sales	$ 2,394,270	100.0%	$ 2,519,154	100.0%	(5)%
Segment operating profit:					
Performance Chemicals	$ 334,275	24.0%	$ 410,359	28.3%	(19)%
Catalyst Solutions	194,322	19.4%	230,648	21.6%	(16)%
Subtotal	528,597		641,007		(18)%
Equity in net income of unconsolidated investments:					
Performance Chemicals	8,875		6,416		38 %
Catalyst Solutions	22,854		31,651		(28)%
Total equity in net income of unconsolidated investments	31,729		38,067		(17)%
Net income attributable to noncontrolling interests:					
Performance Chemicals	(26,663)		(18,571)		44 %
Corporate & other	—		(20)		(100)%
Total net income attributable to noncontrolling interests	(26,663)		(18,591)		43 %
Segment income:					
Performance Chemicals	316,487	22.7%	398,204	27.4%	(21)%
Catalyst Solutions	217,176	21.7%	262,299	24.6%	(17)%
Total segment income	533,663		660,503		(19)%
Corporate & other	81,439		(129,559)		(163)%
Restructuring and other charges, net	(33,361)		(111,685)		(70)%
Interest and financing expenses	(31,559)		(32,800)		(4)%
Other (expenses) income, net	(6,674)		1,229		*
Income tax expense	(134,445)		(80,433)		67 %
Income from discontinued operations (net of tax)	4,108		4,281		(4)%
Net income attributable to Albemarle Corporation	$ 413,171		$ 311,536		33 %

*Percentage calculation is not meaningful.

Our segment information includes measures we refer to as Segment operating profit and Segment income which are financial measures that are not required by, or presented in accordance with, GAAP. The Company has reported Segment operating profit and Segment income because management believes that these financial measures provide transparency to investors and enable period-to-period comparability of financial performance. Segment operating profit and Segment income should not be considered as an alternative to Operating profit or Net income attributable to Albemarle Corporation, respectively, as determined in accordance with GAAP.

See below for a reconciliation of Segment operating profit and Segment income, the non-GAAP financial measures, to Operating profit and Net income attributable to Albemarle Corporation, respectively, the most directly comparable financial measures calculated and reported in accordance with GAAP.

	Year Ended December 31,	
	2013	**2012**
	(In thousands)	
Total segment operating profit	$ 528,597	$ 641,007
Add (less):		
Corporate & other[(a)]	81,439	(129,539)
Restructuring and other charges, net	(33,361)	(111,685)
GAAP Operating profit	$ 576,675	$ 399,783
Total segment income	$ 533,663	$ 660,503
Add (less):		
Corporate & other	81,439	(129,559)
Restructuring and other charges, net	(33,361)	(111,685)
Interest and financing expenses	(31,559)	(32,800)
Other (expenses) income, net	(6,674)	1,229
Income tax expense	(134,445)	(80,433)
Income from discontinued operations (net of tax)	4,108	4,281
GAAP Net income attributable to Albemarle Corporation	$ 413,171	$ 311,536

(a) Excludes corporate noncontrolling interest adjustments of $(20) for the year ended December 31, 2012.

Performance Chemicals

Performance Chemicals segment net sales for the year ended December 31, 2013 were $1.39 billion, down $58.6 million, or 4%, in comparison to the same period in 2012. The decrease was driven mainly by our mid-year 2012 exit of the phosphorus flame retardants business, an impact of $33.6 million, or 2%, and lower pricing due to market conditions of 4% mainly in Fire Safety Solutions and Specialty Chemicals. Other impacts included favorable volumes of 1% due to market demand, mainly in Fire Safety Solutions and Specialty Chemicals partly offset by lower Fine Chemistry Services volumes, and unfavorable currency impacts of approximately $5.0 million, mainly from the weaker Japanese yen (partly offset by favorable impacts from the European Union Euro). Segment income for Performance Chemicals was down 21%, or $81.7 million, to $316.5 million for the year ended 2013 compared to 2012, as a result of lower pricing due to market conditions of approximately $58.0 million, mainly in Fire Safety Solutions and Specialty Chemicals, higher variable input costs of natural gas and certain raw materials of approximately $7.0 million, higher manufacturing and SG&A costs of approximately $27.0 million, and unfavorable currency impacts of approximately $7.5 million mainly due to the weaker Japanese yen. Also contributing to the decrease were delays in product launches in our Fine Chemistry Services businesses and unfavorable volumes in our agricultural intermediates business due to market demand of approximately $4.0 million, and $8.1 million in higher net income attributable to noncontrolling interests associated with a contractual reduction in our share of profits at our Jordan joint venture. These were partly offset by favorable volume impacts of approximately $23.0 million from increased demand in Fire Safety Solutions and favorable equity in net income from our unconsolidated investment in Magnifin.

Catalyst Solutions

Catalyst Solutions segment net sales for the year ended December 31, 2013 were $1.0 billion, a decrease of $66.3 million, or 6%, compared to the year ended December 31, 2012. This decrease was due mainly to unfavorable pricing on lower metals surcharges in Refinery Catalyst Solutions of approximately $100.0 million, and lower pricing and volumes in Performance Catalyst Solutions of approximately $16.0 million due to the overall balance of demand and supply, partly offset by favorable volume impacts of approximately $43.0 million due to stronger market demand in Refinery Catalyst Solutions. Catalyst Solutions segment income decreased 17%, or $45.1 million, to $217.2 million for the year ended December 31, 2013 in comparison to the corresponding period of 2012. This decrease was due primarily to net unfavorable pricing impacts of approximately $50.0 million, mainly from volatility in metals surcharges and related cost impacts in Refinery Catalyst Solutions, unfavorable manufacturing costs of approximately $16.0 million, unfavorable currency impacts of approximately $6.0 million, mainly from the weaker Japanese yen, and $6.4 million lower equity in net income of unconsolidated investments. These were partly offset by favorable volume impacts of approximately $31.0 million mainly in Refinery Catalysts Solutions.

Corporate and other

For the year ended December 31, 2013, Corporate and other income was $81.4 million compared to Corporate and other expense of $129.6 million for the corresponding period in 2012. This improvement was primarily due to favorable pension and OPEB plan impacts of approximately $211 million. Corporate and other income for 2013 includes $143.1 million of pension and OPEB benefits (including mark-to market actuarial gains) compared to $68.0 million of pension and OPEB costs in 2012. Pension and OPEB costs included in Corporate and other for 2012 include a correction of $10.3 million (comprised of $3.5 million in cost of goods sold and $6.8 million in SG&A) for actuarial gains that relate to 2011.

Summary of Critical Accounting Policies and Estimates

Estimates, Assumptions and Reclassifications

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Listed below are the estimates and assumptions that we consider to be critical in the preparation of our financial statements.

Certain amounts in the accompanying consolidated financial statements and notes thereto have been reclassified to conform to the current presentation.

Recovery of Long-Lived Assets. We evaluate the recovery of our long-lived assets on a reporting unit basis by periodically analyzing our operating results and considering significant events or changes in the business environment.

Income Taxes. We assume the deductibility of certain costs in our income tax filings, and we estimate the future recovery of deferred tax assets, uncertain tax positions, and indefinite investment assertions.

Environmental Remediation Liabilities. We estimate and accrue the costs required to remediate a specific site depending on site-specific facts and circumstances. Cost estimates to remediate each specific site are developed by assessing (i) the scope of our contribution to the environmental matter, (ii) the scope of the anticipated remediation and monitoring plan and (iii) the extent of other parties' share of responsibility.

Actual results could differ materially from the estimates and assumptions that we use in the preparation of our financial statements.

Revenue Recognition

We recognize sales when the revenue is realized or realizable, and has been earned, in accordance with authoritative accounting guidance. We recognize net sales as risk and title to the product transfer to the customer, which usually occurs at the time shipment is made. Significant portions of our sales are sold free on board shipping point or on an equivalent basis, and other transactions are based upon specific contractual arrangements. Our standard terms of delivery are generally included in our contracts of sale, order confirmation documents and invoices. We recognize revenue from services when performance of the services has been completed. We have a limited amount of consignment sales that are billed to the customer upon monthly notification of amounts used by the customers under these contracts. Where the Company incurs pre-production design and development costs under long-term supply contracts, these costs are expensed where they relate to the products sold unless contractual guarantees for reimbursement exist. Conversely, these costs are capitalized if they pertain to equipment that we will own and use in producing the products to be supplied and expect to utilize for future revenue generating activities.

Goodwill and Other Intangible Assets

We account for goodwill and other intangibles acquired in a business combination in conformity with current accounting guidance which requires goodwill and indefinite-lived intangible assets to not be amortized.

We test goodwill for impairment by comparing the estimated fair value of our reporting units to the related carrying value. We estimate the fair value based on present value techniques involving future cash flows. Future cash flows include assumptions for sales volumes, selling prices, raw material prices, labor and other employee benefit costs, capital additions and other economic or market related factors. Significant management judgment is involved in estimating these variables and they include inherent uncertainties since they are forecasting future events. We use a Weighted Average Cost of Capital ("WACC") approach to determine our discount rate for goodwill recoverability testing. Our WACC calculation incorporates industry-weighted average returns on debt and equity from a market perspective. The factors in this calculation are largely external to the Company and, therefore, are beyond our control. We test our recorded goodwill balances for impairment in the fourth quarter of each year or upon the occurrence of events or changes in circumstances that would more likely than not reduce the fair value of our reporting units below their carrying amounts. The Company performed its annual goodwill impairment test as of October 31, 2014 and concluded there was no impairment as of that date.

Definite-lived intangible assets, such as purchased technology, patents, customer lists and trade names, are amortized over their estimated useful lives generally for periods ranging from five to twenty-five years. We continually evaluate the reasonableness of the useful lives of these assets and test for impairment in accordance with current accounting guidance. See Note 11, "Goodwill and Other Intangibles" to our consolidated financial statements included in Part II, Item 8 of this report.

Pension Plans and Other Postretirement Benefits

Under authoritative accounting standards, assumptions are made regarding the valuation of benefit obligations and the performance of plan assets. As required, we recognize a balance sheet asset or liability for each of the pension or OPEB plans equal to the plan's funded status as of the measurement date. The primary assumptions are as follows:

- Discount Rate—The discount rate is used in calculating the present value of benefits, which is based on projections of benefit payments to be made in the future.
- Expected Return on Plan Assets—We project the future return on plan assets based on prior performance and future expectations for the types of investments held by the plans as well as the expected long-term allocation of plan assets for these investments. These projected returns reduce the net benefit costs recorded currently.
- Rate of Compensation Increase—For salary-related plans, we project employees' annual pay increases, which are used to project employees' pension benefits at retirement.
- Mortality Assumptions—Assumptions about life expectancy of plan participants are used in the measurement of related plan obligations.

Actuarial gains and losses are recognized annually in our consolidated statements of income in the fourth quarter and whenever a plan is determined to qualify for a remeasurement during a fiscal year. The remaining components of pension and OPEB plan expense, primarily service cost, interest cost and expected return on assets, are recorded on a quarterly basis. The market-related value of assets equals the actual market value as of the date of measurement.

During 2014, we made changes to the assumptions related to the discount rate and mortality scales. We consider available information that we deem relevant when selecting each of these assumptions.

In selecting the discount rates for the U.S. plans, we consider expected benefit payments on a plan-by-plan basis. As a result, the Company uses different discount rates for each plan depending on the demographics of participants and the expected timing of benefit payments. For 2014, the discount rates were calculated using the results from a bond matching technique developed by Milliman, which matched the future estimated annual benefit payments of each respective plan against a portfolio of bonds of high quality to determine the discount rate. We believe our selected discount rates are determined using preferred methodology under authoritative accounting guidance and accurately reflect market conditions as of the December 31, 2014 measurement date.

In selecting the discount rates for the foreign plans, we relied on Aon Hewitt methods, including the Aon Hewitt Top-Quartile and a yield curve derived from fixed-income security yields. The yield curve is generally based on a universe containing Aa-graded corporate bonds in the Euro zone without special features or options, which could affect the duration. In some countries, the yield curve is based on local government bond rates with a premium added to reflect corporate bond risk. Payments we expect to be made from our retirement plans are applied to the resulting yield curve. For each plan, the discount rate was developed as the level equivalent rate that would produce the same present value as that using spot rates aligned with the projected benefit payments.

At December 31, 2014, the weighted-average discount rate was decreased for the pension plans from 5.00% to 4.03% and for the OPEB plans from 5.03% to 4.15% to reflect market conditions as of the December 31, 2014 measurement date.

In estimating the expected return on plan assets, we consider past performance and future expectations for the types of investments held by the plan as well as the expected long-term allocations of plan assets to these investments. For the years 2014 and 2013, the weighted-average expected rate of return on domestic pension plan assets was 6.91% and 7.25%, respectively. The weighted-average expected rate of return on U.S. pension plan assets is 6.89% effective January 1, 2015. The weighted-average expected rate of return on plan assets for our OPEB plans was 7.00% during 2014 and 2013. There has been no change to the assumed rate of return on OPEB plan assets effective January 1, 2015. Our U.S. defined benefit plan for non-represented employees was closed to new participants effective March 31, 2004 and benefit accruals were frozen effective December 31, 2014. We adopted a defined contribution pension plan for U.S. employees hired after March 31, 2004 which was expanded to include all non-represented employees effective January 1, 2013.

In projecting the rate of compensation increase, we consider past experience in light of movements in inflation rates. At December 31, 2014, the assumed weighted-average rate of compensation increase changed to 3.40% from 2.78% for the pension plans. The assumed weighted-average rate of compensation increase was 3.50% for the OPEB plans at December 31, 2014 and 2013.

In October 2014, the Society of Actuaries published updated mortality tables which reflect increased life expectancy. We revised our mortality assumptions to incorporate the new set of mortality tables issued by the Society of Actuaries for purposes of measuring our U.S. pension and OPEB obligations at December 31, 2014.

At December 31, 2014, the assumed rate of increase in the pre-65 and post-65 per capita cost of covered health care benefits for U.S. retirees was zero as the employer-paid premium caps (pre-65 and post-65) were met starting January 1, 2013.

A variance in the assumptions discussed above would have an impact on the projected benefit obligations, the accrued OPEB liabilities, and the annual net periodic pension and OPEB cost. The following table reflects the sensitivities associated with a hypothetical change in certain assumptions, primarily in the U.S. (in thousands):

	(Favorable) Unfavorable			
	1% Increase		1% Decrease	
	Increase (Decrease) in Benefit Obligation	Increase (Decrease) in Benefit Cost	Increase (Decrease) in Benefit Obligation	Increase (Decrease) in Benefit Cost
Actuarial Assumptions				
Discount Rate:				
Pension	$ (78,828)	$ (83,161)	$ 96,139	$ 100,150
Other postretirement benefits	$ (6,272)	$ (6,006)	$ 7,735	$ 7,395
Expected return on plan assets:				
Pension	*	$ (5,907)	*	$ 5,907
Other postretirement benefits	*	$ (19)	*	$ 19

* Not applicable.

Of the $612.1 million total pension and postretirement assets at December 31, 2014, $80.7 million, or approximately 13%, are measured using significant unobservable inputs (Level 3). Gains or losses attributable to these assets are recognized in the consolidated balance sheets as either an increase or decrease in plan assets. See Note 18, "Pension Plans and Other Postretirement Benefits" to our consolidated financial statements included in Part II, Item 8 of this report.

Income Taxes

We use the liability method for determining our income taxes, under which current and deferred tax liabilities and assets are recorded in accordance with enacted tax laws and rates. Under this method, the amounts of deferred tax liabilities and assets at the end of each period are determined using the tax rate expected to be in effect when taxes are actually paid or recovered. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not.

Deferred income taxes are provided for the estimated income tax effect of temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred tax assets are also provided for operating losses, capital losses and certain tax credit carryovers. A valuation allowance, reducing deferred tax assets, is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The realization of such deferred tax assets is dependent upon the generation of sufficient future taxable income of the appropriate character. Although realization is not assured, we do not establish a valuation allowance when we believe it is more likely than not that a net deferred tax asset will be realized.

We only recognize a tax benefit after concluding that it is more likely than not that the benefit will be sustained upon audit by the respective taxing authority based solely on the technical merits of the associated tax position. Once the recognition threshold is met, we recognize a tax benefit measured as the largest amount of the tax benefit that, in our judgment, is greater than 50% likely to be realized. Interest and penalties related to income tax liabilities are included in income tax expense.

We are subject to income taxes in the U.S. and numerous foreign jurisdictions. We are no longer subject to U.S. federal income tax audits by tax authorities for years prior to 2011 since the Internal Revenue Service ("IRS") has completed a review of our income tax returns through 2007 and our statute of limitations has expired for 2008 through 2010. In 2014, the IRS commenced an audit of 2011 through 2012. We also are no longer subject to any U.S. state income tax audits prior to 2010.

With respect to jurisdictions outside the U.S., we are no longer subject to income tax audits for years prior to 2006. During 2014, the German tax authorities continued the audit of two of our German subsidiaries for 2006 through 2009 that began in 2011. Additionally, we received notification from the Korean tax authorities of an audit to commence in 2015 for years 2011 through 2013 for one of our Korean subsidiaries. In January of 2015, we received notification from the Belgium tax authorities of an audit for 2012 through 2013 of one of our Belgium subsidiaries. During 2013, the Chinese tax authorities completed an audit of one of our Chinese subsidiaries for 2006 through 2010 that began in 2011. No significant tax was assessed as a result of the completed audits.

While we believe we have adequately provided for all tax positions, amounts asserted by taxing authorities could be greater than our accrued position. Accordingly, additional provisions on federal and foreign tax-related matters could be recorded in the future as revised estimates are made or the underlying matters are settled or otherwise resolved.

Since the timing of resolutions and/or closure of tax audits are uncertain, it is difficult to predict with certainty the range of reasonably possible significant increases or decreases in the liability related to uncertain tax positions that may occur within the next twelve months. Our current view is that it is reasonably possible that we could record a decrease in the liability related to uncertain tax positions, relating to a number of issues, up to approximately $0.7 million as a result of closure of tax statutes.

We have designated the undistributed earnings of substantially all of our foreign operations as indefinitely invested and as a result we do not provide for deferred income taxes on the unremitted earnings of these subsidiaries. Our foreign earnings are computed under U.S. federal tax earnings and profits ("E&P") principles. In general, to the extent our financial reporting book basis over tax basis of a foreign subsidiary exceeds these E&P amounts, deferred taxes have not been provided, as they are essentially permanent in duration. The determination of the amount of such unrecognized deferred tax liability is not practicable. We provide for deferred income taxes on our undistributed earnings of foreign operations that are not deemed to be indefinitely invested.

Stock-based Compensation Expense

The fair value of restricted stock awards, restricted stock unit awards and performance unit awards with a service condition are determined based on the number of shares or units granted and the quoted price of our common stock on the date of grant, and the fair value of stock options is determined using the Black-Scholes valuation model. The fair value of performance unit awards with a service and a market condition are estimated on the date of grant using a Monte Carlo simulation model. The fair value of these awards is determined after giving effect to estimated forfeitures. Such value is recognized as expense over the service period, which is generally the vesting period of the equity grant. To the extent restricted stock awards, restricted stock unit awards, performance unit awards and stock options are forfeited prior to vesting in excess of the estimated forfeiture rate, the corresponding previously recognized expense is reversed as an offset to operating expenses.

Internal Control Over Financial Reporting

Section 404 of the Sarbanes Oxley Act of 2002 (“SOX 404”) requires that we make an assertion as to the effectiveness of our internal control over financial reporting in our Annual Reports on Form 10-K. Our independent registered public accounting firm, PricewaterhouseCoopers LLP, provides its assessment of our effectiveness of internal control over financial reporting. In order to make our assertion, we are required to identify material financial and operational processes, document internal controls supporting the financial reporting process and evaluate the design and effectiveness of these controls. See “Management’s Report on Internal Control Over Financial Reporting” in Item 8.

We have a dedicated SOX 404 team to facilitate ongoing internal control testing, provide direction to the business groups and corporate staff in their control processes and assist in the overall assessment of internal control over financial reporting. Status and updates are provided to executive management and our Audit and Finance Committee of our Board of Directors on an ongoing basis. We also retain accounting firms other than our independent registered public accounting firm to assist us in our compliance with SOX 404.

Our SOX 404 effort involves many of our employees around the world, including participation by our business and functional groups. We view our ongoing evaluation of our internal control over financial reporting as more than a regulatory exercise—it provides us an opportunity to continually assess our financial control environment and make us a more effective company.

Financial Condition and Liquidity

Overview

The principal uses of cash in our business generally have been capital investments, funding working capital, acquisitions and repayment of debt. We also make contributions to our U.S. defined benefit pension plans, pay dividends to our shareholders and repurchase shares of our common stock. Historically, cash to fund the needs of our business has been principally provided by cash from operations, debt financing and equity issuances.

We are continually focused on working capital efficiency particularly in the areas of accounts receivable and inventory. We anticipate that cash on hand, cash provided by operating activities and long-term borrowings will be sufficient to pay our operating expenses, satisfy debt service obligations, fund capital expenditures and other investing activities, fund pension contributions and pay dividends for the foreseeable future.

Cash Flow

Our cash and cash equivalents were $2.5 billion at December 31, 2014 as compared to $477.2 million at December 31, 2013. Cash provided by operating activities was $492.6 million, $432.9 million and $488.8 million during the years ended December 31, 2014, 2013 and 2012, respectively.

The increase in cash provided by operating activities in 2014 versus 2013 was primarily due to a decrease in accounts receivable and higher dividends received from unconsolidated investments in 2014, partially offset by a decrease in accrued expenses. The decrease in cash provided by operating activities in 2013 versus 2012 was primarily due to a decrease in gross profit from our businesses due mainly to overall unfavorable pricing impacts, unfavorable currency impacts mainly from a weaker Japanese yen, and higher manufacturing costs. These were partly offset by favorable impacts from lower variable input costs and favorable overall volumes. The unfavorable impact on cash flow due to lower gross profit was partly offset by lower contributions to our defined benefit pension and OPEB plans in 2013. Included in contributions for the year ended December 31, 2012 is a contribution of $14.1 million to our supplemental executive retirement plan (“SERP”) in connection with the retirement of our former CEO and executive chairman.

During 2014, cash on hand and cash provided by operations funded payments of $150.0 million for repurchases of our common stock, capital expenditures for plant, machinery and equipment of $110.6 million, dividends to shareholders of $84.1 million, $33.4 million for the settlement of a forward starting interest rate swap, debt financing costs of $17.6 million and pension and postretirement contributions of $13.9 million. Also during 2014, our consolidated joint venture, JBC, paid a dividend of approximately $51 million, which resulted in a dividend to noncontrolling interests of $15.5 million. Additionally, in the third quarter of 2014 we closed the sale of our antioxidant, ibuprofen and propofol businesses and assets for net proceeds of $104.7 million and a receivable of $7.6 million, which was collected in the first quarter of 2015. In the fourth quarter of 2014 we issued a series of new senior notes totaling approximately $1.9 billion, as further described in *Long-Term Debt* below. During 2013, proceeds from borrowings net of repayments, cash on hand and cash provided by operations funded payments of $582.3 million for repurchases of our common stock, capital expenditures for plant, machinery and equipment of $155.3

million, dividends to shareholders of $78.1 million and pension and postretirement contributions of $13.3 million. Also during 2013, our consolidated joint venture, JBC, paid a dividend of approximately $38 million, which resulted in a dividend to noncontrolling interests of $10.0 million. In 2012, cash on hand and cash from operations funded capital expenditures for plant, machinery and equipment of $280.9 million, advances to joint ventures of $25.0 million, repayments of debt, net of borrowings, of $63.8 million, repurchases of shares of our common stock of $63.6 million, dividends to shareholders of $69.1 million and $9.1 million in withholding taxes paid on stock-based compensation amounts distributed during the period.

Net current assets increased to approximately $2.21 billion at December 31, 2014 from $1.05 billion at December 31, 2013. The increase in net current assets was due primarily to higher cash on hand at December 31, 2014 in connection with the issuance of new senior notes in 2014, partially offset by the reclassification of our commercial paper notes and 5.10% senior notes from Long-term debt to Current portion of long-term debt in 2014. Other changes in the components of net current assets are due to the timing of the sale of goods and other normal transactions leading up to the balance sheet dates and are not the result of any policy changes by the Company, nor do they reflect any change in either the quality of our net current assets or our expectation of success in converting net working capital to cash in the normal course of business.

Capital expenditures were $110.6 million, $155.3 million and $280.9 million for the years ended December 31, 2014, 2013 and 2012, respectively, and were incurred mainly for plant machinery and equipment. We expect our capital expenditures to approximate $235 million in 2015 for capacity increases, cost reduction and continuity of operations projects.

We made contributions to our defined benefit pension and OPEB plans of $13.9 million, $13.3 million and $21.6 million during the years ended December 31, 2014, 2013 and 2012, respectively. Included in contributions for the year ended December 31, 2012 is a contribution of $14.1 million to our SERP in connection with the retirement of our former CEO and executive chairman.

On February 12, 2013, our Board of Directors authorized an increase in the number of shares the Company is permitted to repurchase under its existing share repurchase program to 15 million from 3.9 million shares that remained outstanding under the program as of December 31, 2012. During 2014, 2013 and 2012 we repurchased approximately 2.2 million shares, 9.2 million shares and 1.1 million shares of our common stock, respectively, pursuant to the terms of our Board authorized share repurchase program. All of the shares repurchased in 2014 and approximately 7.1 million of the shares repurchased in 2013 were also repurchased pursuant to the terms of accelerated share repurchase agreements with major financial institutions. As of December 31, 2014, we had no accelerated share repurchase agreements outstanding.

On February 24, 2015, we increased our quarterly dividend rate to $0.29 per share, a 5% increase from the quarterly rate of $0.275 per share paid in 2014.

During 2014, we initiated action to reduce high cost supply capacity of certain aluminum alkyl products, primarily through the termination of a third party manufacturing contract. Based on the contract termination, we estimated costs of approximately $20.5 million for contract termination and volume commitments. Additionally, we have recorded an impairment charge of $3.0 million for certain capital project costs also related to aluminum alkyls capacity which we do not expect to recover. After income taxes, these charges were approximately $15.5 million. We expect to realize annual savings of up to $3 million as a result of this capacity reduction, beginning within the next two years.

Also during 2014, we incurred $23.6 million of acquisition and integration related costs in connection with the acquisition of Rockwood and $6.6 million of acquisition-related costs in connection with other significant projects. We currently anticipate incurring additional acquisition and integration related costs of approximately $200 million over the next two years in connection with the acquisition of Rockwood; actual results may differ from this estimate.

On February 19, 2015, Verition Multi-Strategy Master Fund Ltd and Verition Partners Master Fund Ltd, who collectively owned approximately 882,000 shares of Rockwood common stock immediately prior to the Merger, commenced an action in the Delaware Chancery Court seeking appraisal of their shares of Rockwood stock pursuant to Delaware General Corporation Law § 262. These shareholders exercised their right not to receive the Merger Consideration which was comprised of (i) $50.65 in cash, without interest, and (ii) 0.4803 of a share of Albemarle common stock, for each share of Rockwood common stock owned by such shareholders. Following the Merger, these shareholders ceased to have any rights with respect to their Rockwood shares, except for their rights to seek an appraisal of the cash value of their Rockwood shares under Delaware law. While Albemarle intends to vigorously defend against this action, the outcome of the appraisal process cannot be predicted with any certainty at this time.

In connection with the announced realignment of our operating segments effective January 1, 2014, in the fourth quarter of 2013 we initiated a workforce reduction plan which resulted in a reduction of approximately 230 employees worldwide. In the fourth quarter of 2013 we recorded charges of $33.4 million ($21.9 million after income taxes) for termination benefits and other costs related to this workforce reduction plan. Payments under this workforce reduction plan were substantially completed in 2014.

In 2012, we recorded net charges amounting to $100.8 million ($76.1 million after income taxes) in connection with our exit of the phosphorus flame retardants business. We began to realize favorable profit impacts from this program in the fourth quarter of 2012.

At December 31, 2014 and December 31, 2013, our cash and cash equivalents included $558.7 million and $388.3 million, respectively, held by our foreign subsidiaries. The majority of these foreign cash balances are associated with earnings that we have asserted are indefinitely invested and which we plan to use to support our continued growth plans outside the U.S. through funding of capital expenditures, acquisitions, research, operating expenses or other similar cash needs of our foreign operations. From time to time, we repatriate cash from our foreign subsidiaries to the U.S. for normal operating needs through intercompany dividends, but only from subsidiaries whose earnings we have not asserted to be indefinitely invested or whose earnings qualify as “previously taxed income” as defined by the Internal Revenue Code. For the years ended December 31, 2014, 2013 and 2012, we repatriated approximately $10.0 million, $7.2 million and $70.6 million in cash, respectively, as part of these foreign cash repatriation activities. In late December 2014, Albemarle commenced the implementation of its plans to access internal cash from Albemarle, Rockwood and their respective subsidiaries to help fund the Merger. The structure implemented did not impact the indefinite investment assertion of Albemarle as no taxes were triggered in the movements of Albemarle’s cash.

While we continue to closely monitor our cash generation, working capital management and capital spending in light of continuing uncertainties in the global economy, we are optimistic that we will continue to have the financial flexibility and capability to opportunistically fund future growth initiatives. Additionally, we anticipate that future capital spending including business acquisitions, share repurchases and other cash outlays should be financed primarily with cash flow provided by operations and cash on hand, with additional cash needed, if any, provided by borrowings. The amount and timing of any additional borrowings will depend on our specific cash requirements.

Long-Term Debt

In the fourth quarter of 2014, we issued a series of senior notes (collectively, the “2014 Senior Notes”) as follows:

- €700.0 million aggregate principal amount of senior notes, issued on December 8, 2014, bearing interest at a rate of 1.875% payable annually on December 8 of each year, beginning in 2015. These senior notes mature on December 8, 2021.
- $250.0 million aggregate principal amount of senior notes, issued on November 24, 2014, bearing interest at a rate of 3.00% payable semi-annually on June 1 and December 1 of each year, beginning June 1, 2015. These senior notes mature on December 1, 2019.
- $425.0 million aggregate principal amount of senior notes, issued on November 24, 2014, bearing interest at a rate of 4.15% payable semi-annually on June 1 and December 1 of each year, beginning June 1, 2015. These senior notes mature on December 1, 2024.
- $350.0 million aggregate principal amount of senior notes, issued on November 24, 2014, bearing interest at a rate of 5.45% payable semi-annually on June 1 and December 1 of each year, beginning June 1, 2015. These senior notes mature on December 1, 2044.

We also have outstanding $350.0 million of 4.50% senior notes due in 2020.

Our senior notes are senior unsecured obligations and rank equally with all of our other senior unsecured indebtedness from time to time outstanding. The senior notes are effectively subordinated to any of our existing or future secured indebtedness and to the existing and future indebtedness of our subsidiaries. As is customary for such long-term debt instruments, each senior note outstanding has terms that allow us to redeem the notes before their maturity, in whole at any time or in part from time to time, at a redemption price equal to the greater of (i) 100% of the principal amount of the senior notes to be redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis using the comparable government rate (as defined in the indentures governing the senior notes) plus between 25 and 40 basis points, depending on the note, plus, in each case, accrued interest thereon to the date of redemption. Holders may require us to purchase such notes at 101% upon a change of control triggering event, as defined in the indentures. The senior notes are subject to typical events of default, including bankruptcy and insolvency events, nonpayment and the acceleration of certain subsidiary indebtedness of $40 million or more caused by a nonpayment default.

Our $325.0 million aggregate principal amount of senior notes, issued on January 20, 2005 and bearing interest at a rate of 5.10%, matured and were repaid on February 1, 2015. As a result of the refinancing of these senior notes prior to December 31, 2014, these senior notes were included in Current portion of long-term debt at December 31, 2014.

In anticipation of refinancing our 5.10% senior notes in the fourth quarter of 2014, on January 22, 2014, we entered into a pay fixed, receive variable rate forward starting interest rate swap with J.P. Morgan Chase Bank, N.A., to be effective October 15, 2014. Our risk management objective and strategy for undertaking this hedge was to eliminate the variability in the interest rate and partial credit spread on the 20 future semi-annual coupon payments that we will pay in connection with our 4.15% senior notes. The notional amount of the swap was $325.0 million and the fixed rate was 3.281%, with the cash settlement determined by reference to the changes in the U.S. dollar 3-month LIBOR and credit spreads from the date we entered into the swap until the date the swap was settled (October 15, 2014). This derivative financial instrument was designated accounted for as a cash flow hedge under Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*. We determined there was no ineffectiveness during the term of the swap. On October 15, 2014, the swap was settled, resulting in a payment to the counterparty of $33.4 million. This amount was recorded in Accumulated other comprehensive (loss) income and is being amortized to interest expense over the life of the 4.15% senior notes.

On February 7, 2014, we entered into a new $750.0 million credit facility. The five-year, revolving, unsecured credit agreement (hereinafter referred to as the February 2014 Credit Agreement) matures on February 7, 2019 and replaced our previous $750.0 million amended and restated credit agreement dated as of September 22, 2011. Borrowings bear interest at variable rates based on the LIBOR for deposits in the relevant currency plus an applicable margin which ranges from 0.900% to 1.500%, depending on the Company's credit rating from S&P and Moody's. The applicable margin on the facility was 1.300% as of December 31, 2014.

Borrowings under the February 2014 Credit Agreement are conditioned upon compliance with the following covenants: (a) consolidated funded debt, as defined in the agreement, must be less than or equal to 3.50 times consolidated EBITDA, as defined in the agreement, (which reflects adjustments for certain non-recurring or unusual items such as restructuring charges, facility divestiture charges and other significant non-recurring items), or herein "consolidated adjusted EBITDA," as of the end of any fiscal quarter; (b) with the exception of certain liens as specified in the agreement, liens may not attach to assets when the aggregate amount of all indebtedness secured by such liens plus unsecured subsidiary indebtedness, other than indebtedness incurred by our subsidiaries under the February 2014 Credit Agreement, would exceed 20% of consolidated net worth, as defined in the agreement; and (c) with the exception of certain indebtedness as specified in the agreement, subsidiary indebtedness may not exceed the difference between 20% of consolidated net worth, as defined in the agreement, and indebtedness secured by liens permitted under the agreement.

On August 15, 2014, certain amendments were made to the February 2014 Credit Agreement which include the following: (a) an increase in the maximum leverage ratio (as described above) from 3.50 to 4.50 for the first four quarters following the completion of the acquisition of Rockwood, stepping down by 0.25 on a quarterly basis thereafter until reaching 3.50; (b) modification of the indebtedness covenant to permit the incurrence of indebtedness represented by Rockwood's former senior notes due in 2020; and (c) requiring subsidiaries of Albemarle that guarantee Rockwood's former senior notes or that guarantee the 2014 Senior Notes to also guarantee the February 2014 Credit Agreement.

On December 22, 2014, the February 2014 Credit Agreement was further amended to provide for, among other things, an increase in the aggregate commitments under the facility to $1.0 billion. As of December 31, 2014, there were no borrowings outstanding under the February 2014 Credit Agreement.

On May 29, 2013, we entered into agreements to initiate a commercial paper program on a private placement basis under which we may issue unsecured commercial paper notes (the "Commercial Paper Notes") from time-to-time up to a maximum aggregate principal amount outstanding at any time of $750.0 million. The proceeds from the issuance of the Commercial Paper Notes are expected to be used for general corporate purposes, including the repayment of other debt of the Company. Our February 2014 Credit Agreement is available to repay the Commercial Paper Notes, if necessary. Aggregate borrowings outstanding under the February 2014 Credit Agreement and the Commercial Paper Notes will not exceed the $1.0 billion current maximum amount available under the February 2014 Credit Agreement. The Commercial Paper Notes will be sold at a discount from par, or alternatively, will be sold at par and bear interest at rates that will vary based upon market conditions at the time of issuance. The maturities of the Commercial Paper Notes will vary but may not exceed 397 days from the date of issue. The definitive documents relating to the commercial paper program contain customary representations, warranties, default and indemnification provisions. At December 31, 2014, we had $367.2 million of Commercial Paper Notes outstanding bearing a weighted-average interest rate of approximately 0.79% and a weighted-average maturity of 25 days. In order to maintain flexibility with regard to our liquidity strategy, in the second quarter of 2014 the Commercial Paper Notes were reclassified from Long-term debt to Current portion of long-term debt.

On August 15, 2014, we entered into a term loan credit agreement (the "Term Loan") providing for a tranche of senior unsecured term loans in an aggregate amount of $1.0 billion. Amounts borrowed under the Term Loan were used to fund a portion of the cash consideration payable in connection with the acquisition of Rockwood and pay related fees and expenses. Borrowings bear interest at variable rates based on an average LIBOR for deposits in dollars plus an applicable margin which ranges from 1.125% to 2.000%, depending on our credit rating from S&P and Moody's. As of December 31, 2014, the applicable margin over LIBOR was 1.500%. Term Loan borrowings will be guaranteed by the subsidiaries of Albemarle that guarantee Rockwood's former senior notes or that guarantee the 2014 Senior Notes. The Term Loan matures 364 days following the date of funding, which occurred on January 12, 2015. Borrowings are conditioned upon compliance with one financial covenant which requires that our maximum leverage ratio must be less than or equal to 4.50 times consolidated adjusted EBITDA as of the end of any fiscal quarter. As of December 31, 2014, there were no borrowings outstanding under the Term Loan.

On December 2, 2014, we entered into a new senior unsecured credit facility (the "Cash Bridge Facility") pursuant to which the lenders thereunder provided for up to $1.15 billion in loans. The Cash Bridge Facility is guaranteed by each of the Company's subsidiaries that guarantee the February 2014 Credit Agreement. Amounts borrowed under the Cash Bridge Facility were used to fund a portion of the cash consideration payable in connection with the acquisition of Rockwood and pay related fees and expenses, and mature 60 days following the completion of Rockwood acquisition. The interest rate on amounts outstanding will be either (a) LIBOR, or (b) an alternate base rate (defined as the highest of (i) Bank of America's prime rate, (ii) the Federal Funds rate plus 0.50% and (iii) a daily rate equal to one-month LIBOR plus 1.00%), plus, in each case, an applicable margin based on our credit rating. Structuring and underwriting fees of approximately $19.0 million were paid in 2014 in connection with the bridge facilities. As of December 31, 2014, there were no borrowings outstanding under the Cash Bridge Facility.

The non-current portion of our long-term debt amounted to $2.2 billion at December 31, 2014, compared to $1.1 billion at December 31, 2013. The increase is attributable to the issuance of the 2014 Senior Notes, partially offset by the reclassification of the Commercial Paper Notes to Current portion of long-term debt. In addition, at December 31, 2014, we had the ability to borrow $632.8 million under our commercial paper program and the February 2014 Credit Agreement, and $212.4 million under other existing lines of credit, subject to various financial covenants under our February 2014 Credit Agreement. We have the ability and intent to refinance our borrowings under our other existing credit lines with borrowings under the February 2014 Credit Agreement, as applicable. Therefore, the amounts outstanding under those credit lines, if any, are classified as long-term debt. We believe that as of December 31, 2014 we were, and currently are, in compliance with all of our debt covenants.

On January 12, 2015, we completed the acquisition of Rockwood for a purchase price of approximately $5.6 billion, comprised of approximately $3.6 billion in cash consideration and approximately $2.0 billion in equity consideration, with Rockwood becoming a wholly-owned subsidiary of Albemarle. The cash consideration was funded with proceeds from our 2014 Senior Notes and borrowings of $1.0 billion under the Term Loan, $800.0 million under the Cash Bridge Facility and $250.0 million under the February 2014 Credit Agreement. In January 2015, the Cash Bridge Facility was repaid in full and repayments totaling $816.5 million were made under the Term Loan. In February 2015, the remaining balance outstanding under the Term Loan was repaid in full, and amounts borrowed under the February 2014 Credit Agreement in connection with the acquisition ($250.0 million) were also repaid in full. Such repayments were made with a combination of existing cash, cash acquired from Rockwood, cash from operations and borrowings under our commercial paper program.

Upon the completion of the Rockwood acquisition, we assumed Rockwood's 4.625% senior notes due 2020, which had an outstanding balance of approximately $1.2 billion at the date of closing.

Off-Balance Sheet Arrangements

In the normal course of business with customers, vendors and others, we have entered into off-balance sheet arrangements, including bank guarantees and letters of credit, which totaled approximately $30.1 million at December 31, 2014. None of these off-balance sheet arrangements has, or is likely to have, a material effect on our current or future financial condition, results of operations, liquidity or capital resources.

Other Obligations

The following table summarizes our contractual obligations for capital projects, various take or pay and throughput agreements, long-term debt, operating leases and other commitments as of December 31, 2014 (in thousands):

	2015	2016	2017	2018	2019	Thereafter
Long-term debt obligations[a]	$ 711,096	$ 42	$ 45	$ —	$ 258,280	$ 1,975,920
Expected interest payments on long-term debt obligations[b]	77,805	76,376	76,371	76,371	75,746	610,861
Operating lease obligations (rental)	8,045	5,674	4,638	2,551	2,029	4,036
Take or pay / throughput agreements[c]	29,433	11,722	6,346	1,818	1,635	4,394
Letters of credit and guarantees	17,774	3,528	4,011	1,187	14	3,629
Capital projects	24,292	—	—	—	—	—
Total	$ 868,445	$ 97,342	$ 91,411	$ 81,927	$ 337,704	$ 2,598,840

(a) Amounts due in 2015 include short-term commercial paper borrowings and our 5.10% senior notes which matured and were repaid on February 1, 2015. On January 12, 2015, in connection with the completion of the acquisition of Rockwood, we borrowed $1.0 billion under the Term Loan, $800.0 million under the Cash Bridge Facility and $250.0 million under the February 2014 Credit Agreement, which are not included in the above table. In January 2015, the Cash Bridge Facility was repaid in full and repayments totaling $816.5 million were made under the Term Loan. In February 2015, the remaining balance outstanding under the Term Loan was repaid in full, and amounts borrowed under the February 2014 Credit Agreement in connection with the acquisition ($250.0 million) were also repaid in full. Such repayments were made with a combination of existing cash, cash acquired from Rockwood, cash from operations and borrowings under our commercial paper program.

(b) Interest on our fixed rate borrowings was calculated based on the stated rates of such borrowings. A weighted average interest rate of 0.80% was used for our remaining long-term debt obligations.

(c) These amounts primarily relate to contracts entered into with certain third party vendors in the normal course of business to secure raw materials for our production processes. In order to secure materials, sometimes for long durations, these contracts mandate a minimum amount of product to be purchased at predetermined rates over a set timeframe.

The contractual obligation at December 31, 2014 to purchase Rockwood plus the assumption of Rockwood's debt and other obligations has been omitted from the above table. The acquisition was completed on January 12, 2015.

Amounts in the table above exclude required employer pension contributions. Contributions to our domestic and foreign qualified and nonqualified pension plans, including our SERP, are expected to approximate $5 million in 2015. We may choose to make additional pension contributions in excess of this amount. We made contributions of approximately $10.0 million to our domestic and foreign pension plans (both qualified and nonqualified) during the year ended December 31, 2014.

The liability related to uncertain tax positions, including interest and penalties, recorded in Other noncurrent liabilities totaled $25.3 million and $29.8 million at December 31, 2014 and 2013, respectively. Related assets for corresponding offsetting benefits recorded in Other assets totaled $22.1 million and $25.7 million at December 31, 2014 and 2013, respectively. We cannot estimate the amounts of any cash payments during the next twelve months associated with these liabilities and are unable to estimate the timing of any such cash payments in the future at this time.

Liquidity Outlook

We anticipate that cash on hand, cash provided by operating activities and borrowings will be sufficient to pay our operating expenses, satisfy debt service obligations, fund any capital expenditures and share repurchases, make pension contributions and pay dividends for the foreseeable future. With the acquisition of Rockwood now being closed, our main focus over the next 18 to 24 months, in terms of uses of cash, will be deleveraging to restore our borrowings to more normal levels. However, as we have historically done, we will continue to evaluate the merits of any opportunities that may arise for acquisitions of businesses or assets, which may require additional liquidity.

While we maintain business relationships with a diverse group of financial institutions, an adverse change in their credit standing could lead them to not honor their contractual credit commitments, decline funding under existing but uncommitted lines of credit, not renew their extensions of credit or not provide new financing. While the corporate bond and debt markets remain strong, volatility has increased in all capital markets over the past few years during times of uncertainty, such as European sovereign debt and U.S. budget concerns. If these concerns heighten, we may incur increased borrowing costs and reduced credit capacity as our various credit facilities mature. In addition, our cash flows from operations may be negatively affected by adverse consequences to our customers and the markets in which we compete as a result of moderating global economic conditions and reduced capital availability. When the U.S. Federal Reserve or similar national reserve banks in other countries decide to tighten the monetary supply in response, for example, to improving economic conditions, we may incur increased borrowing costs as interest rates increase on our variable rate credit facilities, as our various credit facilities mature or as we refinance any maturing fixed rate debt obligations.

Overall, with generally strong cash-generative businesses and no significant long-term debt maturities before 2019, we believe we have and will maintain a solid liquidity position.

We had cash and cash equivalents totaling $2.5 billion as of December 31, 2014, of which $558.7 million is held by our foreign subsidiaries. This cash represents an important source of our liquidity and is invested in short-term investments including time deposits and readily marketable securities with relatively short maturities. With the exception of the cash that was used to (a) fund the cash portion of the Merger consideration and (b) repay our 5.10% senior notes, substantially all of this cash is held, and intended for use, outside of the U.S. We anticipate that any needs for liquidity within the U.S. in excess of our cash held in the U.S. can be readily satisfied with borrowings under our existing U.S. credit facilities or our commercial paper program.

Safety and Environmental Matters

We are subject to federal, state, local and foreign requirements regulating the handling, manufacture and use of materials (some of which may be classified as hazardous or toxic by one or more regulatory agencies), the discharge of materials into the environment and the protection of the environment. To our knowledge, we are currently complying and expect to continue to comply in all material respects with applicable environmental laws, regulations, statutes and ordinances. Compliance with existing federal, state, local and foreign environmental protection laws is not expected to have a material effect on capital expenditures, earnings or our competitive position, but the costs associated with increased legal or regulatory requirements could have an adverse effect on our results.

Among other environmental requirements, we are subject to the federal Superfund law, and similar state laws, under which we may be designated as a PRP, and may be liable for a share of the costs associated with cleaning up various hazardous waste sites. Management believes that in cases in which we may have liability as a PRP, our liability for our share of cleanup is de minimis. Further, almost all such sites represent environmental issues that are quite mature and have been investigated, studied and in many cases settled. In de minimis situations, our policy generally is to negotiate a consent decree and to pay any apportioned settlement, enabling us to be effectively relieved of any further liability as a PRP, except for remote contingencies. In other than de minimis PRP matters, our records indicate that unresolved PRP exposures should be immaterial. We accrue and expense our proportionate share of PRP costs. Because management has been actively involved in evaluating environmental matters, we are able to conclude that the outstanding environmental liabilities for unresolved PRP sites should not have a material adverse effect upon our results of operations or financial condition.

Our environmental and safety operating costs charged to expense were $35.7 million, $44.0 million and $39.0 million in 2014, 2013 and 2012, respectively, excluding depreciation of previous capital expenditures, and are expected to be in the same range in the next few years. Costs for remediation have been accrued and payments related to sites are charged against accrued liabilities, which at December 31, 2014 totaled approximately $9.2 million, a decrease of $7.4 million from $16.6 million at December 31, 2013. See Note 16, “Commitments and Contingencies” to our consolidated financial statements included in Part II, Item 8 of this report for a reconciliation of our environmental liabilities for the years ended December 31, 2014, 2013 and 2012.

We believe that any sum we may be required to pay in connection with environmental remediation and asset retirement obligation matters in excess of the amounts recorded should occur over a period of time and should not have a material adverse effect upon our results of operations, financial condition or cash flows on a consolidated annual basis, although any such sum could have a material adverse impact on our results of operations, financial condition or cash flows in a particular quarterly reporting period.

Capital expenditures for pollution-abatement and safety projects, including such costs that are included in other projects, were approximately $15.2 million, $14.1 million and $25.4 million in 2014, 2013 and 2012, respectively. In the future, capital expenditures for these types of projects may increase due to more stringent environmental regulatory requirements and our efforts in reaching sustainability goals. Management’s estimates of the effects of compliance with governmental pollution-abatement and safety regulations are subject to (a) the possibility of changes in the applicable statutes and regulations or in judicial or administrative construction of such statutes and regulations and (b) uncertainty as to whether anticipated solutions to pollution problems will be successful, or whether additional expenditures may prove necessary.

Recently Issued Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("FASB") issued accounting guidance that requires entities that have obligations resulting from joint and several liability arrangements and for which the total amount is fixed at the reporting date to measure such obligations as the sum of (a) the amount the entity agreed to pay on the basis of its arrangement among its co-obligors, and (b) any additional amount the reporting entity expects to pay on behalf of its co-obligors. Entities are also required to disclose the nature, amount and any other relevant information about such obligations. These amendments became effective on January 1, 2014 and had no impact on our consolidated financial statements.

In March 2013, the FASB issued accounting guidance that clarifies a parent company's accounting for the cumulative foreign currency translation adjustment when the parent sells a part or all of its investment in a foreign entity. The guidance clarifies that the sale of an investment in a foreign entity includes both (a) events that result in the loss of a controlling financial interest in a foreign entity, and (b) events that result in an acquirer obtaining control of an acquiree in which it held an equity interest immediately before the acquisition date (sometimes also referred to as a step acquisition). Accordingly, the cumulative foreign currency translation adjustment should be released into net income upon the occurrence of those events. These amendments became effective on January 1, 2014 and had no impact on our accounting for the sale of our antioxidant, ibuprofen and propofol businesses and assets in 2014.

In July 2013, the FASB issued accounting guidance designed to reduce diversity in practice of financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. These new requirements became effective on January 1, 2014 and did not have a material effect on our consolidated financial statements.

In April 2014, the FASB issued accounting guidance that changes the criteria for reporting discontinued operations and modifies related disclosure requirements to provide users of financial statements with more information about the assets, liabilities, revenues and expenses of discontinued operations. The guidance modifies the definition of discontinued operations by limiting its scope to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. Additionally, these new requirements require entities to disclose the pretax profit or loss related to disposals of significant components that do not qualify as discontinued operations. These new requirements become effective for public entities in annual periods beginning on or after December 15, 2014 and interim periods within those years. The impact of these new requirements is dependent on the nature of dispositions, if any, after adoption.

In May 2014, the FASB issued accounting guidance designed to enhance comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The core principle of the guidance is that revenue recognized from a transaction or event that arises from a contract with a customer should reflect the consideration to which an entity expects to be entitled in exchange for goods or services provided. To achieve that core principle the new guidance sets forth a five-step revenue recognition model that will need to be applied consistently to all contracts with customers, except those that are within the scope of other topics in the ASC. Also required are new disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. The new disclosures include qualitative and quantitative information about contracts with customers, significant judgments made in applying the revenue guidance, and assets recognized related to the costs to obtain or fulfill a contract. These new requirements become effective for annual and interim reporting periods beginning after December 15, 2016, and early adoption is prohibited. We are assessing the impact of these new requirements on our financial statements.

In June 2014, the FASB issued accounting guidance which clarifies the proper method of accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The accounting guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. These new requirements become effective for annual and interim reporting periods beginning after December 15, 2015, and early adoption is permitted. We do not expect this guidance to have a significant impact on our financial statements.

In February 2015, the FASB issued accounting guidance that changes the analysis that reporting entities must perform to determine whether certain types of legal entities should be consolidated. Specifically, the amendments affect (a) limited partnerships and similar legal entities; (b) the consolidation analysis of reporting entities that are involved with variable interest entities, particularly those that have fee arrangements and related party relationships; and (c) certain investment funds. These amendments are effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. We are assessing the impact of these amendments on our financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The primary currencies to which we have foreign currency exchange rate exposure are the European Union Euro, Japanese Yen, British Pound Sterling, Korean Won, Chinese Renminbi, Brazilian Real and the U.S. Dollar (in certain of our foreign locations). In response to greater fluctuations in foreign currency exchange rates in recent periods, we have increased the degree of exposure risk management activities to minimize the potential impact on earnings.

We manage our foreign currency exposures by balancing certain assets and liabilities denominated in foreign currencies and through the use, from time to time, of foreign currency forward contracts. The principal objective of such contracts is to minimize the financial impact of changes in foreign currency exchange rates. The counterparties to these contractual agreements are major financial institutions with which we generally have other financial relationships. We are exposed to credit loss in the event of nonperformance by these counterparties. However, we do not anticipate nonperformance by the counterparties. We do not utilize financial instruments for trading or other speculative purposes.

The primary method we use to reduce foreign currency exposure is to identify natural hedges, in which the operating activities denominated in respective currencies across various subsidiaries balance in respect to timing and the underlying exposures. In the event a natural hedge is not available, we may employ a forward contract to reduce exposure, generally expiring within one year. While these contracts are subject to fluctuations in value, such fluctuations are intended to offset the changes in the value of the underlying exposures being hedged. Unless otherwise noted, gains and losses on foreign currency forward contracts are recognized currently in income, and generally do not have a significant impact on results of operations.

At December 31, 2014, our financial instruments which are subject to foreign currency exchange risk consist of foreign currency forward contracts with an aggregate notional value of $479.9 million and with a fair value representing a net asset position of $0.6 million. Fluctuations in the value of these contracts are intended to offset the changes in the value of the underlying exposures being hedged. We conducted a sensitivity analysis on the fair value of our foreign currency hedge portfolio assuming an instantaneous 10% change in select foreign currency exchange rates from their levels as of December 31, 2014, with all other variables held constant. A 10% appreciation of the U.S. Dollar against foreign currencies that we hedge would result in a decrease of approximately $27.1 million in the fair value of our foreign currency forward contracts. A 10% depreciation of the U.S. Dollar against these foreign currencies would result in an increase of approximately $21.3 million in the fair value of our foreign currency forward contracts. The sensitivity of the fair value of our foreign currency hedge portfolio represents changes in fair values estimated based on market conditions as of December 31, 2014, without reflecting the effects of underlying anticipated transactions. When those anticipated transactions are realized, actual effects of changing foreign currency exchange rates could have a material impact on our earnings and cash flows in future periods.

On December 18, 2014, the carrying value of our 1.875% Euro-denominated senior notes was designated as an effective hedge of our net investment in foreign subsidiaries where the Euro serves as the functional currency, and beginning on the date of designation, gains or losses on the revaluation of these senior notes to our reporting currency have been and will be recorded in accumulated other comprehensive (loss) income.

We are exposed to changes in interest rates that could impact our results of operations and financial condition. We manage global interest rate and foreign exchange exposure as part of our regular operational and financing strategies. We had variable interest rate borrowings of $392.3 million and $397.9 million outstanding at December 31, 2014 and 2013, respectively. These borrowings represented 13% and 37% of total outstanding debt and bore average interest rates of 0.82% and 0.30% at December 31, 2014 and 2013, respectively. A hypothetical 10% increase (approximately 8 basis points) in the average interest rate applicable to these borrowings would change our annualized interest expense by approximately $0.3 million as of December 31, 2014. We may enter into interest rate swaps, collars or similar instruments with the objective of reducing interest rate volatility relating to our borrowing costs.

Our raw materials are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors. Historically, we have not used futures, options or swap contracts to manage the volatility related to the above exposures. However, the refinery catalysts business has used financing arrangements to provide long-term protection against changes in metals prices. We seek to limit our exposure by entering into long-term contracts when available, and we seek price increase limitations through contracts. These contracts do not have a significant impact on our results of operations.

Item 8. Financial Statements and Supplementary Data.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) and 15d-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States, and that receipts and expenditures of the Company are being made only in accordance with management's and our directors' authorizations; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria for effective internal control over financial reporting described in the *Internal Control—Integrated Framework 2013* set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the assessment, management concluded that, as of December 31, 2014, our internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States. The concept of reasonable assurance is based on the recognition that there are inherent limitations in all systems of internal control. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

/S/ LUTHER C. KISSAM IV	/S/ SCOTT A. TOZIER
Luther C. Kissam IV	Scott A. Tozier
President, Chief Executive Officer and Director	Senior Vice President, Chief Financial Officer
(principal executive officer)	(principal financial officer)
February 27, 2015	February 27, 2015

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Albemarle Corporation:

In our opinion, the accompanying consolidated financial statements listed in the index appearing under Item 15(a) (1) present fairly, in all material respects, the financial position of Albemarle Corporation and its subsidiaries at December 31, 2014 and December 31, 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control—Integrated Framework 2013* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
New Orleans, Louisiana
February 27, 2015

CONSOLIDATED BALANCE SHEETS

(In Thousands) **December 31**	**2014**	**2013**
Assets		
Current assets:		
Cash and cash equivalents	$ 2,489,768	$ 477,239
Trade accounts receivable, less allowance for doubtful accounts (2014—$1,563; 2013—$1,614)	385,212	446,864
Other accounts receivable	49,423	45,094
Inventories:		
Finished goods	262,769	340,863
Raw materials	53,152	47,784
Stores, supplies and other	42,440	47,402
	358,361	436,049
Other current assets	66,086	77,669
Total current assets	3,348,850	1,482,915
Property, plant and equipment, at cost	2,620,670	2,972,084
Less accumulated depreciation and amortization	1,388,802	1,615,015
Net property, plant and equipment	1,231,868	1,357,069
Investments	194,042	212,178
Other assets	160,956	160,229
Goodwill	243,262	284,203
Other intangibles, net of amortization	44,125	88,203
Total assets	$ 5,223,103	$ 3,584,797
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 231,705	$ 208,181
Accrued expenses	166,174	176,416
Current portion of long-term debt	711,096	24,554
Dividends payable	21,458	19,197
Income taxes payable	9,453	8,015
Total current liabilities	1,139,886	436,363
Long-term debt	2,223,035	1,054,310
Postretirement benefits	56,424	53,903
Pension benefits	170,534	57,647
Other noncurrent liabilities	87,705	110,610
Deferred income taxes	56,884	129,188
Commitments and contingencies (Note 16)		
Equity:		
Albemarle Corporation shareholders' equity:		
Common stock, $.01 par value (authorized 150,000 shares), issued and outstanding — 78,031 in 2014 and 80,053 in 2013	780	801
Additional paid-in capital	10,447	9,957
Accumulated other comprehensive (loss) income	(62,413)	116,245
Retained earnings	1,410,651	1,500,358
Total Albemarle Corporation shareholders' equity	1,359,465	1,627,361
Noncontrolling interests	129,170	115,415
Total equity	1,488,635	1,742,776
Total liabilities and equity	$ 5,223,103	$ 3,584,797

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Amounts) **Year Ended December 31**	**2014**	**2013**	**2012**
Net sales	$ 2,445,548	$ 2,394,270	$ 2,519,154
Cost of goods sold	1,674,700	1,543,799	1,620,311
Gross profit	770,848	850,471	898,843
Selling, general and administrative expenses	355,135	158,189	308,456
Research and development expenses	88,310	82,246	78,919
Restructuring and other charges, net (Note 20)	25,947	33,361	111,685
Acquisition and integration related costs (Note 23)	30,158	—	—
Operating profit	271,298	576,675	399,783
Interest and financing expenses	(41,358)	(31,559)	(32,800)
Other (expenses) income, net	(16,761)	(6,674)	1,229
Income from continuing operations before income taxes and equity in net income of unconsolidated investments	213,179	538,442	368,212
Income tax expense	18,484	134,445	80,433
Income from continuing operations before equity in net income of unconsolidated investments	194,695	403,997	287,779
Equity in net income of unconsolidated investments (net of tax)	35,742	31,729	38,067
Net income from continuing operations	230,437	435,726	325,846
(Loss) income from discontinued operations (net of tax)	(69,531)	4,108	4,281
Net income	160,906	439,834	330,127
Net income attributable to noncontrolling interests	(27,590)	(26,663)	(18,591)
Net income attributable to Albemarle Corporation	$ 133,316	$ 413,171	$ 311,536
Basic earnings (loss) per share:			
Continuing operations	$ 2.57	$ 4.88	$ 3.44
Discontinued operations	(0.88)	0.05	0.05
	$ 1.69	$ 4.93	$ 3.49
Diluted earnings (loss) per share:			
Continuing operations	$ 2.57	$ 4.85	$ 3.42
Discontinued operations	(0.88)	0.05	0.05
	$ 1.69	$ 4.90	$ 3.47
Weighted-average common shares outstanding—basic	78,696	83,839	89,189
Weighted-average common shares outstanding—diluted	79,102	84,322	89,884
Cash dividends declared per share of common stock	$ 1.10	$ 0.96	$ 0.80

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(In Thousands)

Year Ended December 31	**2014**	**2013**	**2012**
Net income	$ 160,906	$ 439,834	$ 330,127
Other comprehensive (loss) income, net of tax:			
Foreign currency translation	(168,809)	31,704	28,769
Pension and postretirement benefits	(487)	(502)	(4,071)
Net investment hedge	11,384	—	—
Interest rate swap	(20,962)	—	—
Other	136	135	134
Total other comprehensive (loss) income, net of tax	(178,738)	31,337	24,832
Comprehensive (loss) income	(17,832)	471,171	354,959
Comprehensive income attributable to noncontrolling interests	(27,510)	(27,019)	(18,488)
Comprehensive (loss) income attributable to Albemarle Corporation	$ (45,342)	$ 444,152	$ 336,471

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands, Except Share Data)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Albemarle Shareholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amounts						
Balance at January 1, 2012	88,841,240	$ 888	$ 15,194	$ 60,329	$ 1,514,866	$ 1,591,277	$ 87,550	$ 1,678,827
Net income for 2012					311,536	311,536	18,591	330,127
Other comprehensive income (loss)				24,935		24,935	(103)	24,832
Cash dividends declared for 2012					(71,347)	(71,347)	(7,628)	(78,975)
Stock-based compensation and other			13,939			13,939		13,939
Exercise of stock options	949,170	9	21,139			21,148		21,148
Shares repurchased	(1,092,767)	(11)	(53,193)		(10,371)	(63,575)		(63,575)
Tax benefit related to stock plans			14,809			14,809		14,809
Issuance of common stock, net	341,620	4	(4)			—		—
Shares withheld for withholding taxes associated with common stock issuances	(140,054)	(1)	(9,123)			(9,124)		(9,124)
Balance at December 31, 2012	88,899,209	$ 889	$ 2,761	$ 85,264	$ 1,744,684	$ 1,833,598	$ 98,410	$ 1,932,008
Balance at January 1, 2013	88,899,209	$ 889	$ 2,761	$ 85,264	$ 1,744,684	$ 1,833,598	$ 98,410	$ 1,932,008
Net income for 2013					413,171	413,171	26,663	439,834
Other comprehensive income				30,981		30,981	356	31,337
Cash dividends declared for 2013					(79,833)	(79,833)	(10,014)	(89,847)
Stock-based compensation and other			9,072			9,072		9,072
Exercise of stock options	191,732	2	5,551			5,553		5,553
Shares repurchased	(9,198,056)	(92)	(4,542)		(577,664)	(582,298)		(582,298)
Tax benefit related to stock plans			3,266			3,266		3,266
Issuance of common stock, net	256,834	3	(3)			—		—
Shares withheld for withholding taxes associated with common stock issuances	(96,877)	(1)	(6,148)			(6,149)		(6,149)
Balance at December 31, 2013	80,052,842	$ 801	$ 9,957	$ 116,245	$ 1,500,358	$ 1,627,361	$ 115,415	$ 1,742,776
Balance at January 1, 2014	80,052,842	$ 801	$ 9,957	$ 116,245	$ 1,500,358	$ 1,627,361	$ 115,415	$ 1,742,776
Net income for 2014					133,316	133,316	27,590	160,906
Other comprehensive loss				(178,658)		(178,658)	(80)	(178,738)
Cash dividends declared for 2014					(86,364)	(86,364)	(15,535)	(101,899)
Noncontrolling interests' share of contributed capital in subsidiary						—	1,780	1,780
Stock-based compensation and other			13,556			13,556		13,556
Exercise of stock options	77,546	1	2,712			2,713		2,713
Shares repurchased	(2,190,254)	(22)	(13,319)		(136,659)	(150,000)		(150,000)
Tax benefit related to stock plans			826			826		826
Issuance of common stock, net	141,937	1	(1)			—		—
Shares withheld for withholding taxes associated with common stock issuances	(51,547)	(1)	(3,284)			(3,285)		(3,285)
Balance at December 31, 2014	78,030,524	$ 780	$ 10,447	$ (62,413)	$ 1,410,651	$ 1,359,465	$ 129,170	$ 1,488,635

See accompanying notes to the consolidated financial statements.

Albemarle Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

Year Ended December 31	2014	2013	2012
Cash and cash equivalents at beginning of year	$ 477,239	$ 477,696	$ 469,416
Cash flows from operating activities:			
Net income	160,906	439,834	330,127
Adjustments to reconcile net income to cash flows from operating activities:			
Depreciation and amortization	103,572	107,370	99,020
Write-offs associated with restructuring and other	6,333	—	61,809
Loss on disposal of businesses	85,515	—	—
Stock-based compensation	14,267	10,164	15,211
Excess tax benefits realized from stock-based compensation arrangements	(826)	(3,266)	(14,809)
Equity in net income of unconsolidated investments (net of tax)	(35,742)	(31,729)	(38,067)
Dividends received from unconsolidated investments and nonmarketable securities	40,688	21,632	26,908
Pension and postretirement expense (benefit)	133,681	(132,707)	77,442
Pension and postretirement contributions	(13,916)	(13,294)	(21,610)
Unrealized gain on investments in marketable securities	(825)	(3,681)	(1,872)
Deferred income taxes	(64,947)	64,865	(14,587)
Changes in current assets and liabilities, net of effects of acquisitions and divestitures:			
Decrease (increase) in accounts receivable	36,221	(65,906)	(25,992)
(Increase) decrease in inventories	(6,486)	(1,810)	7,364
Decrease (increase) in other current assets excluding deferred income taxes	5,809	5,261	(19,590)
Increase (decrease) in accounts payable	28,296	19,267	(11,473)
(Decrease) increase in accrued expenses and income taxes payable	(6,680)	12,185	1,981
Other, net	6,743	4,674	16,904
Net cash provided by operating activities	492,609	432,859	488,766
Cash flows from investing activities:			
Capital expenditures	(110,576)	(155,346)	(280,873)
Cash payments related to acquisitions and other	—	(2,565)	(3,360)
Cash proceeds from divestitures, net	104,718	—	9,646
Payment for settlement of interest rate swap	(33,425)	—	—
Sales of (investments in) marketable securities, net	649	169	(1,615)
Long-term advances to joint ventures	(7,499)	—	(24,959)
Net cash used in investing activities	(46,133)	(157,742)	(301,161)
Cash flows from financing activities:			
Proceeds from issuance of senior notes	1,888,197	—	—
Proceeds from borrowings of other long-term debt	—	117,000	—
Repayments of long-term debt	(6,017)	(135,733)	(14,390)
Other (repayments) borrowings, net	(5,825)	398,544	(49,421)
Dividends paid to shareholders	(84,102)	(78,107)	(69,113)
Dividends paid to noncontrolling interests	(15,535)	(10,014)	(7,628)
Repurchases of common stock	(150,000)	(582,298)	(63,575)
Proceeds from exercise of stock options	2,713	5,553	21,148
Excess tax benefits realized from stock-based compensation arrangements	826	3,266	14,809
Withholding taxes paid on stock-based compensation award distributions	(3,284)	(6,149)	(9,124)
Debt financing costs	(17,644)	(108)	—
Net cash provided by (used in) financing activities	1,609,329	(288,046)	(177,294)
Net effect of foreign exchange on cash and cash equivalents	(43,276)	12,472	(2,031)
Increase (decrease) in cash and cash equivalents	2,012,529	(457)	8,280
Cash and cash equivalents at end of year	$ 2,489,768	$ 477,239	$ 477,696

See accompanying notes to the consolidated financial statements.

NOTE 1—Summary of Significant Accounting Policies:

Basis of Consolidation

The consolidated financial statements include the accounts and operations of Albemarle Corporation and our wholly owned, majority owned and controlled subsidiaries. Unless the context otherwise indicates, the terms "Albemarle," "we," "us," "our" or "the Company" mean Albemarle Corporation and our consolidated subsidiaries. We apply the equity method of accounting for investments in which we have an ownership interest from 20% to 50% or where we exercise significant influence over the related investee's operations. All significant intercompany accounts and transactions are eliminated in consolidation.

Organizational Realignment

Effective January 1, 2014, the Company's assets and businesses were realigned under two operating segments. The Performance Chemicals segment includes the Fire Safety Solutions, Specialty Chemicals and Fine Chemistry Services product categories, and the Catalyst Solutions segment includes the Refinery Catalyst Solutions and Performance Catalyst Solutions product categories. Throughout this document, including these consolidated financial statements and related footnotes, current and prior year financial information is presented as if there were only two reporting segments for all periods presented.

Discontinued Operations

Long-lived assets and asset groups are classified as held for sale and reported as discontinued operations in the periods in which the specific criteria are met in accordance with applicable accounting standards.

On September 1, 2014, the Company closed the sale of its antioxidant, ibuprofen and propofol businesses and assets to SI Group, Inc. and, as such, the financial results of the disposed group have been presented as discontinued operations in the consolidated statements of income and excluded from segment results for all periods presented. See Note 2, "Discontinued Operations" for additional information.

Estimates, Assumptions and Reclassifications

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") in the United States ("U.S.") requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Certain amounts in the accompanying consolidated financial statements and notes thereto have been reclassified to conform to the current presentation.

Revenue Recognition

We recognize sales when the revenue is realized or realizable, and has been earned, in accordance with authoritative accounting guidance. We recognize net sales as risk and title to the product transfer to the customer, which usually occurs at the time shipment is made. Significant portions of our sales are sold free on board shipping point or on an equivalent basis, and other transactions are based upon specific contractual arrangements. Our standard terms of delivery are generally included in our contracts of sale, order confirmation documents and invoices. We recognize revenue from services when performance of the services has been completed. We have a limited amount of consignment sales that are billed to the customer upon monthly notification of amounts used by the customers under these contracts. Where the Company incurs pre-production design and development costs under long-term supply contracts, these costs are expensed where they relate to the products sold unless contractual guarantees for reimbursement exist. Conversely, these costs are capitalized if they pertain to equipment that we will own and use in producing the products to be supplied and expect to utilize for future revenue generating activities.

Performance and Life Cycle Guarantees

We provide customers certain performance guarantees and life cycle guarantees. These guarantees entitle the customer to claim compensation if the product does not conform to performance standards originally agreed upon. Performance guarantees relate to minimum technical specifications that products produced with the delivered product must meet, such as yield and product quality. Life cycle guarantees relate to minimum periods for which performance of the delivered product is guaranteed. When either performance guarantees or life cycle guarantees are contractually agreed upon, an assessment of the appropriate revenue recognition treatment is evaluated. When testing or modeling of historical results predict that the performance or life cycle criteria will be satisfied, revenue is recognized in accordance with shipping terms at the time of delivery. When testing or modeling of historical results predict that the performance or life cycle criteria may not be satisfied, we bill the customer upon shipment and defer the related revenue and cost associated with these products. These deferrals are released to earnings when the contractual period expires, and are generally not significant.

Shipping and Handling Costs

Amounts billed to customers in a sales transaction related to shipping and handling have been classified as net sales and the cost incurred by us for shipping and handling has been classified as cost of goods sold in the accompanying consolidated statements of income. In addition, taxes billed to customers in a sales transaction are presented in the consolidated statements of income on a net basis.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments with insignificant interest rate risks and original maturities of three months or less.

Inventories

Inventories are stated at lower of cost or market with cost determined primarily on the first-in, first-out basis. Cost is determined on the weighted-average basis for a small portion of our inventories at foreign plants and our stores, supplies and other inventory. A portion of our domestic produced finished goods and raw materials are determined on the last-in, first-out basis.

Property, Plant and Equipment

Property, plant and equipment include costs of assets constructed, purchased or leased under a capital lease, related delivery and installation costs and interest incurred on significant capital projects during their construction periods. Expenditures for renewals and betterments also are capitalized, but expenditures for normal repairs and maintenance are expensed as incurred. Costs associated with yearly planned major maintenance are deferred and amortized over 12 months or until the same major maintenance activities must be repeated, whichever is shorter. The cost and accumulated depreciation applicable to assets retired or sold are removed from the respective accounts, and gains or losses thereon are included in income.

The Company records depreciation and amortization in its consolidated statements of income primarily in Cost of goods sold, with minor amounts also recorded in Selling, general and administrative expenses and Research and development expenses depending on the functional utilization of the related assets. Depreciation is computed by the straight-line method based on the estimated useful lives of the assets. We have a policy where our internal engineering group provides asset life guidelines for book purposes. These guidelines are reviewed against the economic life of the business for each project and asset life is determined as the lesser of the manufacturing life or the "business" life. The engineering guidelines are reviewed periodically.

We evaluate historical and expected undiscounted operating cash flows of our reporting units to determine the future recoverability of any property, plant and equipment recorded. Property, plant and equipment is re-evaluated whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The costs of brine wells, leases and royalty interests are primarily amortized over the estimated average life of the field on a straight-line basis. On a yearly basis for all fields, this approximates a units-of-production method based upon estimated reserves and production volumes.

Investments

Investments are accounted for using the equity method of accounting if the investment gives us the ability to exercise significant influence, but not control, over the investee. Significant influence is generally deemed to exist if we have an ownership interest in the voting stock of the investee between 20% and 50%, although other factors, such as representation on the investee's board of directors and the impact of commercial arrangements, are considered in determining whether the equity method of accounting is appropriate. Under the equity method of accounting, we record our investments in equity-method investees in the consolidated balance sheets as Investments and our share of investees' earnings or losses together with other-than temporary impairments in value as Equity in net income of unconsolidated investments in the consolidated statements of income.

Certain mutual fund investments are accounted for as trading equities and are marked-to-market on a monthly basis through the consolidated statements of income. Investments in joint ventures and nonmarketable securities of immaterial entities are estimated based upon the overall performance of the entity where financial results are not available on a timely basis.

Environmental Compliance and Remediation

Environmental compliance costs include the cost of purchasing and/or constructing assets to prevent, limit and/or control pollution or to monitor the environmental status at various locations. These costs are capitalized and depreciated based on estimated useful lives. Environmental compliance costs also include maintenance and operating costs with respect to pollution prevention and control facilities and other administrative costs. Such operating costs are expensed as incurred. Environmental remediation costs of facilities used in current operations are generally immaterial and are expensed as incurred. On an undiscounted basis, we accrue for environmental remediation costs and post-remediation costs that relate to existing conditions caused by past operations at facilities or off-plant disposal sites in the accounting period in which responsibility is established and when the related costs are estimable. In developing these cost estimates, we evaluate currently available facts regarding each site, with consideration given to existing technology, presently enacted laws and regulations, prior experience in remediation of contaminated sites, the financial capability of other potentially responsible parties and other factors, subject to uncertainties inherent in the estimation process. Additionally, these estimates are reviewed periodically, with adjustments to the accruals recorded as necessary.

Research and Development Expenses

Our research and development expenses related to present and future products are expensed as incurred. These expenses consist primarily of personnel-related costs and other overheads, as well as outside service and consulting costs incurred for specific programs. Our U.S. facilities in Michigan, Pennsylvania, Texas and Louisiana and our global facilities in the Netherlands, Germany, Belgium, China and Korea form the capability base for our contract research and custom manufacturing businesses. These business areas provide research and scale-up services primarily to innovative life science companies.

Goodwill and Other Intangible Assets

We account for goodwill and other intangibles acquired in a business combination in conformity with current accounting guidance that requires that goodwill and indefinite-lived intangible assets not be amortized.

We test goodwill for impairment by comparing the estimated fair value of our reporting units to the related carrying value. We estimate the fair value based on present value techniques involving future cash flows. Future cash flows include assumptions for sales volumes, selling prices, raw material prices, labor and other employee benefit costs, capital additions and other economic or market related factors. Significant management judgment is involved in estimating these variables and they include inherent uncertainties since they are forecasting future events. We use a Weighted Average Cost of Capital ("WACC") approach to determine our discount rate for goodwill recoverability testing. Our WACC calculation incorporates industry-weighted average returns on debt and equity from a market perspective. The factors in this calculation are largely external to our company, and therefore, are beyond our control. We test our recorded goodwill balances for impairment in the fourth quarter of each year or upon the occurrence of events or changes in circumstances that would more likely than not reduce the fair value of our reporting units below their carrying amounts. The Company performed its annual goodwill impairment test as of October 31, 2014 and concluded there was no impairment as of that date.

Definite-lived intangible assets, such as purchased technology, patents, customer lists and trade names are amortized over their estimated useful lives, generally for periods ranging from five to twenty-five years. We continually evaluate the reasonableness of the useful lives of these assets and test for impairment in accordance with current accounting guidance. See Note 11, "Goodwill and Other Intangibles."

Pension Plans and Other Postretirement Benefits

Under authoritative accounting standards, assumptions are made regarding the valuation of benefit obligations and the performance of plan assets. As required, we recognize a balance sheet asset or liability for each of the pension and other postretirement benefit ("OPEB") plans equal to the plan's funded status as of the measurement date. The primary assumptions are as follows:

- Discount Rate—The discount rate is used in calculating the present value of benefits, which is based on projections of benefit payments to be made in the future.
- Expected Return on Plan Assets—We project the future return on plan assets based on prior performance and future expectations for the types of investments held by the plans, as well as the expected long-term allocation of plan assets for these investments. These projected returns reduce the net benefit costs recorded currently.

- Rate of Compensation Increase—For salary-related plans, we project employees' annual pay increases, which are used to project employees' pension benefits at retirement.
- Mortality Assumptions—Assumptions about life expectancy of plan participants are used in the measurement of related plan obligations.

Actuarial gains and losses are recognized annually in our consolidated statements of income in the fourth quarter and whenever a plan is determined to qualify for a remeasurement during a fiscal year. The remaining components of pension and OPEB plan expense, primarily service cost, interest cost and expected return on assets, are recorded on a quarterly basis. The market-related value of assets equals the actual market value as of the date of measurement.

During 2014, we made changes to the assumptions related to the discount rate and mortality scales. We consider available information that we deem relevant when selecting each of these assumptions.

In selecting the discount rates for the U.S. plans, we consider expected benefit payments on a plan-by-plan basis. As a result, the Company uses different discount rates for each plan depending on the demographics of participants and the expected timing of benefit payments. For 2014, the discount rates were calculated using the results from a bond matching technique developed by Milliman, which matched the future estimated annual benefit payments of each respective plan against a portfolio of bonds of high quality to determine the discount rate. We believe our selected discount rates are determined using preferred methodology under authoritative accounting guidance and accurately reflect market conditions as of the December 31, 2014 measurement date.

In selecting the discount rates for the foreign plans, we relied on Aon Hewitt methods, including the Aon Hewitt Top-Quartile and a yield curve derived from fixed-income security yields. The yield curve is generally based on a universe containing Aa-graded corporate bonds in the Euro zone without special features or options, which could affect the duration. In some countries, the yield curve is based on local government bond rates with a premium added to reflect corporate bond risk. Payments we expect to be made from our retirement plans are applied to the resulting yield curve. For each plan, the discount rate was developed as the level equivalent rate that would produce the same present value as that using spot rates aligned with the projected benefit payments.

In estimating the expected return on plan assets, we consider past performance and future expectations for the types of investments held by the plan as well as the expected long-term allocation of plan assets to these investments. In projecting the rate of compensation increase, we consider past experience in light of movements in inflation rates.

In October 2014, the Society of Actuaries published updated mortality tables which reflect increased life expectancy. We revised our mortality assumptions to incorporate the new set of mortality tables issued by the Society of Actuaries for purposes of measuring our U.S. pension and OPEB obligations at December 31, 2014.

Employee Savings Plans

Certain of our employees participate in our defined contribution 401(k) employee savings plan, which is generally available to all U.S. full-time salaried and non-union hourly employees and to employees who are covered by a collective bargaining agreement that provides for such participation. With respect to our foreign subsidiaries, we have a plan in the Netherlands similar to a collective defined contribution plan.

Deferred Compensation Plan

We maintain an Executive Deferred Compensation Plan ("EDCP") that was adopted in 2001 and subsequently amended. The purpose of the EDCP is to provide current tax planning opportunities as well as supplemental funds upon the retirement or death of certain of our employees. The EDCP is intended to aid in attracting and retaining employees of exceptional ability by providing them with these benefits. We also maintain a Benefit Protection Trust (the "Trust") that was created to provide a source of funds to assist in meeting the obligations of the EDCP, subject to the claims of our creditors in the event of our insolvency. Assets of the Trust are consolidated in accordance with authoritative guidance. The assets of the Trust consist primarily of mutual fund investments (which are accounted for as trading securities and are marked-to-market on a monthly basis through the consolidated statements of income) and cash and cash equivalents.

Stock-based Compensation Expense

The fair value of restricted stock awards, restricted stock unit awards and performance unit awards with a service condition are determined based on the number of shares or units granted and the quoted price of our common stock on the date of grant, and the fair value of stock options is determined using the Black-Scholes valuation model. The fair value of performance unit awards with a service condition and a market condition are estimated on the date of grant using a Monte Carlo simulation model. The fair value of these awards is determined after giving effect to estimated forfeitures. Such value is recognized as expense over the service period, which is generally the vesting period of the equity grant. To the extent restricted stock awards, restricted stock unit awards, performance unit awards and stock options are forfeited prior to vesting in excess of the estimated forfeiture rate, the corresponding previously recognized expense is reversed as an offset to operating expenses.

Income Taxes

We use the liability method for determining our income taxes, under which current and deferred tax liabilities and assets are recorded in accordance with enacted tax laws and rates. Under this method, the amounts of deferred tax liabilities and assets at the end of each period are determined using the tax rate expected to be in effect when taxes are actually paid or recovered. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not.

Deferred income taxes are provided for the estimated income tax effect of temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred tax assets are also provided for operating losses, capital losses and certain tax credit carryovers. A valuation allowance, reducing deferred tax assets, is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The realization of such deferred tax assets is dependent upon the generation of sufficient future taxable income of the appropriate character. Although realization is not assured, we do not establish a valuation allowance when we believe it is more likely than not that a net deferred tax asset will be realized.

We only recognize a tax benefit after concluding that it is more likely than not that the benefit will be sustained upon audit by the respective taxing authority based solely on the technical merits of the associated tax position. Once the recognition threshold is met, we recognize a tax benefit measured as the largest amount of the tax benefit that, in our judgment, is greater than 50% likely to be realized. Interest and penalties related to income tax liabilities under current accounting guidance for uncertain tax positions are included in income tax expense.

We have designated the undistributed earnings of substantially all of our foreign operations as indefinitely invested and as a result we do not provide for deferred income taxes on the unremitted earnings of these subsidiaries. Our foreign earnings are computed under U.S. federal tax earnings and profits, or E&P, principles. In general, to the extent our financial reporting book basis over tax basis of a foreign subsidiary exceeds these E&P amounts, deferred taxes have not been provided as they are essentially permanent in duration. The determination of the amount of such unrecognized deferred tax liability is not practicable. We provide for deferred income taxes on our undistributed earnings of foreign operations that are not deemed to be indefinitely invested.

Accumulated Other Comprehensive (Loss) Income

Accumulated other comprehensive (loss) income is comprised principally of foreign currency translation adjustments, amounts related to the revaluation of our euro-denominated senior notes which were designated as a hedge of our net investment in foreign operations in 2014, a realized loss on a forward starting interest rate swap entered into in 2014 which was designated as a cash flow hedge, and deferred income taxes related to the aforementioned items.

Foreign Currency Translation

The assets and liabilities of all foreign subsidiaries were prepared in their respective functional currencies and translated into U.S. Dollars based on the current exchange rate in effect at the balance sheet dates, while income and expenses were translated at average exchange rates for the periods presented. Translation adjustments are reflected as a separate component of equity.

Foreign exchange transaction losses were $3.7 million, $10.6 million and $4.9 million for the years ended December 31, 2014, 2013 and 2012, respectively, and are included in Other (expenses) income, net, in our consolidated statements of income.

Derivative Financial Instruments

We manage our foreign currency exposures by balancing certain assets and liabilities denominated in foreign currencies and through the use of foreign currency forward contracts from time to time, which generally expire within one year. The principal objective of such contracts is to minimize the financial impact of changes in foreign currency exchange rates. While these contracts are subject to fluctuations in value, such fluctuations are generally expected to be offset by changes in the value of the underlying foreign currency exposures being hedged. Unless otherwise noted, gains and losses on foreign currency forward contracts are recognized currently in Other (expenses) income, net, and generally do not have a significant impact on results of operations.

We may also enter into interest rate swaps, collars or similar instruments from time to time, with the objective of reducing interest rate volatility relating to our borrowing costs.

The counterparties to these contractual agreements are major financial institutions with which we generally have other financial relationships. We are exposed to credit loss in the event of nonperformance by these counterparties. However, we do not anticipate nonperformance by the counterparties. We do not utilize financial instruments for trading or other speculative purposes. At December 31, 2014 and 2013, we had outstanding foreign currency forward contracts with notional values totaling $479.9 million and $321.4 million, respectively. Our foreign currency forward contracts outstanding at December 31, 2014 and 2013 have not been designated as hedging instruments under Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*.

Recently Issued Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("FASB") issued accounting guidance that requires entities that have obligations resulting from joint and several liability arrangements and for which the total amount is fixed at the reporting date to measure such obligations as the sum of (a) the amount the entity agreed to pay on the basis of its arrangement among its co-obligors, and (b) any additional amount the reporting entity expects to pay on behalf of its co-obligors. Entities are also required to disclose the nature, amount and any other relevant information about such obligations. These amendments became effective on January 1, 2014 and had no impact on our consolidated financial statements.

In March 2013, the FASB issued accounting guidance that clarifies a parent company's accounting for the cumulative foreign currency translation adjustment when the parent sells a part or all of its investment in a foreign entity. The guidance clarifies that the sale of an investment in a foreign entity includes both (a) events that result in the loss of a controlling financial interest in a foreign entity, and (b) events that result in an acquirer obtaining control of an acquiree in which it held an equity interest immediately before the acquisition date (sometimes also referred to as a step acquisition). Accordingly, the cumulative foreign currency translation adjustment should be released into net income upon the occurrence of those events. These amendments became effective on January 1, 2014 and had no impact on our accounting for the sale of our antioxidant, ibuprofen and propofol businesses and assets in 2014.

In July 2013, the FASB issued accounting guidance designed to reduce diversity in practice of financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. These new requirements became effective on January 1, 2014 and did not have a material effect on our consolidated financial statements.

In April 2014, the FASB issued accounting guidance that changes the criteria for reporting discontinued operations and modifies related disclosure requirements to provide users of financial statements with more information about the assets, liabilities, revenues and expenses of discontinued operations. The guidance modifies the definition of discontinued operations by limiting its scope to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. Additionally, these new requirements require entities to disclose the pretax profit or loss related to disposals of significant components that do not qualify as discontinued operations. These new requirements become effective for public entities in annual periods beginning on or after December 15, 2014 and interim periods within those years. The impact of these new requirements is dependent on the nature of dispositions, if any, after adoption.

In May 2014, the FASB issued accounting guidance designed to enhance comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The core principle of the guidance is that revenue recognized from a transaction or event that arises from a contract with a customer should reflect the consideration to which an entity expects to be entitled in exchange for goods or services provided. To achieve that core principle the new guidance sets forth a five-step revenue recognition model that will need to be applied consistently to all contracts with customers, except those that are within the scope of other topics in the ASC. Also required are new disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. The new disclosures include qualitative and quantitative information about contracts with customers, significant judgments made in applying the revenue guidance, and assets recognized related to the costs to obtain or fulfill a contract. These new requirements become effective for annual and interim reporting periods beginning after December 15, 2016, and early adoption is prohibited. We are assessing the impact of these new requirements on our financial statements.

In June 2014, the FASB issued accounting guidance which clarifies the proper method of accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The accounting guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. These new requirements become effective for annual and interim reporting periods beginning after December 15, 2015, and early adoption is permitted. We do not expect this guidance to have a significant impact on our financial statements.

In February 2015, the FASB issued accounting guidance that changes the analysis that reporting entities must perform to determine whether certain types of legal entities should be consolidated. Specifically, the amendments affect (a) limited partnerships and similar legal entities; (b) the consolidation analysis of reporting entities that are involved with variable interest entities, particularly those that have fee arrangements and related party relationships; and (c) certain investment funds. These amendments are effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. We are assessing the impact of these amendments on our financial statements.

NOTE 2—Discontinued Operations:

On April 15, 2014, the Company signed a definitive agreement to sell its antioxidant, ibuprofen and propofol businesses and assets to SI Group, Inc. Included in the transaction were Albemarle’s manufacturing sites in Orangeburg, South Carolina and Jinshan, China, along with Albemarle’s antioxidant product lines manufactured in Ningbo, China. On September 1, 2014, the Company closed the sale of these businesses and assets and received net proceeds of $104.7 million. A working capital settlement of $7.6 million (recorded in Other accounts receivable at December 31, 2014) was received in the first quarter of 2015. Financial results of the disposed group have been presented as discontinued operations in the consolidated statements of income for all periods presented. A summary of results of discontinued operations is as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Net sales	$ 154,273	$ 222,146	$ 226,266
(Loss) income from discontinued operations	$ (90,439)	$ 5,985	$ 6,381
Income tax (benefit) expense	(20,908)	1,877	2,100
(Loss) income from discontinued operations (net of tax)	$ (69,531)	$ 4,108	$ 4,281

Included in (Loss) income from discontinued operations for the year ended December 31, 2014 are pre-tax charges of $85.5 million ($65.7 million after income taxes) related to the loss on the sale of the disposed group, representing the difference between the carrying value of the related assets and their fair value as determined by the sales price less estimated costs to sell. The loss is primarily attributable to the write-off of goodwill, intangibles and long-lived assets, net of cumulative foreign currency translation gains of $17.8 million.

NOTE 3—Supplemental Cash Flow Information:

Supplemental information related to the consolidated statements of cash flows is as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Cash paid during the year for:			
Income taxes (net of refunds of $6,035, $14,296 and $1,849 in 2014, 2013 and 2012, respectively)	$ 56,174	$ 51,772	$ 112,442
Interest (net of capitalization)	$ 33,604	$ 29,629	$ 31,144
Supplemental non-cash disclosures related to exit of phosphorus flame retardants business:			
Decrease in property, plant and equipment	$ —	$ —	$ (41,120)
Decrease in accumulated depreciation	—	—	(17,870)
Decrease in other intangibles, net of amortization	—	—	(27,384)
Increase in accumulated other comprehensive income	—	—	12,268
Supplemental non-cash disclosures related to defined benefit pension plan net curtailment gain:			
Decrease in accumulated other comprehensive income	$ —	$ —	$ (4,507)
Supplemental non-cash disclosures related to other restructuring charges:			
Decrease in property, plant and equipment	$ —	$ —	$ (5,002)
Decrease in accumulated depreciation	—	—	(1,588)

NOTE 4—Earnings Per Share:

Basic and diluted earnings per share from continuing operations are calculated as follows (in thousands, except per share amounts):

	Year Ended December 31,		
	2014	2013	2012
Basic earnings per share from continuing operations			
Numerator:			
Net income from continuing operations	$ 230,437	$ 435,726	$ 325,846
Net income from continuing operations attributable to noncontrolling interests	(27,590)	(26,663)	(18,591)
Net income from continuing operations attributable to Albemarle Corporation	$ 202,847	$ 409,063	$ 307,255
Denominator:			
Weighted-average common shares for basic earnings per share	78,696	83,839	89,189
Basic earnings per share from continuing operations	$ 2.57	$ 4.88	$ 3.44
Diluted earnings per share from continuing operations			
Numerator:			
Net income from continuing operations	$ 230,437	$ 435,726	$ 325,846
Net income from continuing operations attributable to noncontrolling interests	(27,590)	(26,663)	(18,591)
Net income from continuing operations attributable to Albemarle Corporation	$ 202,847	$ 409,063	$ 307,255
Denominator:			
Weighted-average common shares for basic earnings per share	78,696	83,839	89,189
Incremental shares under stock compensation plans	406	483	695
Weighted-average common shares for diluted earnings per share	79,102	84,322	89,884
Diluted earnings per share from continuing operations	$ 2.57	$ 4.85	$ 3.42

The Company's policy on how to determine windfalls and shortfalls for purposes of calculating assumed stock award proceeds under the treasury stock method when determining the denominator for diluted earnings per share is to exclude the impact of pro forma deferred tax assets (i.e. the windfall or shortfall that would be recognized in the financial statements upon exercise of the award). At December 31, 2014, there were 662,259 common stock equivalents not included in the computation of diluted earnings per share because their effect would have been anti-dilutive.

Included in the calculation of basic earnings per share are unvested restricted stock awards that contain nonforfeitable rights to dividends. At December 31, 2014, there were 5,600 unvested shares of restricted stock awards outstanding.

We have the authority to issue 15 million shares of preferred stock in one or more classes or series. As of December 31, 2014, no shares of preferred stock have been issued.

On October 13, 2011, our Board of Directors authorized an increase in the number of shares the Company is permitted to repurchase under our share repurchase program up to a maximum of five million shares. On February 12, 2013, our Board of Directors authorized another increase in the number of shares the Company is permitted to repurchase under our share repurchase program, pursuant to which the Company is now permitted to repurchase up to a maximum of fifteen million shares, including those shares previously authorized but not yet repurchased.

Under its existing Board authorized share repurchase program, on May 9, 2013, the Company entered into an accelerated share repurchase ("ASR") agreement with JPMorgan Chase Bank, National Association ("JPMorgan"), acting through its agent J.P. Morgan Securities LLC, relating to a fixed-dollar, uncollared ASR program. Pursuant to the terms of the agreement, JPMorgan immediately borrowed shares of Albemarle common stock that were sold to the Company, thereby decreasing the Company's issued and outstanding shares (with no change to its authorized shares). On May 10, 2013, the Company paid $450 million to JPMorgan and received an initial delivery of 5,680,921 shares with a fair market value of approximately $360 million. This purchase was funded through a combination of available cash on hand and debt. The Company determined that the ASR agreement met the criteria to be accounted for as a forward contract indexed to its stock and was therefore treated as an equity instrument. Under the terms of the agreement, on December 19, 2013, the transaction was completed and we received a final settlement of 1,384,011 shares, calculated based on the daily Rule 10b-18 volume-weighted average prices of the Company's common stock over the term of the agreement, less a forward price adjustment amount of approximately $1.01. The total number of shares repurchased under this agreement (7,064,932 shares) reduced the Company's weighted average shares outstanding for purposes of calculating basic and diluted earnings per share during the year ended December 31, 2013.

Under its existing Board authorized share repurchase program, on February 3, 2014, the Company entered into an ASR agreement with Merrill Lynch International ("Merrill Lynch"), acting through its agent Merrill Lynch, Pierce, Fenner and Smith Incorporated, relating to a fixed-dollar, uncollared ASR program pursuant to which we purchased $50 million of our common stock from Merrill Lynch in two $25 million tranches. Pursuant to the terms of the agreement, Merrill Lynch immediately borrowed shares of Albemarle common stock that were sold to the Company, thereby decreasing the Company's issued and outstanding shares (with no change to its authorized shares). On February 3, 2014, the Company paid $50 million to Merrill Lynch and received an initial delivery of 623,248 shares of our common stock with a fair market value of approximately $40 million. This purchase was funded with cash on hand. The Company determined that the ASR agreement with Merrill Lynch met the criteria to be accounted for as a forward contract indexed to its stock and was therefore treated as an equity instrument. Under the terms of the agreement, on April 30, 2014, the transaction was completed and we received a final settlement of 150,504 shares, calculated based on the daily Rule 10b-18 volume-weighted average prices of the Company's common stock over the term of the agreement, less a forward price adjustment amount of approximately $0.77. The total number of shares repurchased under this agreement (773,752 shares) reduced the Company's weighted average shares outstanding for purposes of calculating basic and diluted earnings per share during the year ended December 31, 2014.

Under its existing Board authorized share repurchase program, on April 30, 2014, the Company entered into an ASR agreement with JPMorgan relating to a fixed-dollar, uncollared ASR program pursuant to which we purchased $100 million of our common stock from JPMorgan in two $50 million tranches. Pursuant to the terms of the agreement, JPMorgan immediately borrowed shares of Albemarle common stock that were sold to the Company, thereby decreasing the Company's issued and outstanding shares (with no change to its authorized shares). On May 1, 2014, the Company paid $100 million to JPMorgan and received an initial delivery of 1,193,317 shares of our common stock with a fair market value of approximately $80 million. This purchase was funded with cash on hand and commercial paper notes. The Company determined that this agreement met the criteria to be accounted for as a forward contract indexed to its stock and was therefore treated as an equity instrument. Under the terms of the agreement, on November 17, 2014, the transaction was completed and we received a final settlement of 223,185 shares which was calculated generally based on the daily Rule 10b-18 volume-weighted average prices of the Company's common stock over the term of the agreement. The total number of shares repurchased under this agreement

(1,416,502 shares) reduced the Company's weighted average shares outstanding for purposes of calculating basic and diluted earnings per share during the year ended December 31, 2014.

During the years ended December 31, 2014, 2013 and 2012, the Company repurchased 2,190,254, 9,198,056 and 1,092,767 shares of its common stock, respectively, pursuant to the terms of its share repurchase program. As of December 31, 2014, there were 3,749,340 remaining shares available for repurchase under the Company's authorized share repurchase program.

NOTE 5—Other Accounts Receivable:

Other accounts receivable consist of the following at December 31, 2014 and 2013 (in thousands):

	December 31, 2014	December 31, 2013
Value added tax/consumption tax	$ 23,205	$ 21,956
Other	26,218	23,138
Total	$ 49,423	$ 45,094

NOTE 6—Inventories:

Approximately 28% of our inventories are valued using the last-in, first-out ("LIFO") method at December 31, 2014 and 2013. The portion of our domestic inventories stated on the LIFO basis amounted to $100.7 million and $121.9 million at December 31, 2014 and 2013, respectively, which are below replacement cost by approximately $43.0 million and $41.7 million, respectively.

NOTE 7—Other Current Assets:

Other current assets consist of the following at December 31, 2014 and 2013 (in thousands):

	December 31, 2014	December 31, 2013
Deferred income taxes—current[(a)]	$ 1,801	$ 3,912
Income tax receivables	22,837	26,310
Prepaid expenses	41,448	47,447
Total	$ 66,086	$ 77,669

(a) See Note 19, "Income Taxes."

NOTE 8—Property, Plant and Equipment:

Property, plant and equipment, at cost, consist of the following at December 31, 2014 and 2013 (in thousands):

	Useful Lives (Years)	December 31, 2014	December 31, 2013
Land	—	$ 56,249	$ 63,153
Land improvements	5 – 30	49,099	52,452
Buildings and improvements	10 – 45	214,364	235,929
Machinery and equipment[(a)]	2 – 19	1,443,154	1,731,247
Machinery and equipment (major plant components)[(b)]	20 – 45	663,297	688,284
Long-term mineral rights and production equipment costs	7 – 60	85,888	85,514
Construction in progress	—	108,619	115,505
Total		$ 2,620,670	$ 2,972,084

(a) Consists primarily of (1) short-lived production equipment components, office and building equipment and other equipment with estimated lives ranging 2 – 7 years, and (2) production process equipment (intermediate components) with estimated lives ranging 8 – 19 years.
(b) Consists primarily of (1) production process equipment (major unit components) with estimated lives ranging 20 – 29 years, and (2) production process equipment (infrastructure and other) with estimated lives ranging 30 – 45 years.

The cost of property, plant and equipment is depreciated generally by the straight-line method. Depreciation expense amounted to $97.9 million, $99.3 million and $88.3 million during the years ended December 31, 2014, 2013 and 2012, respectively. Depreciation expense related to discontinued operations was $2.3 million, $8.6 million and $8.7 million during the years ended December 31, 2014, 2013 and 2012, respectively. Interest capitalized on significant capital projects in 2014, 2013 and 2012 was $2.4 million, $6.1 million and $5.8 million, respectively.

In 2014, we sold our antioxidant, ibuprofen and propofol businesses and assets to SI Group, Inc. Included in the transaction were our manufacturing sites in Orangeburg, South Carolina and Jinshan, China, along with our antioxidant product lines manufactured in Ningbo, China. In connection with the sale, net property, plant and equipment was reduced by $100.0 million. See Note 2 “Discontinued Operations” for additional information about this transaction.

In 2012, we announced our plan to exit the phosphorus flame retardants business, whose products were sourced mainly at our Avonmouth, United Kingdom and Nanjing, China manufacturing sites. In connection with our exit of this business, net property, plant and equipment was written down by $30.9 million, and in the fourth quarter of 2012 we received cash proceeds of $7.7 million from the sale of our Nanjing, China manufacturing site, which resulted in the recognition of a gain of approximately $2 million. See Note 3 “Supplemental Cash Flow Information” and Note 20 “Restructuring and Other” for additional details about our exit of the phosphorus flame retardants business.

In the fourth quarter of 2012, we received proceeds of $1.9 million in connection with the sale of land adjacent to our regional offices in Belgium.

NOTE 9—Investments:

Investments include our share of unconsolidated joint ventures, nonmarketable securities and marketable equity securities. The following table details our investment balances at December 31, 2014 and 2013 (in thousands).

	December 31,	
	2014	2013
Joint ventures	$ 169,891	$ 187,843
Nonmarketable securities	177	534
Marketable equity securities	23,974	23,801
Total	$ 194,042	$ 212,178

Our ownership positions in significant unconsolidated investments are shown below:

	December 31,		
	2014	2013	2012
* Nippon Aluminum Alkyls - a joint venture with Mitsui Chemicals, Inc. that produces aluminum alkyls	50%	50%	50%
* Magnifin Magnesiaprodukte GmbH & Co. KG - a joint venture with Radex Heraklith Industriebeteiligung AG that produces specialty magnesium hydroxide products	50%	50%	50%
* Nippon Ketjen Company Limited - a joint venture with Sumitomo Metal Mining Company Limited that produces refinery catalysts	50%	50%	50%
* Eurecat S.A. - a joint venture with IFP Investissements for refinery catalysts regeneration services	50%	50%	50%
* Fábrica Carioca de Catalisadores S.A. - a joint venture with Petrobras Quimica S.A. - PETROQUISA that produces catalysts and includes catalysts research and product development activities	50%	50%	50%
* Stannica, LLC - a joint venture with PMC Group, Inc. that produces tin stabilizers	50%	50%	50%

Our investment in the significant unconsolidated joint ventures above amounted to $154.4 million and $172.9 million as of December 31, 2014 and 2013, respectively, and the amount included in Equity in net income of unconsolidated investments (net of tax) in the consolidated statements of income totaled $35.4 million, $31.5 million and $37.0 million for the years ended December 31, 2014, 2013 and 2012, respectively. Undistributed earnings attributable to our significant unconsolidated investments represented approximately $112.9 million and $117.1 million of our consolidated retained earnings at December 31, 2014 and 2013, respectively. All of the unconsolidated joint ventures in which we have investments are private companies and accordingly do not have a quoted market price available.

The following summary lists our assets, liabilities and results of operations for our significant unconsolidated joint ventures presented herein (in thousands):

	December 31, 2014	December 31, 2013
Summary of Balance Sheet Information:		
Current assets	$ 246,795	$ 313,446
Noncurrent assets	181,509	198,776
Total assets	$ 428,304	$ 512,222
Current liabilities	$ 81,613	$ 100,469
Noncurrent liabilities	63,585	77,734
Total liabilities	$ 145,198	$ 178,203

	Year Ended December 31, 2014	2013	2012
Summary of Statements of Income Information:			
Net sales	$ 609,728	$ 598,459	$ 601,233
Gross profit	$ 167,156	$ 169,406	$ 165,650
Income before income taxes	$ 102,764	$ 101,652	$ 105,329
Net income	$ 72,247	$ 71,294	$ 71,561

We have evaluated each of the unconsolidated investments pursuant to current accounting guidance and none qualify for consolidation. Dividends received from our significant unconsolidated investments were $39.6 million, $20.5 million and $25.6 million in 2014, 2013 and 2012, respectively.

At December 31, 2014 and 2013, the carrying amount of our investments in unconsolidated joint ventures exceeded the amount of underlying equity in net assets by approximately $7.0 million and $8.4 million, respectively. These amounts represent the differences between the value of certain assets of the joint ventures and our related valuation on a U.S. GAAP basis. As of December 31, 2014 and 2013, $1.0 million and $1.4 million, respectively, remained to be amortized over the remaining useful lives of the assets with the balance of the difference representing primarily our share of the joint ventures' goodwill.

The carrying value of our unconsolidated investment in Stannica LLC, a variable interest entity for which we are not the primary beneficiary, was $6.2 million and $5.5 million at December 31, 2014 and 2013, respectively. Our maximum exposure to loss in connection with our continuing involvement with Stannica LLC is limited to our investment carrying value.

Assets of the Benefit Protection Trust, in conjunction with our EDCP, are accounted for as trading securities in accordance with authoritative accounting guidance. The assets of the Trust consist primarily of mutual fund investments and are marked-to-market on a monthly basis through the consolidated statements of income. As of December 31, 2014 and 2013, these marketable securities amounted to $22.2 million and $23.0 million, respectively.

During the year ended December 31, 2012, we and our joint venture partner each advanced $22.5 million to our 50%-owned joint venture, Saudi Organometallic Chemicals Company ("SOCC"), pursuant to a long-term loan arrangement. Our loan bears quarterly interest at the London Inter-Bank Offered Rate ("LIBOR") plus 1.275% per annum (1.53% and 1.52% as of December 31, 2014 and 2013, respectively), with interest receivable on a semi-annual basis on January 1 and July 1. Principal repayments on amounts outstanding under this arrangement are required as mutually agreed upon by the joint venture partners, but with any outstanding balances receivable in full no later than December 31, 2021. The recorded value of this receivable approximates fair value as it bears interest based on prevailing variable market rates. We and our joint venture partner also each advanced 28.1 million Riyals (approximately $7.5 million at December 31, 2014) to SOCC during the year ended December 31, 2014, pursuant to a long-term loan arrangement. During the year ended December 31, 2012, we and our joint venture partner each advanced €1.9 million (approximately $2.3 million and $2.6 million at December 31, 2014 and 2013, respectively) to our 50%-owned joint venture, Eurecat S.A., pursuant to a long-term loan arrangement. These loans have been recorded in Other assets in our consolidated balance sheets at December 31, 2014 and 2013.

NOTE 10—Other Assets:

Other assets consist of the following at December 31, 2014 and 2013 (in thousands):

	December 31, 2014	December 31, 2013
Deferred income taxes—noncurrent[(a)]	$ 62,440	$ 65,667
Assets related to unrecognized tax benefits[(a)]	22,100	25,730
Long-term advances to joint ventures[(b)]	34,084	25,124
Deferred financing costs[(c)]	23,583	4,150
Other	18,749	39,558
Total	$ 160,956	$ 160,229

(a) See Note 19, "Income Taxes."
(b) See Note 9, "Investments."
(c) See Note 13, "Long-Term Debt."

NOTE 11—Goodwill and Other Intangibles:

Goodwill and other intangibles consist principally of goodwill, customer lists, trade names, patents and other intangibles.

The following table summarizes the changes in goodwill by operating segment for the years ended December 31, 2014 and 2013 (in thousands):

	Performance Chemicals	Catalyst Solutions	Total
Balance at December 31, 2012	$ 43,519	$ 233,447	$ 276,966
Foreign currency translation adjustments	84	7,153	7,237
Balance at December 31, 2013	43,603	240,600	284,203
Divestitures[(a)]	—	(15,088)	(15,088)
Foreign currency translation adjustments	(1,321)	(24,532)	(25,853)
Balance at December 31, 2014	$ 42,282	$ 200,980	$ 243,262

(a) In 2014 we reduced Catalyst Solutions segment goodwill by $15.1 million in connection with the sale of our antioxidant, ibuprofen and propofol businesses and assets which closed on September 1, 2014. See Note 2 "Discontinued Operations" for additional information about this transaction.

Other intangibles consist of the following at December 31, 2014 and 2013 (in thousands):

	Customer Lists and Relationships	Trade Names (a)	Patents and Technology	Land Use Rights	Manufacturing Contracts and Supply/Service Agreements	Other	Total
Gross Asset Value							
Balance at December 31, 2012	$ 85,167	$ 26,943	$ 47,876	$ 6,203	$ 8,523	$ 23,412	$ 198,124
Foreign currency translation adjustments and other	1,259	(36)	867	173	(185)	216	2,294
Balance at December 31, 2013	86,426	26,907	48,743	6,376	8,338	23,628	200,418
Acquisitions (b)	—	—	5,228	—	—	—	5,228
Divestitures (c)	(34,892)	(8,171)	(11,316)	(4,929)	(4,474)	(4,758)	(68,540)
Foreign currency translation adjustments and other	(3,055)	(1,181)	(2,257)	(40)	—	(700)	(7,233)
Balance at December 31, 2014	$ 48,479	$ 17,555	$ 40,398	$ 1,407	$ 3,864	$ 18,170	$ 129,873
Accumulated Amortization							
Balance at December 31, 2012	$ (31,484)	$ (8,486)	$ (38,778)	$ (1,079)	$ (6,512)	$ (17,321)	$ (103,660)
Amortization	(4,332)	(995)	(797)	(166)	(647)	(1,129)	(8,066)
Foreign currency translation adjustments and other	(172)	511	(779)	(23)	185	(211)	(489)
Balance at December 31, 2013	(35,988)	(8,970)	(40,354)	(1,268)	(6,974)	(18,661)	(112,215)
Amortization	(2,839)	(824)	(388)	(42)	(368)	(1,276)	(5,737)
Divestitures (c)	14,487	1,539	5,738	(100)	4,164	1,756	27,584
Foreign currency translation adjustments and other	1,409	343	2,173	3	—	692	4,620
Balance at December 31, 2014	$ (22,931)	$ (7,912)	$ (32,831)	$ (1,407)	$ (3,178)	$ (17,489)	$ (85,748)
Net Book Value at December 31, 2013	$ 50,438	$ 17,937	$ 8,389	$ 5,108	$ 1,364	$ 4,967	$ 88,203
Net Book Value at December 31, 2014	$ 25,548	$ 9,643	$ 7,567	$ —	$ 686	$ 681	$ 44,125

(a) Trade names include a gross carrying amount of $9.2 million for an indefinite-lived intangible asset.
(b) Increase in Patents and Technology relates to a purchase accounting adjustment in connection with our acquisition of Cambridge Chemical Company, Ltd.
(c) In 2014 we reduced intangible assets by $68.5 million and related accumulated amortization by $27.6 million in connection with the sale of our antioxidant, ibuprofen and propofol businesses and assets which closed on September 1, 2014. See Note 2 “Discontinued Operations” for additional information about this transaction.

Useful lives range from 15 – 25 years for customer lists and relationships; 11 years for trade names; 17 – 20 years for patents and technology; 6 years for manufacturing contracts and supply/service agreements; and 5 – 15 years for other.

Amortization of other intangibles amounted to $5.7 million, $8.1 million and $10.7 million for the years ended December 31, 2014, 2013 and 2012, respectively. Amortization of other intangibles related to discontinued operations was $0.9 million, $3.5 million and $3.4 million for the years ended December 31, 2014, 2013 and 2012, respectively. Total estimated amortization expense of other intangibles for the next five fiscal years is as follows (in thousands):

	Estimated Amortization Expense
2015	$ 3,482
2016	$ 3,050
2017	$ 2,858
2018	$ 2,682
2019	$ 2,567

NOTE 12—Accrued Expenses:

Accrued expenses consist of the following at December 31, 2014 and 2013 (in thousands):

	December 31,	
	2014	2013
Employee benefits, payroll and related taxes	$ 49,072	$ 42,035
Taxes other than income taxes and payroll taxes	10,101	9,747
Deferred revenue	10,370	17,896
Deferred income taxes—current[(a)]	6,806	2,853
Accrued sales commissions	7,768	7,241
Accrued interest payable	13,212	7,716
Accrued utilities	7,510	8,608
Reduction in force accruals[(b)]	4,039	39,104
Aluminum alkyl supply capacity reduction[(b)]	15,777	—
Other	41,519	41,216
Total	$ 166,174	$ 176,416

(a) See Note 19, "Income Taxes."
(b) See Note 20, "Restructuring and Other."

NOTE 13—Long-Term Debt:

Long-term debt consists of the following at December 31, 2014 and 2013 (in thousands):

	December 31,	
	2014	2013
1.875% Senior notes, net of unamortized discount of $6,605 at December 31, 2014	$ 844,315	$ —
3.00% Senior notes, net of unamortized discount of $306 at December 31, 2014	249,694	—
4.15% Senior notes, net of unamortized discount of $1,439 at December 31, 2014	423,561	—
4.50% Senior notes, net of unamortized discount of $1,871 at December 31, 2014 and $2,186 at December 31, 2013	348,129	347,814
5.10% Senior notes, net of unamortized discount of $3 at December 31, 2014 and $36 at December 31, 2013	324,997	324,964
5.45% Senior notes, net of unamortized discount of $1,029 at December 31, 2014	348,971	—
Commercial paper notes	367,178	363,000
Fixed rate foreign borrowings	1,958	7,879
Variable-rate foreign bank loans	25,139	34,910
Miscellaneous	189	297
Total long-term debt	2,934,131	1,078,864
Less amounts due within one year	711,096	24,554
Long-term debt, less current portion	$ 2,223,035	$ 1,054,310

Aggregate annual maturities of long-term debt as of December 31, 2014 are as follows (in millions): 2015—$711.1; 2016—$0.0; 2017—$0.0; 2018—$0.0; 2019—$258.3; thereafter—$1,975.9.

Senior Notes

In the fourth quarter of 2014, we issued a series of senior notes (collectively, the "2014 Senior Notes") as follows:

- €700.0 million aggregate principal amount of senior notes, issued on December 8, 2014, bearing interest at a rate of 1.875% payable annually on December 8 of each year, beginning in 2015. The effective interest rate on these senior notes is approximately 2.10%. These senior notes mature on December 8, 2021.
- $250.0 million aggregate principal amount of senior notes, issued on November 24, 2014, bearing interest at a rate of 3.00% payable semi-annually on June 1 and December 1 of each year, beginning June 1, 2015. The effective interest rate on these senior notes is approximately 3.18%. These senior notes mature on December 1, 2019.

- $425.0 million aggregate principal amount of senior notes, issued on November 24, 2014, bearing interest at a rate of 4.15% payable semi-annually on June 1 and December 1 of each year, beginning June 1, 2015. The effective interest rate on these senior notes is approximately 5.06%. These senior notes mature on December 1, 2024.
- $350.0 million aggregate principal amount of senior notes, issued on November 24, 2014, bearing interest at a rate of 5.45% payable semi-annually on June 1 and December 1 of each year, beginning June 1, 2015. The effective interest rate on these senior notes is approximately 5.50%. These senior notes mature on December 1, 2044.

The net proceeds from the 2014 Senior Notes, together with borrowings from our Commercial Paper Notes, Term Loan and Cash Bridge Facility (each as defined below) were used to finance the cash portion of the consideration for the acquisition of Rockwood Holdings, Inc. ("Rockwood") which closed on January 12, 2015, pay fees and expenses related to the acquisition, repay the 5.10% senior notes on February 1, 2015, with the remainder, if any, to be used for general corporate purposes. For additional information about the acquisition of Rockwood, see "*Subsequent Event—Acquisition of Rockwood Holdings, Inc.*" within Note 23, "Acquisitions."

Our $325.0 million aggregate principal amount of senior notes, issued on January 20, 2005, bore interest at a rate of 5.10% payable semi-annually on February 1 and August 1 of each year. The effective interest rate on these senior notes was approximately 5.19%. These senior notes matured and were repaid on February 1, 2015. As a result of the refinancing of these senior notes prior to December 31, 2014, these senior notes were included in Current portion of long-term debt at December 31, 2014.

Our $350.0 million aggregate principal amount of senior notes, issued on December 10, 2010, bear interest at a rate of 4.50% payable semi-annually on June 15 and December 15 of each year. The effective interest rate on these senior notes is approximately 4.70%. These senior notes mature on December 15, 2020.

In anticipation of refinancing our 5.10% senior notes in the fourth quarter of 2014, on January 22, 2014, we entered into a pay fixed, receive variable rate forward starting interest rate swap with J.P. Morgan Chase Bank, N.A., to be effective October 15, 2014. Our risk management objective and strategy for undertaking this hedge was to eliminate the variability in the interest rate and partial credit spread on the 20 future semi-annual coupon payments that we will pay in connection with our 4.15% senior notes. The notional amount of the swap was $325.0 million and the fixed rate was 3.281%, with the cash settlement determined by reference to the changes in the U.S. dollar 3-month LIBOR and credit spreads from the date we entered into the swap until the date the swap was settled (October 15, 2014). This derivative financial instrument was designated and accounted for as a cash flow hedge under ASC 815, *Derivatives and Hedging*. We determined there was no ineffectiveness during the term of the swap. On October 15, 2014, the swap was settled, resulting in a payment to the counterparty of $33.4 million. This amount was recorded in Accumulated other comprehensive (loss) income and is being amortized to interest expense over the life of the 4.15% senior notes. The amount to be reclassified to interest expense from Accumulated other comprehensive (loss) income during the next twelve months is approximately $3.3 million.

In connection with the offering of the 1.875% Euro-denominated senior notes which were priced on December 1, 2014, we entered into two forward contracts on November 24, 2014, each with a notional value of €350.0 million, to exchange a total of €700.0 million for U.S. dollars, with settlement occurring on December 18, 2014, and with the total notional value representing an amount equivalent to the gross proceeds from the offering of the 1.875% Euro-denominated senior notes. The objective of entering into these forward contracts was to minimize the financial impact of changes in the Euro-to-U.S. Dollar exchange rate with respect to our foreign subsidiaries where the Euro serves as the functional currency. From the effective date of the contracts until the date of settlement, the forward contracts were designated as effective hedges of our net investment in these foreign subsidiaries. Upon settlement, a gain of $5.2 million was recorded in accumulated other comprehensive (loss) income, and such amount is expected to remain in accumulated other comprehensive (loss) income until the complete or substantially complete liquidation of our investment in these foreign subsidiaries. On December 18, 2014, the carrying value of the 1.875% Euro-denominated senior notes was designated as an effective hedge of our net investment in foreign subsidiaries where the Euro serves as the functional currency, and beginning on the date of designation, gains or losses on the revaluation of these senior notes to our reporting currency have been and will be recorded in accumulated other comprehensive (loss) income. During the year ended December 31, 2014, a gain of $12.8 million was recorded in accumulated other comprehensive (loss) income in connection with the revaluation of these senior notes to our reporting currency.

Credit Agreement

On February 7, 2014, we entered into a new $750.0 million credit facility. The five-year, revolving, unsecured credit agreement (hereinafter referred to as the February 2014 Credit Agreement) matures on February 7, 2019 and replaced our previous $750.0 million amended and restated credit agreement dated as of September 22, 2011. Borrowings bear interest at variable rates based on the LIBOR for deposits in the relevant currency plus an applicable margin which ranges from 0.900% to

1.500%, depending on the Company's credit rating from Standard & Poor's Ratings Services ("S&P") and Moody's Investors Services ("Moody's"). The applicable margin on the facility was 1.300% as of December 31, 2014.

Borrowings under the February 2014 Credit Agreement are conditioned upon compliance with the following covenants: (a) consolidated funded debt, as defined in the agreement, must be less than or equal to 3.50 times consolidated EBITDA, as defined in the agreement, (which reflects adjustments for certain non-recurring or unusual items such as restructuring charges, facility divestiture charges and other significant non-recurring items), or herein "consolidated adjusted EBITDA," as of the end of any fiscal quarter; (b) with the exception of certain liens as specified in the agreement, liens may not attach to assets when the aggregate amount of all indebtedness secured by such liens plus unsecured subsidiary indebtedness, other than indebtedness incurred by our subsidiaries under the February 2014 Credit Agreement, would exceed 20% of consolidated net worth, as defined in the agreement; and (c) with the exception of certain indebtedness as specified in the agreement, subsidiary indebtedness may not exceed the difference between 20% of consolidated net worth, as defined in the agreement, and indebtedness secured by liens permitted under the agreement.

On August 15, 2014, certain amendments were made to the February 2014 Credit Agreement which include the following: (a) an increase in the maximum leverage ratio (as described above) from 3.50 to 4.50 for the first four quarters following the completion of the acquisition of Rockwood, stepping down by 0.25 on a quarterly basis thereafter until reaching 3.50; (b) modification of the indebtedness covenant to permit the incurrence of indebtedness represented by Rockwood's former senior notes due in 2020; and (c) requiring subsidiaries of Albemarle that guarantee Rockwood's former senior notes or that guarantee the 2014 Senior Notes to also guarantee the February 2014 Credit Agreement.

On December 22, 2014, the February 2014 Credit Agreement was further amended to provide for, among other things, an increase in the aggregate commitments under the facility to $1.0 billion. As of December 31, 2014, there were no borrowings outstanding under the February 2014 Credit Agreement.

Commercial Paper Notes

On May 29, 2013, we entered into agreements to initiate a commercial paper program on a private placement basis under which we may issue unsecured commercial paper notes (the "Commercial Paper Notes") from time-to-time up to a maximum aggregate principal amount outstanding at any time of $750.0 million. The proceeds from the issuance of the Commercial Paper Notes are expected to be used for general corporate purposes, including the repayment of other debt of the Company. Our February 2014 Credit Agreement is available to repay the Commercial Paper Notes, if necessary. Aggregate borrowings outstanding under the February 2014 Credit Agreement and the Commercial Paper Notes will not exceed the $1.0 billion current maximum amount available under the February 2014 Credit Agreement. The Commercial Paper Notes will be sold at a discount from par, or alternatively, will be sold at par and bear interest at rates that will vary based upon market conditions at the time of issuance. The maturities of the Commercial Paper Notes will vary but may not exceed 397 days from the date of issue. The definitive documents relating to the commercial paper program contain customary representations, warranties, default and indemnification provisions. At December 31, 2014, we had $367.2 million of Commercial Paper Notes outstanding bearing a weighted-average interest rate of approximately 0.79% and a weighted-average maturity of 25 days. In order to maintain flexibility with regard to our liquidity strategy, in the second quarter of 2014 the Commercial Paper Notes were reclassified from Long-term debt to Current portion of long-term debt.

Term Loan and Bridge Financing

On August 15, 2014, we entered into a term loan credit agreement (the "Term Loan") providing for a tranche of senior unsecured term loans in an aggregate amount of $1.0 billion. Amounts borrowed under the Term Loan were used as short-term borrowings to fund a portion of the cash consideration payable in connection with the acquisition of Rockwood and pay related fees and expenses. Borrowings bear interest at variable rates based on an average LIBOR for deposits in dollars plus an applicable margin which ranges from 1.125% to 2.000%, depending on our credit rating from S&P and Moody's. As of December 31, 2014, the applicable margin over LIBOR was 1.500%. Term Loan borrowings are guaranteed by the subsidiaries of Albemarle that guarantee Rockwood's former senior notes or that guarantee the 2014 Senior Notes. The Term Loan matures 364 days following the date of funding, which occurred on January 12, 2015. Borrowings are conditioned upon compliance with one financial covenant which requires that our maximum leverage ratio must be less than or equal to 4.50 times consolidated adjusted EBITDA as of the end of any fiscal quarter. As of December 31, 2014, there were no borrowings outstanding under the Term Loan.

On July 15, 2014, we entered into a commitment letter (the "Commitment Letter") with Bank of America, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated. The Commitment Letter provided for the following, if needed: (a) a senior unsecured cash bridge facility (the "Cash Bridge Facility") in an aggregate principal amount of up to $1.15 billion; and (b) a senior unsecured bridge facility, which was subsequently eliminated upon the attainment of permanent financing in the form of the Term Loan and the 2014 Senior Notes.

On December 2, 2014, we entered into a new senior unsecured credit facility agreement documenting the Cash Bridge Facility pursuant to which the lenders thereunder will provide up to $1.15 billion in loans. The Cash Bridge Facility is guaranteed by each of the Company's subsidiaries that guarantee the February 2014 Credit Agreement. Amounts borrowed under the Cash Bridge Facility were used as short-term borrowings to fund a portion of the cash consideration payable in connection with the acquisition of Rockwood and pay related fees and expenses, and mature 60 days following the completion of Rockwood acquisition, which occurred on January 12, 2015. The interest rate on amounts outstanding will be either (a) LIBOR, or (b) an alternate base rate (defined as the highest of (i) Bank of America's prime rate, (ii) the Federal Funds rate plus 0.50% and (iii) a daily rate equal to one-month LIBOR plus 1.00%), plus, in each case, an applicable margin based on our credit rating. As of December 31, 2014, there were no borrowings outstanding under the Cash Bridge Facility.

Structuring and underwriting fees of approximately $19.0 million were paid in 2014 in connection with the bridge facilities, and are reflected in Other, net, in our consolidated statements of cash flows. These costs were capitalized and we expense them over the term of the facilities or until the date at which permanent financing is obtained and the facilities are eliminated. Accordingly, we recorded approximately $16.7 million of expense in 2014, which is reflected in Other (expenses) income, net, in the consolidated statements of income and Other, net, in our consolidated statements of cash flows.

Financing Costs

Debt financing costs incurred and paid in 2014 were $18.9 million and $17.6 million, respectively, in connection with the 2014 Senior Notes, Term Loan and February 2014 Credit Agreement.

Other

We have additional credit lines in the U.S. with financial institutions that provide for borrowings under uncommitted credit lines up to a maximum of $60.0 million. There were no outstanding borrowings under these agreements at either December 31, 2014 or December 31, 2013. The average interest rate on borrowings under these agreements during 2013 and 2012 was 0.89% and 1.49%, respectively.

We have an agreement with a foreign bank that provides immediate U.S Dollar or Euro-denominated borrowings under uncommitted credit lines up to a maximum of $48.0 million or the Euro equivalent. At December 31, 2014 and 2013, there were no outstanding borrowings under this agreement.

One of our foreign subsidiaries has agreements with several foreign banks, which provide immediate borrowings under uncommitted credit lines up to a maximum of 4.5 billion Japanese Yen (approximately $37.3 million at December 31, 2014, based on applicable exchange rates). At December 31, 2014 and 2013 there were outstanding borrowings of $8.3 million and $16.4 million, respectively, under these agreements. The weighted average interest rate on borrowings under these agreements during 2014 and 2013 was 0.50% and 0.52%, respectively (there were no borrowings in 2012).

Certain of our remaining foreign subsidiaries have additional agreements with foreign institutions that provide immediate uncommitted credit lines, on a short term basis, up to an aggregate maximum of approximately $67.8 million, of which $60.0 million supports foreign subsidiaries based in China. We have guaranteed these agreements. At December 31, 2014 and 2013, there were no outstanding borrowings under these agreements.

At December 31, 2014 and 2013, we had the ability and intent to refinance our borrowings under our other existing credit lines with borrowings under the February 2014 Credit Agreement. Therefore, the amounts outstanding under those credit lines, if any, are classified as long-term debt at December 31, 2014 and 2013. At December 31, 2014, we had the ability to borrow $632.8 million under our commercial paper program and the February 2014 Credit Agreement.

Our consolidated joint venture, Jordan Bromine Company Limited ("JBC"), has foreign currency denominated debt, which amounted to $18.8 million and $26.4 million at December 31, 2014 and 2013, respectively, and principally includes (i) foreign plant-related construction borrowings maturing in April 2015 amounting to $2.0 million and $7.9 million at December 31, 2014 and 2013, respectively, which bore interest at rates ranging from 2.09% to 5.5% at December 31, 2014, and (ii) short-term borrowings of $16.8 million and $18.5 million at December 31, 2014 and 2013, respectively, bearing interest at 1.47% as of December 31, 2014. At December 31, 2014, JBC had additional borrowing capacity of approximately $7.6 million.

We believe that as of December 31, 2014, we were, and currently are, in compliance with all of our debt covenants.

NOTE 14—Other Noncurrent Liabilities:

Other noncurrent liabilities consist of the following at December 31, 2014 and 2013 (in thousands):

	December 31,	
	2014	2013
Liabilities related to uncertain tax positions[a]	$ 25,340	$ 29,834
Executive deferred compensation plan obligation	22,168	23,030
Deferred revenue—long-term	2,010	2,444
Environmental liabilities[b]	4,841	9,213
Asset retirement obligations[b]	15,085	16,930
Other	18,261	29,159
Total	$ 87,705	$ 110,610

(a) See Note 19, "Income Taxes."
(b) See Note 16, "Commitments and Contingencies."

NOTE 15—Stock-based Compensation Expense:

Incentive Plans

We have various share-based compensation plans that authorize the granting of (i) stock options to purchase shares of our common stock, (ii) restricted stock and restricted stock units, (iii) performance unit awards and (iv) stock appreciation rights ("SARs") to employees and non-employee directors. The plans provide for payment of incentive awards in one or more of the following at our option: cash, shares of our common stock, qualified and non-qualified stock options, SARs, restricted stock awards, restricted stock unit awards and performance unit awards. The share-based awards granted by us generally contain vesting provisions ranging from one to five years, and with respect to stock options granted by us, have a term of not more than ten years from the date of grant. Stock options granted to employees generally vest over three years and have a term of ten years. Restricted stock and restricted stock unit awards vest in periods ranging from one to five years from the date of grant. Performance unit awards are earned at a level ranging from 0% to 200% contingent upon the achievement of specific performance criteria over periods ranging from one to three years. Distribution of earned units, if any, occurs generally 50% upon completion of the applicable measurement period with the remaining 50% distributed one year thereafter.

We granted 222,939, 297,924 and 263,200 stock options during 2014, 2013 and 2012, respectively. There were no significant modifications made to any share-based grants during these periods.

On April 20, 2010, the maximum number of shares available for issuance to participants under the Albemarle Corporation 2008 Incentive Plan (the "Incentive Plan") increased by 4,470,000 shares to 7,470,000 shares. With respect to any awards, other than stock options or SARs, the number of shares available for awards under the Incentive Plan were reduced by 1.6 shares for each share covered by such award or to which such award related. Effective May 7, 2013, the Albemarle Corporation 2008 Stock Compensation Plan for Non-Employee Directors and the 1996 Directors' Deferred Compensation Plan (as amended and restated in 2005) were merged into the Albemarle Corporation 2013 Stock Compensation and Deferral Election Plan for Non-Employee Directors (the "Non-Employee Directors Plan"). Under the Non-Employee Directors Plan, a maximum aggregate number of 500,000 shares of our common stock is authorized for issuance to the Company's non-employee directors; any shares remaining available for issuance under the prior plans were canceled. The aggregate fair market value of shares that may be issued to a director during any compensation year (as defined in the agreement, generally July 1 to June 30) shall not exceed $150,000. At December 31, 2014, there were 3,032,741 shares available for grant under the Incentive Plan and 473,000 shares available for grant under the Non-Employee Directors Plan.

Total stock-based compensation expense associated with our incentive plans for the years ended December 31, 2014, 2013 and 2012 amounted to $14.3 million, $10.2 million and $15.2 million, respectively, and is included in cost of goods sold and selling, general and administrative ("SG&A") expenses on the consolidated statements of income. Total related recognized tax benefits for the years ended December 31, 2014, 2013 and 2012 amounted to $5.2 million, $3.7 million and $5.6 million, respectively.

The following table summarizes information about the Company's fixed-price stock options as of and for the year ended December 31, 2014:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2013	1,369,116	$ 47.55	7.0	$ 22,795
Granted	222,939	63.84		
Exercised	(77,546)	34.99		
Forfeited	(26,133)	64.93		
Expired	(4,133)	62.60		
Outstanding at December 31, 2014	1,484,243	$ 50.30	6.5	$ 17,887
Exercisable at December 31, 2014	958,599	$ 42.33	5.4	$ 17,887

The fair value of each option granted during the years ended December 31, 2014, 2013 and 2012 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Year Ended December 31,		
	2014	2013	2012
Dividend yield	1.71%	1.58%	1.59%
Volatility	33.03%	33.55%	34.04%
Average expected life (years)	6	6	6
Risk-free interest rate	2.94%	2.18%	2.05%
Fair value of options granted	$ 19.56	$ 19.73	$ 20.00

Dividend yield is the average of historical yields and those estimated over the average expected life. The stock volatility is based on historical volatilities of our common stock. The average expected life represents the weighted average period of time that options granted are expected to be outstanding giving consideration to vesting schedules and our historical exercise patterns. The risk-free interest rate is based on the U.S. Treasury strip rate with stripped coupon interest for the period equal to the contractual term of the share option grant in effect at the time of grant.

The intrinsic value of options exercised during the years ended December 31, 2014, 2013 and 2012 was $2.4 million, $7.0 million and $37.4 million, respectively. The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price of the option.

Total compensation cost not yet recognized for nonvested stock options outstanding as of December 31, 2014 is approximately $6.8 million and is expected to be recognized over a remaining weighted-average period of 2.4 years. Cash proceeds from stock options exercised and tax benefits related to stock options exercised were $2.7 million and $0.8 million for the year ended December 31, 2014, respectively. The Company issues new shares of common stock upon exercise of stock options and vesting of restricted common stock awards.

The following table summarizes activity in performance unit awards as of and for the year ended December 31, 2014:

	Shares	Weighted-Average Grant Date Fair Value Per Share
Nonvested, beginning of period	371,403	$ 63.08
Granted	300,644	66.83
Vested	(116,620)	58.02
Forfeited	(99,409)	65.97
Nonvested, end of period	456,018	66.21

The weighted average grant date fair value of performance unit awards granted in 2014, 2013 and 2012 was $20.1 million, $16.9 million and $19.7 million, respectively. Performance units awarded in 2013 include shares with a weighted average grant date fair value of $6.3 million related to awards granted in 2011 that earned at a rate of 200% based upon the achievement of specific performance criteria. Performance units awarded in 2012 include shares with a weighted average grant date fair value of $8.9 million related to awards granted in 2011 and 2010 that earned at a rate of 200% based upon the achievement of specific performance criteria.

The weighted average fair value of performance unit awards that vested during 2014, 2013 and 2012 was $7.4 million, $14.5 million and $18.3 million, respectively, based on the closing prices of our common stock on the dates of vesting. Total compensation cost not yet recognized for nonvested performance unit awards outstanding as of December 31, 2014 is approximately $13.4 million, calculated based on current expectation of specific performance criteria, and is expected to be recognized over a remaining weighted-average period of approximately 1.5 years. Each performance unit represents one share of common stock.

The following table summarizes activity in non-performance based restricted stock and restricted stock unit awards as of and for the year ended December 31, 2014:

	Shares	Weighted-Average Grant Date Fair Value Per Share
Nonvested, beginning of period	111,195	$ 59.32
Granted	44,811	60.96
Vested	(32,850)	60.75
Forfeited	(17,868)	48.93
Nonvested, end of period	105,288	61.34

The weighted average grant date fair value of restricted stock and restricted stock unit awards granted in 2014, 2013 and 2012 was $2.7 million, $3.4 million and $2.9 million, respectively. The weighted average fair value of restricted stock and restricted stock unit awards that vested in 2014, 2013 and 2012 was $2.1 million, $3.2 million and $7.4 million, respectively, based on the closing prices of our common stock on the dates of vesting. Total compensation cost not yet recognized for nonvested, non-performance based restricted stock and restricted stock units as of December 31, 2014 is approximately $3.2 million and is expected to be recognized over a remaining weighted-average period of 2.0 years. The fair value of the non-performance based restricted stock and restricted stock units was estimated on the date of grant adjusted for a dividend factor, if necessary.

NOTE 16—Commitments and Contingencies:

In the ordinary course of business, we have commitments in connection with various activities, the most significant of which are as follows:

Environmental

We had the following activity in our recorded environmental liabilities for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Balance, beginning of year	$ 16,599	$ 20,322	$ 12,359
Expenditures	(4,548)	(3,013)	(1,451)
Divestitures	(1,954)	—	—
Changes in estimates recorded to earnings and other	34	(902)	227
Exit of phosphorus flame retardants business	—	—	8,700
Foreign currency translation	(896)	192	487
Balance, end of year	9,235	16,599	20,322
Less amounts reported in Accrued expenses	4,394	7,386	3,109
Amounts reported in Other noncurrent liabilities	$ 4,841	$ 9,213	$ 17,213

The amounts recorded represent our future remediation and other anticipated environmental liabilities. These liabilities typically arise during the normal course of our operational and environmental management activities or at the time of acquisition of the site, and are based on internal analysis as well as input from outside consultants. As evaluations proceed at each relevant site, changes in risk assessment practices, remediation techniques and regulatory requirements can occur, therefore such liability estimates may be adjusted accordingly. The timing and duration of remediation activities at these sites will be determined when evaluations are completed. Although it is difficult to quantify the potential financial impact of these remediation liabilities, management estimates (based on the latest available information) that there is a reasonable possibility that future environmental remediation costs associated with our past operations, in excess of amounts already recorded, could be up to approximately $12 million before income taxes.

Approximately $5.1 million of our recorded liability is related to the closure and post-closure activities at a former landfill associated with our Bergheim, Germany site, which was recorded at the time of our acquisition of this site in 2001. This closure project has been approved under the authority of the governmental permit for this site and is scheduled for completion in 2017, with post-closure monitoring to occur for 30 years thereafter. The remainder of our recorded liability is associated with sites that are being evaluated under governmental authority but for which final remediation plans have not yet been approved. In connection with the remediation activities at our Bergheim, Germany site as required by the German environmental authorities, we have pledged certain of our land and housing facilities at this site which has an estimated fair value of $5.4 million.

During the second quarter of 2012, the Company recorded $8.7 million in estimated site remediation liabilities at our Avonmouth, United Kingdom site as part of the charges associated with our exit of the phosphorus flame retardant business. Included in these estimated charges are anticipated costs of site investigation, remediation and cleanup activities. Remediation activities at this site were substantially completed in 2014.

We believe that any sum we may be required to pay in connection with environmental remediation matters in excess of the amounts recorded should occur over a period of time and should not have a material adverse effect upon our results of operations, financial condition or cash flows on a consolidated annual basis although any such sum could have a material adverse impact on our results of operations, financial condition or cash flows in a particular quarterly reporting period.

Rental Expense

Our rental expenses include a number of operating lease agreements, primarily for office space, transportation equipment and storage facilities. The following schedule details the future non-cancelable minimum lease payments for the next five years and thereafter (in thousands):

	Minimum Operating Lease Payments
2015	$ 8,045
2016	$ 5,674
2017	$ 4,638
2018	$ 2,551
2019	$ 2,029
Thereafter	$ 4,036

Rental expense was approximately $31.9 million, $30.7 million, and $33.1 million for 2014, 2013 and 2012, respectively. Rental expense related to discontinued operations was approximately $1.3 million, $1.6 million and $1.4 million for 2014, 2013 and 2012, respectively. Rental expense is shown net of rental income which was minimal during 2014, 2013 and 2012.

Litigation

On July 3, 2006, we received a Notice of Violation (the "2006 NOV") from the U.S. Environmental Protection Agency Region 4 ("EPA") regarding the implementation of the Pharmaceutical Maximum Achievable Control Technology standards at our former plant in Orangeburg, South Carolina. The alleged violations involved (i) the applicability of the specific regulations to certain intermediates manufactured at the plant, (ii) failure to comply with certain reporting requirements, (iii) improper evaluation and testing to properly implement the regulations and (iv) the sufficiency of the leak detection and repair program at the plant. In the second quarter of 2011, the Company was served with a complaint by the EPA in the U.S. District Court for the District of South Carolina, based on the alleged violations set out in the 2006 NOV seeking civil penalties and injunctive relief. The complaint was subsequently amended to add the State of South Carolina as a plaintiff. On June 11, 2014, we entered into a consent decree with the EPA and the South Carolina Department of Health and Environmental Control ("DHEC") to settle this matter. Pursuant to the consent decree, in 2014 we paid a civil penalty to the EPA in the amount of approximately $332,000. A civil penalty of approximately $112,000 was waived pursuant to the consent decree and we will not be required to pay this amount to the DHEC.

In addition, we are involved from time to time in legal proceedings of types regarded as common in our business, including administrative or judicial proceedings seeking remediation under environmental laws, such as the federal Comprehensive Environmental Response, Compensation and Liability Act, commonly known as CERCLA or Superfund, products liability, breach of contract liability and premises liability litigation. Where appropriate, we may establish financial reserves for such proceedings. We also maintain insurance to mitigate certain of such risks. Costs for legal services are generally expensed as incurred.

Also see Note 23, "Acquisitions" for a discussion about litigation matters in connection with the Acquisition of Rockwood.

Other

The Company has standby letters of credit and guarantees with various financial institutions. The following table summarizes our letters of credit and guarantee agreements (in thousands):

	2015	2016	2017	2018	2019	Thereafter
Letters of credit and other guarantees	$ 17,774	$ 3,528	$ 4,011	$ 1,187	$ 14	$ 3,629

The outstanding letters of credit are primarily related to insurance claim payment guarantees with expiration dates ranging from 2015 to 2022. The majority of the Company's other guarantees have terms of one year and mainly consist of performance and environmental guarantees, as well as guarantees to customs and port authorities. The guarantees arose during the ordinary course of business.

We do not have recorded reserves for the letters of credit and guarantees as of December 31, 2014. We are unable to estimate the maximum amount of the potential future liability under guarantees and letters of credit. However, we accrue for any potential loss for which we believe a future payment is probable and a range of loss can be reasonably estimated. We believe our liability under such obligations is immaterial.

Our estimated asset retirement obligations associated with certain property and equipment were $15.1 million and $16.9 million at December 31, 2014 and 2013, respectively. We have not recognized conditional asset retirement obligations for which a fair value cannot be reasonably estimated in our consolidated financial statements. It is the opinion of our management that the possibility is remote that such conditional asset retirement obligations, when estimable, will have a material adverse impact on our consolidated financial statements based on current costs.

We currently, and are from time to time, subject to transactional audits in various taxing jurisdictions and to customs audits globally. We do not expect the financial impact of any of these audits to have a material adverse effect on the Company's results of operations, financial condition or cash flows.

NOTE 17—Accumulated Other Comprehensive (Loss) Income:

The components and activity in Accumulated other comprehensive (loss) income consisted of the following during the years ended December 31, 2014, 2013 and 2012 (in thousands):

	Foreign Currency Translation[(a)]	Pension and Post-Retirement Benefits[(b)]	Net Investment Hedge[(c)]	Interest Rate Swap[(d)]	Other	Total
Balance at December 31, 2011	$ 56,245	$ 5,060	$ —	$ —	$ (976)	$ 60,329
Current period change	26,846	(6,533)	—	—	212	20,525
Tax benefit (expense)	2,026	2,462	—	—	(78)	4,410
Balance at December 31, 2012	85,117	989	—	—	(842)	85,264
Current period change	29,539	(781)	—	—	214	28,972
Tax benefit (expense)	1,809	279	—	—	(79)	2,009
Balance at December 31, 2013	116,465	487	—	—	(707)	116,245
Current period change	(163,456)	(772)	17,971	(33,091)	217	(179,131)
Tax benefit (expense)	(5,273)	285	(6,587)	12,129	(81)	473
Balance at December 31, 2014	$ (52,264)	$ —	$ 11,384	$ (20,962)	$ (571)	$ (62,413)

(a) Current period change for the year ended December 31, 2012 includes $12.3 million related to a non-cash write-off of foreign currency translation adjustments from Accumulated other comprehensive (loss) income in connection with our exit of the phosphorus flame retardants business. See Note 20, "Restructuring and Other." Current period change for the year ended December 31, 2014 includes $17.8 million related to a non-cash write-off of foreign currency translation adjustments from Accumulated other comprehensive (loss) income in connection with the sale of our antioxidant, ibuprofen and propofol businesses and assets which closed on September 1, 2014. See Note 2, "Discontinued Operations."

(b) Current period change for the year ended December 31, 2012 includes $6.5 million related to a supplemental executive retirement plan settlement in connection with the retirement of our former CEO and executive chairman, and ($4.5) million related to various amendments to certain of our U.S. pension and defined contribution plans that were approved by our Board of Directors in the fourth quarter of 2012.

(c) Current period change for the year ended December 31, 2014 includes $12.8 million related to the revaluation of our euro-denominated senior notes and a $5.2 million gain on the settlement of related foreign currency forward contracts, both of which were designated as a hedge of our net investment in foreign operations. See Note 13, "Long-Term Debt" for additional information about these transactions.

(d) Current period change for the year ended December 31, 2014 includes a realized loss of ($33.4) million on the settlement of our forward starting interest rate swap which was designated and accounted for as a cash flow hedge under ASC 815, *Derivatives and Hedging*. See Note 13, "Long-Term Debt" for additional information about this interest rate swap.

In accordance with accounting guidance issued by the FASB in February 2013 which became effective for us in the first quarter of 2013 on a prospective basis, below is information about amounts reclassified from accumulated other comprehensive (loss) income, net of deferred income taxes, for the years ended December 31, 2014 and 2013 (in thousands):

	Foreign Currency Translation(a)	Pension and Post-Retirement Benefits(b)	Net Investment Hedge	Interest Rate Swap(c)	Other	Total
Accumulated other comprehensive income (loss) - balance at December 31, 2012	$ 85,117	$ 989	$ —	$ —	$ (842)	$ 85,264
Other comprehensive income (loss) before reclassifications	31,704	—	—	—	(2)	31,702
Amounts reclassified from accumulated other comprehensive income (loss)	—	(502)	—	—	137	(365)
Other comprehensive income (loss), net of tax	31,704	(502)	—	—	135	31,337
Other comprehensive income attributable to noncontrolling interests	(356)	—	—	—	—	(356)
Accumulated other comprehensive income (loss) - balance at December 31, 2013	$ 116,465	$ 487	$ —	$ —	$ (707)	$ 116,245
Other comprehensive (loss) income before reclassifications	(151,059)	—	11,384	(21,174)	—	(160,849)
Amounts reclassified from accumulated other comprehensive income (loss)	(17,750)	(487)	—	212	136	(17,889)
Other comprehensive (loss) income, net of tax	(168,809)	(487)	11,384	(20,962)	136	(178,738)
Other comprehensive loss attributable to noncontrolling interests	80	—	—	—	—	80
Accumulated other comprehensive (loss) income - balance at December 31, 2014	$ (52,264)	$ —	$ 11,384	$ (20,962)	$ (571)	$ (62,413)

(a) Amounts reclassified from accumulated other comprehensive income (loss) for the year ended December 31, 2014 are included in (Loss) income from discontinued operations (net of tax) and resulted from the release of cumulative foreign currency translation adjustments into earnings upon the sale of our antioxidant, ibuprofen and propofol businesses and assets which closed on September 1, 2014. See Note 2, "Discontinued Operations."

(b) The pre-tax portion of amounts reclassified from accumulated other comprehensive (loss) income consists of amortization of prior service benefit, which is a component of pension and postretirement benefits cost (credit). See Note 18, "Pension Plans and Other Postretirement Benefits."

(c) The pre-tax portion of amounts reclassified from accumulated other comprehensive (loss) income is included in interest expense. See Note 13, "Long-Term Debt."

NOTE 18—Pension Plans and Other Postretirement Benefits:

We have certain noncontributory defined benefit pension plans covering certain U.S., German and Japanese employees. We also have a contributory defined benefit plan covering certain Belgian employees. The benefits for these plans are based primarily on compensation and/or years of service. The funding policy for each plan complies with the requirements of relevant governmental laws and regulations. The pension information for all periods presented includes amounts related to salaried and hourly plans.

Our U.S. defined benefit plan for non-represented employees was closed to new participants effective March 31, 2004. On October 1, 2012, our Board of Directors approved certain plan amendments, such that effective December 31, 2014, no additional benefits shall accrue under this plan and participants' accrued benefits shall be frozen as of that date. In addition, for participants who retire on or after December 31, 2012 and before December 31, 2013, final average earnings shall be determined as of December 31, 2012. For participants who retire on or after December 31, 2013 and before December 31, 2014, final average earnings shall be determined as of December 31, 2013. And for participants who retire on or after December 31, 2014, final average earnings shall be determined as of December 31, 2014. In addition to freezing the accrued benefits as of December 31, 2014, our Board of Directors also authorized application of a higher benefit formula for calculating accrued benefits in 2013 and 2014 only, as well as including an offset factor that would be applied to accrued benefits earned in 2013 and 2014. In connection with the plan amendments approved on October 1, 2012, we recorded a net curtailment gain of $4.5 million, which is included in Restructuring and other charges, net, on our consolidated statements of income for the year ended December 31, 2012.

On March 31, 2004, a new defined contribution pension plan benefit was adopted under the qualified defined contribution plan for U.S. non-represented employees hired after March 31, 2004. On October 1, 2012 our Board of Directors approved certain plan amendments, such that effective January 1, 2013, the defined contribution pension plan benefit is expanded to include non-represented employees hired prior to March 31, 2004, and revised the contribution for all participants to be based on 5% of eligible employee compensation. Furthermore, our Board of Directors approved a one-time contribution to be made in December 2012 for active participants still in the U.S. defined benefit plan; the one-time contribution, in the amount of $10.1 million, was made into the defined contribution pension plan and into the EDCP for the amount of the one-time contribution that exceeded U.S. Internal Revenue Service ("IRS") limits. The employer portion of contributions to our U.S. defined contribution pension plan amounted to $8.4 million, $8.8 million, and $14.8 million (including the one-time contribution made in the fourth quarter of 2012) in 2014, 2013 and 2012, respectively.

Pension coverage for the employees of our other foreign subsidiaries is provided through separate plans. The plans are funded in conformity with the funding requirements of applicable governmental regulations. The pension cost, actuarial present value of benefit obligations and plan assets for all plans are combined in the other pension disclosure information presented.

The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans, as well as a summary of significant assumptions for our pension benefit plans (in thousands):

	Year Ended December 31, 2014		Year Ended December 31, 2013	
	Total Pension Benefits	Domestic Pension Benefits	Total Pension Benefits	Domestic Pension Benefits
Change in benefit obligations:				
Benefit obligation at January 1	$ 678,582	$ 629,337	$ 762,395	$ 714,158
Service cost	8,775	7,029	13,962	12,177
Interest cost	32,062	30,491	29,883	28,406
Actuarial loss (gain)	141,228	130,887	(88,392)	(85,774)
Benefits paid	(41,779)	(37,866)	(41,132)	(39,630)
Divestitures[(a)]	(30,226)	(30,226)	—	—
Employee contributions	283	—	320	—
Foreign exchange (gain) loss	(6,161)	—	1,546	—
Benefit obligation at December 31	$ 782,764	$ 729,652	$ 678,582	$ 629,337
Change in plan assets:				
Fair value of plan assets at January 1	$ 616,545	$ 605,604	$ 563,303	$ 554,179
Actual return on plan assets	54,195	53,696	83,853	83,499
Employer contributions	9,982	7,042	9,790	7,556
Benefits paid	(41,779)	(37,866)	(41,132)	(39,630)
Divestitures[(a)]	(30,226)	(30,226)	—	—
Employee contributions	283	—	320	—
Foreign exchange (loss) gain	(1,306)	—	411	—
Fair value of plan assets at December 31	$ 607,694	$ 598,250	$ 616,545	$ 605,604
Funded status at December 31	$ (175,070)	$ (131,402)	$ (62,037)	$ (23,733)

(a) Reduction in benefit obligations and plan assets is in connection with the sale of our antioxidant, ibuprofen and propofol businesses and assets which closed on September 1, 2014. See Note 2 "Discontinued Operations" for additional information about this transaction.

	December 31, 2014		December 31, 2013	
	Total Pension Benefits	**Domestic Pension Benefits**	**Total Pension Benefits**	**Domestic Pension Benefits**
Amounts recognized in consolidated balance sheets:				
Current liabilities (accrued expenses)	$ (4,535)	$ (3,219)	$ (4,390)	$ (2,856)
Noncurrent liabilities (pension benefits)	(170,534)	(128,183)	(57,647)	(20,877)
Net pension liability	$ (175,069)	$ (131,402)	$ (62,037)	$ (23,733)
Amounts recognized in accumulated other comprehensive (loss) income:				
Prior service benefit	$ (607)	$ (286)	$ 70	$ 441
Net amount recognized	$ (607)	$ (286)	$ 70	$ 441
Weighted-average assumption percentages:				
Discount rate	4.03%	4.19%	5.00%	5.14%
Rate of compensation increase	3.40%	—%	2.78%	3.50%

The accumulated benefit obligation for all defined benefit pension plans was $776.6 million and $669.1 million at December 31, 2014 and 2013, respectively.

Postretirement medical benefits and life insurance is provided for certain groups of U.S. retired employees. Medical and life insurance benefit costs have been funded principally on a pay-as-you-go basis. Although the availability of medical coverage after retirement varies for different groups of employees, the majority of employees who retire before becoming eligible for Medicare can continue group coverage by paying a portion of the cost of a monthly premium designed to cover the claims incurred by retired employees subject to a cap on payments allowed. The availability of group coverage for Medicare-eligible retirees also varies by employee group with coverage designed either to supplement or coordinate with Medicare. Retirees generally pay a portion of the cost of the coverage. Plan assets for retiree life insurance are held under an insurance contract and are reserved for retiree life insurance benefits. In 2005, the postretirement medical benefit available to U.S. employees was changed to provide that employees who are under age 50 as of December 31, 2005 would no longer be eligible for a company-paid retiree medical premium subsidy. Employees who are of age 50 and above as of December 31, 2005 and who retire after January 1, 2006 will have their retiree medical premium subsidy capped. Effective January 1, 2008, our medical insurance for certain groups of U.S. retired employees is now insured through a medical carrier.

The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans, as well as a summary of significant assumptions for our postretirement benefit plans (in thousands):

	Year Ended December 31,	
	2014	2013
	Total Other Postretirement Benefits	Total Other Postretirement Benefits
Change in benefit obligations:		
Benefit obligation at January 1	$ 62,832	$ 70,787
Service cost	216	309
Interest cost	3,040	2,764
Actuarial loss (gain)	3,741	(6,165)
Benefits paid	(5,329)	(4,863)
Benefit obligation at December 31	$ 64,500	$ 62,832
Change in plan assets:		
Fair value of plan assets at January 1	$ 5,620	$ 6,611
Actual return on plan assets	214	368
Employer contributions	3,934	3,504
Benefits paid	(5,329)	(4,863)
Fair value of plan assets at December 31	$ 4,439	$ 5,620
Funded status at December 31	$ (60,061)	$ (57,212)

	December 31,	
	2014	2013
	Total Other Postretirement Benefits	Total Other Postretirement Benefits
Amounts recognized in consolidated balance sheets:		
Current liabilities (accrued expenses)	$ (3,637)	$ (3,309)
Noncurrent liabilities (postretirement benefits)	(56,424)	(53,903)
Net postretirement liability	$ (60,061)	$ (57,212)
Amounts recognized in accumulated other comprehensive (loss) income:		
Prior service benefit	$ 334	$ 429
Net amount recognized	$ 334	$ 429
Weighted-average assumption percentages:		
Discount rate	4.15%	5.03%
Rate of compensation increase	3.50%	3.50%

The components of pension benefits cost (credit) are as follows (in thousands):

	Year Ended December 31, 2014		Year Ended December 31, 2013		Year Ended December 31, 2012	
	Total Pension Benefits	Domestic Pension Benefits	Total Pension Benefits	Domestic Pension Benefits	Total Pension Benefits	Domestic Pension Benefits
Service cost	$ 8,775	$ 7,029	$ 13,962	$ 12,177	$ 12,741	$ 11,274
Interest cost	32,062	30,491	29,883	28,406	31,636	29,843
Expected return on assets	(40,141)	(39,714)	(39,392)	(38,975)	(44,752)	(44,342)
Actuarial loss (gain)[(a)]	126,975	116,705	(132,916)	(130,297)	72,550	65,603
Amortization of prior service benefit	(677)	(727)	(689)	(741)	(757)	(812)
Total net pension benefits cost (credit)	$ 126,994	$ 113,784	$ (129,152)	$ (129,430)	$ 71,418	$ 61,566
Weighted-average assumption percentages:						
Discount rate	5.00%	5.14%	4.04%	4.10%	5.04%	5.07%
Expected return on plan assets	6.86%	6.91%	7.20%	7.25%	8.19%	8.25%
Rate of compensation increase	2.78%	3.50%	3.37%	3.50%	3.96%	4.11%

(a) In the second quarter of 2013, we identified that our consolidated statement of income for the year ended December 31, 2012 included a correction of $5.8 million (recorded in the second quarter of 2012) for pension plan actuarial gains that related to 2011. This amount was deemed to be not material with respect to our financial statements for the year ended December 31, 2012 and any prior period financial statements.

The estimated amounts to be amortized from accumulated other comprehensive loss into net periodic pension costs during 2015 are as follows (in thousands):

	Total Pension Benefits	Domestic Pension Benefits
Amortization of prior service benefit	$ 126	$ 75

The components of postretirement benefits cost (credit) are as follows (in thousands):

	Year Ended December 31, 2014	2013	2012
	Total Other Postretirement Benefits	Total Other Postretirement Benefits	Total Other Postretirement Benefits
Service cost	$ 216	$ 309	$ 274
Interest cost	3,040	2,764	3,172
Expected return on assets	(342)	(413)	(488)
Actuarial loss (gain)[(a)]	3,868	(6,120)	3,161
Amortization of prior service benefit	(95)	(95)	(95)
Total net postretirement benefits cost (credit)	$ 6,687	$ (3,555)	$ 6,024
Weighted-average assumption percentages:			
Discount rate	5.03%	4.00%	5.10%
Expected return on plan assets	7.00%	7.00%	7.00%
Rate of compensation increase	3.50%	3.50%	4.00%

(a) In the second quarter of 2013, we identified that our consolidated statement of income for the year ended December 31, 2012 included a correction of $4.4 million (recorded in the second quarter of 2012) for postretirement plan actuarial gains that related to 2011. This amount was deemed to be not material with respect to our financial statements for the year ended December 31, 2012 and any prior period financial statements.

The estimated amounts to be amortized from accumulated other comprehensive loss into net periodic postretirement costs during 2015 are as follows (in thousands):

	Total Other Postretirement Benefits
Amortization of prior service benefit	$ (95)

In estimating the expected return on plan assets, consideration is given to past performance and future performance expectations for the types of investments held by the plan, as well as the expected long-term allocations of plan assets to these investments. For the years 2014 and 2013, the weighted-average expected rate of return on domestic pension plan assets was 6.91% and 7.25%, respectively. The weighted-average expected rate of return on our domestic pension plan assets is 6.89% effective January 1, 2015. The weighted-average expected rate of return on plan assets for our OPEB plans was 7.00% during 2014 and 2013. There has been no change to the assumed rate of return on OPEB plan assets effective January 1, 2015. The weighted-average expected rate of return on pension plan assets for foreign plans was 4.00% during 2014 and 2013.

In projecting the rate of compensation increase, we consider past experience in light of movements in inflation rates. At December 31, 2014, the assumed weighted-average rate of compensation increase changed to 3.40% from 2.78% for the pension plans. The assumed weighted-average rate of compensation increase was 3.50% for the OPEB plans at December 31, 2014 and 2013.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The inputs used to measure fair value are classified into the following hierarchy:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability
Level 3	Unobservable inputs for the asset or liability

We endeavor to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstance that caused the transfer. There were no transfers between Levels 1 and 2 during the year ended December 31, 2014. Investments for which market quotations are readily available are valued at the closing price on the last business day of the year. Listed securities for which no sale was reported on such date are valued at the mean between the last reported bid and asked price. Securities traded in the over-the-counter market are valued at the closing price on the last business day of the year or at bid price. The net asset value of shares or units is based on the quoted market value of the underlying assets. The market value of corporate bonds is based on institutional trading lots and is most often reflective of bid price. Government securities are valued at the mean between bid and ask prices. Holdings in private equity securities are typically valued using the net asset valuations provided by the underlying private investment companies.

The following table sets forth the assets of our pension and postretirement plans that were accounted for at fair value on a recurring basis as of December 31, 2014 (in thousands):

	December 31, 2014	Quoted Prices in Active Markets for Identical Items (Level 1)	Quoted Prices in Active Markets for Similar Items (Level 2)	Unobservable Inputs (Level 3)
Pension Assets:				
Domestic Equity[(a)]	$ 169,581	$ 169,581	$ —	$ —
International Equity[(b)]	85,007	85,007	—	—
Fixed Income[(c)]	268,911	255,828	13,083	—
Absolute Return[(d)]	80,740	—	—	80,740
Cash	3,455	3,455	—	—
Total Pension Assets	$ 607,694	$ 513,871	$ 13,083	$ 80,740
Postretirement Assets:				
Fixed Income[(c)]	$ 4,439	$ —	$ 4,439	$ —

(a) Consists primarily of U.S. stock funds that track or are actively managed and measured against the S&P 500 index.
(b) Consists primarily of international equity funds which invest in common stocks and other securities whose value is based on an international equity index or an underlying equity security or basket of equity securities.
(c) Consists primarily of debt obligations issued by governments, corporations, municipalities and other borrowers. Also includes insurance policies.
(d) Consists primarily of funds with holdings in private investment companies. See additional information about the Absolute Return investments below.

The table below sets forth a summary of changes in the fair value of the plans' Level 3 assets for the year ended December 31, 2014 (in thousands):

Absolute Return:	Year Ended December 31, 2014
Beginning Balance	$ 123,599
Total losses relating to assets sold during the period[(a)]	(10,112)
Total unrealized gains relating to assets still held at the reporting date[(a)]	13,144
Purchases	50,506
Sales	(96,397)
Ending Balance	$ 80,740

(a) These (losses) gains are recognized in the consolidated balance sheets and are included as changes in plan assets in the tables above.

The following table sets forth the assets of our pension and postretirement plans that were accounted for at fair value on a recurring basis as of December 31, 2013 (in thousands):

	December 31, 2013	Quoted Prices in Active Markets for Identical Items (Level 1)	Quoted Prices in Active Markets for Similar Items (Level 2)	Unobservable Inputs (Level 3)
Pension Assets:				
Domestic Equity[(a)]	$ 167,627	$ 167,627	$ —	$ —
International Equity[(b)]	70,609	70,609	—	—
Fixed Income[(c)]	248,095	237,151	10,944	—
Absolute Return[(d)]	125,137	1,538	—	123,599
Cash	5,077	5,077	—	—
Total Pension Assets	$ 616,545	$ 482,002	$ 10,944	$ 123,599
Postretirement Assets:				
Fixed Income[(c)]	$ 5,620	$ —	$ 5,620	$ —

(a) Consists primarily of U.S. stock funds that track or are actively managed and measured against the S&P 500 index.
(b) Consists primarily of an international equity fund which invests in common stocks and other securities whose value is based on an international equity index or an underlying equity security or basket of equity securities.
(c) Consists primarily of mutual funds that hold debt obligations issued by governments, corporations, municipalities and other borrowers. Also includes insurance policies.
(d) Consists primarily of funds with holdings in private investment companies. See additional information about the Absolute Return investments below.

The table below sets forth a summary of changes in the fair value of the plans' Level 3 assets for the year ended December 31, 2013 (in thousands):

Absolute Return:	**Year Ended December 31, 2013**
Beginning Balance	$ 70,829
Total gains relating to assets sold during the period[(a)]	994
Total unrealized losses relating to assets still held at the reporting date[(a)]	(4,511)
Purchases	76,643
Sales	(20,356)
Ending Balance	$ 123,599

(a) These gains (losses) are recognized in the consolidated balance sheets and are included as changes in plan assets in the tables above.

The investment objective of the U.S. pension plan assets is preservation of capital while achieving solid returns. Assets should participate in rising markets, with defensive action in declining markets expected to an even greater degree. Target asset allocations include 65% in return enhancement exposure and the remaining 35% in risk management exposure. Depending on market conditions, the broad asset class targets may range up or down by approximately 10%. These asset classes include but are not limited to hedge fund of funds, bonds and other fixed income vehicles, high yield fixed income securities, equities and distressed debt. At December 31, 2014 and 2013, equity securities held by our pension and OPEB plans did not include direct ownership of Albemarle common stock.

Our Absolute Return investments consist primarily of our investments in hedge fund of funds. These are holdings in private investment companies with fair values that are based on significant unobservable inputs including assumptions where there is little, if any, market activity for the investment. Investment managers or fund managers associated with these investments provide valuations of the investments on a monthly basis utilizing the net asset valuation approach for determining fair values. These valuations are reviewed by the Company for reasonableness based on applicable sector, benchmark and company performance to validate the appropriateness of the net asset values as a fair value measurement. Where available, audited financial statements are obtained and reviewed for the investments as support for the manager's investment valuation. In general, the investment objective of these funds is high risk-adjusted returns with an emphasis on preservation of capital. The investment strategies of each of the funds vary; however, the objective of our Absolute Return investments is complementary to the overall investment objective of our U.S. pension plan assets.

We made contributions to our defined benefit pension and OPEB plans of $13.9 million, $13.3 million and $21.6 million during the years ended December 31, 2014, 2013 and 2012, respectively. Included in contributions for the year ended December 31, 2012 is a contribution of $14.1 million to our supplemental executive retirement plan ("SERP") in connection with the retirement of our former CEO and executive chairman. We expect contributions to our domestic nonqualified and foreign qualified and nonqualified pension plans to approximate $5 million in 2015. Also, we expect to pay approximately $4 million in premiums to our U.S. postretirement benefit plan in 2015. However, we may choose to make additional voluntary pension contributions in excess of these amounts.

The current forecast of benefit payments, which reflect expected future service, amounts to (in millions):

	Total Pension Benefits		Domestic Pension Benefits		Total Postretirement Benefits	
2015	$	41.6	$	40.1	$	5.0
2016	$	40.6	$	39.1	$	4.9
2017	$	42.5	$	40.1	$	4.6
2018	$	45.2	$	43.8	$	4.4
2019	$	43.4	$	41.9	$	4.2
2020-2024	$	230.8	$	216.7	$	19.1

We have a SERP, which provides unfunded supplemental retirement benefits to certain management or highly compensated employees. The SERP provides for incremental pension benefits to offset the limitations imposed on qualified plan benefits by federal income tax regulations. Costs (credits) relating to our SERP were $7.3 million, $(1.5) million and $10.3 million for the years ended December 31, 2014, 2013 and 2012, respectively. The projected benefit obligation for the SERP recognized in the consolidated balance sheets at December 31, 2014 and 2013 was $26.4 million and $21.8 million, respectively. The benefit expenses and obligations of this SERP are included in the tables above. Benefits of $3.2 million are expected to be paid to SERP retirees in 2015. On October 1, 2012, our Board of Directors approved amendments to the SERP, such that effective December 31, 2014, no additional benefits shall accrue under this plan and participants' accrued benefits shall be frozen as of that date to reflect the same changes as were made under the U.S. qualified defined benefit plan. For participants who retire on or after December 31, 2012, and before December 31, 2013, final average earnings shall be determined as of December 31, 2012. For participants who retire on or after December 31, 2013 and before December 31, 2014, final average earnings shall be determined as of December 31, 2013. And for participants who retire on or after December 31, 2014, final average earnings shall be determined as of December 31, 2014. In addition to freezing the accrued benefits as of December 31, 2014, our Board of Directors also authorized the application in 2013 and 2014 of the higher benefit formula approved for the U.S. qualified defined benefit plan and an offset factor that will be applied to accrued benefits earned in 2013 and 2014.

At December 31, 2014, the assumed rate of increase in the pre-65 and post-65 per capita cost of covered health care benefits for U.S. retirees was zero as the employer-paid premium caps (pre-65 and post-65) were met starting January 1, 2013.

Employee Savings Plans

Certain of our employees participate in our defined contribution 401(k) employee savings plan, which is generally available to all U.S. full-time salaried and non-union hourly employees and to employees who are covered by a collective bargaining agreement that provides for such participation. This U.S. defined contribution plan is funded with contributions made by the participants and us. Our contributions to the 401(k) plan amounted to $10.0 million, $10.6 million and $9.5 million in 2014, 2013 and 2012, respectively. We amended our 401(k) plan in 2004 to allow pension contributions to be made by us to participants hired or rehired on or after April 1, 2004 as these participants are not eligible to participate in the Company's defined benefit pension plan.

In 2006, we formalized a new plan in the Netherlands similar to a collective defined contribution plan. The collective defined contribution plan is supported by annuity contracts through an insurance company. The insurance company unconditionally undertakes the legal obligation to provide specific benefits to specific individuals in return for a fixed amount of premiums. Our obligation under this plan is limited to a variable calculated employer match for each participant plus an additional fixed amount of contributions to assist in covering estimated cost of living and salary increases (indexing) and administrative costs for the overall plan. We paid approximately $10.1 million, $10.3 million and $9.5 million in 2014, 2013 and 2012, respectively, in annual premiums and related costs pertaining to this plan.

Other Postemployment Benefits

Certain postemployment benefits to former or inactive employees who are not retirees are funded on a pay-as-you-go basis. These benefits include salary continuance, severance and disability health care and life insurance, which are accounted for in accordance with authoritative guidance. The accrued postemployment benefit liability was $0.8 million at December 31, 2014 and $0.8 million at December 31, 2013.

NOTE 19—Income Taxes:

Income from continuing operations before income taxes and equity in net income of unconsolidated investments, and current and deferred income tax expense (benefit) are composed of the following (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Income from continuing operations before income taxes and equity in net income of unconsolidated investments:			
Domestic	$ 45,689	$ 351,731	$ 311,195
Foreign	167,490	186,711	57,017
Total	$ 213,179	$ 538,442	$ 368,212
Current income tax expense:			
Federal	$ 36,708	$ 53,953	$ 67,022
State	3,209	2,195	6,107
Foreign	25,700	18,414	19,672
Total	$ 65,617	$ 74,562	$ 92,801
Deferred income tax expense (benefit):			
Federal	$ (32,890)	$ 69,817	$ 928
State	(1,139)	2,416	648
Foreign	(13,104)	(12,350)	(13,944)
Total	$ (47,133)	$ 59,883	$ (12,368)
Total income tax expense	$ 18,484	$ 134,445	$ 80,433

The reconciliation of the U.S. federal statutory rate to the effective income tax rate is as follows:

	% of Income Before Income Taxes		
	2014	2013	2012
Federal statutory rate	35.0 %	35.0 %	35.0 %
State taxes, net of federal tax benefit	0.2	0.7	1.4
Change in valuation allowance[(a)]	1.0	(2.2)	3.4
Impact of foreign earnings, net[(b)]	(23.6)	(10.3)	(6.3)
Depletion	(2.4)	(0.9)	(1.3)
Revaluation of unrecognized tax benefits/reserve requirements[(c)]	(0.6)	(0.1)	(1.7)
Domestic Manufacturing tax deduction[(d)]	(2.2)	(0.9)	(3.8)
Undistributed earnings of foreign subsidiaries[(b)]	(0.3)	2.9	(4.9)
Other items, net	1.6	0.8	—
Effective income tax rate	8.7 %	25.0 %	21.8 %

(a) During 2013, the Avonmouth, United Kingdom legal entity was dissolved, therefore the corresponding valuation allowance and deferred tax assets were written off. During 2012, a valuation allowance was established for $15.9 million as a result of the planned shut-down of our Avonmouth, United Kingdom legal entity in connection with our exit of the phosphorus flame retardants business. See Note 20, "Restructuring and Other."

(b) In prior years, we designated the undistributed earnings of substantially all of our foreign subsidiaries as indefinitely invested. The benefit of the lower tax rates in the jurisdictions for which we made this designation are reflected in our effective income tax rate. During 2014, 2013 and 2012, we received distributions of $12.6 million, $12.3 million and $56.9 million, respectively, from various foreign subsidiaries and joint ventures, and realized an expense (benefit), net of foreign tax credits, of $2.8 million, $2.4 million and $(1.8) million, respectively, related to the repatriation of these high taxed earnings. We have asserted, for all periods being reported, indefinite investment of our share of the income of JBC, a Free Zones company under the laws of the Hashemite Kingdom of Jordan. The applicable provisions of the Jordanian law, and applicable regulations thereunder, do not have a termination provision and the exemption is indefinite. As a Free Zones company, JBC is not subject to income taxes on the profits of products exported from Jordan, and currently, substantially all of the profits are from exports. This gave us a rate benefit of 12.4%, 4.5%, and 5.8% for 2014, 2013, and 2012, respectively. The rate has also benefited from rate differences in various countries including Belgium, and the Netherlands. In

2012, undistributed foreign subsidiary earnings were primarily impacted by a $17.4 million change related to the closure of our Avonmouth, United Kingdom site in connection with our exit of the phosphorus flame retardants business.

(c) During 2014, we released various tax reserves primarily related to the expiration of the applicable U.S. federal statute of limitations for 2009 through 2010 which provided a net benefit of approximately $2.5 million. During 2012, we released various tax reserves primarily related to the expiration of the applicable U.S. federal statute of limitations for 2008 which provided a net benefit of $5.2 million.

(d) During 2012, we amended the calculation of the domestic manufacturing tax deduction for the year 2010 and filed the 2011 tax return. As a result, in 2012 we recognized tax benefits of $1.5 million and $3.0 million related to the 2010 and 2011 tax years, respectively.

The deferred income tax assets and liabilities recorded on the consolidated balance sheets as of December 31, 2014 and 2013 consist of the following (in thousands):

	December 31,	
	2014	2013
Deferred tax assets:		
Postretirement benefits other than pensions	$ 221	$ 300
Accrued employee benefits	20,834	31,089
Operating loss carryovers	82,017	88,614
Pensions	79,113	37,172
Tax credit carryovers	34,469	35,170
Undistributed earnings of foreign subsidiaries	540	—
Other	21,845	15,447
Gross deferred tax assets	239,039	207,792
Valuation allowance	(30,768)	(33,757)
Deferred tax assets	208,271	174,035
Deferred tax liabilities:		
Depreciation	(184,548)	(213,575)
Foreign currency translation adjustments	(4,752)	(3,104)
Undistributed earnings of foreign subsidiaries	—	(71)
Other	(18,420)	(19,747)
Deferred tax liabilities	(207,720)	(236,497)
Net deferred tax assets (liabilities)	$ 551	$ (62,462)
Classification in the consolidated balance sheets:		
Current deferred tax assets	$ 1,801	$ 3,912
Current deferred tax liabilities	(6,806)	(2,853)
Noncurrent deferred tax assets	62,440	65,667
Noncurrent deferred tax liabilities	(56,884)	(129,188)
Net deferred tax assets (liabilities)	$ 551	$ (62,462)

Changes in the balance of our deferred tax asset valuation allowance are as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Balance at January 1	$ (33,757)	$ (49,562)	$ (36,419)
Additions	(1,895)	(4,359)	(20,182)
Deductions	4,884	20,164	7,039
Balance at December 31	$ (30,768)	$ (33,757)	$ (49,562)

At December 31, 2014, we had approximately $35.8 million of domestic credits available to offset future payments of income taxes, expiring in varying amounts between 2016 and 2024. We have established valuation allowances for $2.9 million of those domestic credits since we believe that it is more likely than not that the related deferred tax assets will not be realized. We believe that sufficient taxable income will be generated during the carryover period in order to utilize the other remaining credit carryovers.

At December 31, 2014, we have, on a pre-tax basis, $27.7 million of domestic net operating losses, expiring between 2020 and 2027, and $258.7 million of foreign net operating loss carryovers of which a majority are indefinite lived. We have established pre-tax valuation allowances for $93.1 million of those foreign net operating loss carryovers since we believe that it is more likely than not that the related deferred tax assets will not be realized. For the same reason, we established pre-tax valuation allowances for $2.5 million related to foreign deferred tax assets not related to net operating losses. The realization of the deferred tax assets is dependent on the generation of sufficient taxable income in the appropriate tax jurisdictions. Although realization is not assured, we believe it is more likely than not that the remaining deferred tax assets will be realized. However, the amount considered realizable could be reduced if estimates of future taxable income change. We believe that it is more likely than not that the Company will generate sufficient taxable income in the future to fully utilize all other deferred tax assets.

As of December 31, 2014, we have not recorded U.S. income taxes on approximately $0.9 billion of cumulative undistributed earnings of our non-U.S. subsidiaries and joint ventures, as these earnings are intended to be either indefinitely invested or subject to a tax-free liquidation and do not give rise to significant incremental U.S. taxes. If in the foreseeable future we can no longer demonstrate that these earnings are indefinitely invested, a deferred tax liability will be recognized. A determination of the amount of the unrecognized deferred tax liability related to these undistributed earnings is not practicable.

Liabilities related to uncertain tax positions were $25.3 million and $29.8 million at December 31, 2014 and 2013, respectively, inclusive of interest and penalties of $0.3 million and $0.7 million at December 31, 2014 and 2013, respectively, and are reported in Other noncurrent liabilities as provided in Note 14. These liabilities at December 31, 2014 and 2013 were reduced by $22.1 million and $25.7 million, respectively, for offsetting benefits from the corresponding effects of potential transfer pricing adjustments, state income taxes and rate arbitrage related to foreign structure. These offsetting benefits are recorded in Other assets as provided in Note 10. The resulting net liabilities of $2.9 million and $3.4 million at December 31, 2014 and 2013, respectively, if recognized and released, would favorably affect earnings.

The liabilities related to uncertain tax positions, exclusive of interest, were $25.0 million and $29.1 million at December 31, 2014 and 2013, respectively. The following is a reconciliation of our total gross liability related to uncertain tax positions for 2014, 2013 and 2012 (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Balance at January 1	$ 29,143	$ 28,398	$ 29,789
Additions for tax positions related to prior years	—	—	4,242
Reductions for tax positions related to prior years	(214)	(348)	—
Additions for tax positions related to current year	2,232	2,061	3,639
Lapses in statutes of limitations	(5,057)	(473)	(10,057)
Foreign currency translation adjustment	(1,135)	(495)	785
Balance at December 31	$ 24,969	$ 29,143	$ 28,398

We are subject to income taxes in the U.S. and numerous foreign jurisdictions. We are no longer subject to U.S. federal income tax audits by tax authorities for years prior to 2011 since the IRS has completed a review of our income tax returns through 2007 and our statute of limitations has expired for 2008 through 2010. In 2014, the IRS commenced an audit of 2011 through 2012. We also are no longer subject to any U.S. state income tax audits prior to 2010.

With respect to jurisdictions outside the U.S., we are no longer subject to income tax audits for years prior to 2006. During 2014, the German tax authorities continued the audit of two of our German subsidiaries for 2006 through 2009 that began in 2011. Additionally, we received notification from the Korean tax authorities of an audit to commence in 2015 for years 2011 through 2013 for one of our Korean subsidiaries. In January of 2015, we received notification from the Belgium tax authorities of an audit for 2012 through 2013 of one of our Belgium subsidiaries. During 2013, the Chinese tax authorities completed an audit of one of our Chinese subsidiaries for 2006 through 2010 that began in 2011. No significant tax was assessed as a result of the completed audits.

While we believe we have adequately provided for all tax positions, amounts asserted by taxing authorities could be greater than our accrued position. Accordingly, additional provisions on federal and foreign tax-related matters could be recorded in the future as revised estimates are made or the underlying matters are settled or otherwise resolved.

Since the timing of resolutions and/or closure of tax audits is uncertain, it is difficult to predict with certainty the range of reasonably possible significant increases or decreases in the liability related to uncertain tax positions that may occur within the next twelve months. Our current view is that it is reasonably possible that we could record a decrease in the liability related to uncertain tax positions, relating to a number of issues, up to approximately $0.7 million as a result of closure of tax statutes.

NOTE 20—Restructuring and Other:

Restructuring and other charges, net, reported in the consolidated statements of income for the years ended December 31, 2014, 2013 and 2012 consist of the following (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Charges in connection with aluminum alkyl supply capacity reduction[(a)]	$ 23,521	$ —	$ —
Charges in connection with global business realignment[(b)]	—	33,361	—
Exit of phosphorus flame retardants business[(c)]	—	—	100,777
Defined benefit pension plan curtailment gain, net[(d)]	—	—	(4,507)
Employer contribution to defined contribution plan[(d)]	—	—	10,081
Other, net[(e)]	2,426	—	5,334
Total Restructuring and other charges, net	$ 25,947	$ 33,361	$ 111,685

(a) In 2014, we initiated action to reduce high cost supply capacity of certain aluminum alkyl products, primarily through the termination of a third party manufacturing contract. Based on the contract termination, we estimated costs of approximately $14.0 million ($9.3 million after income taxes) in the first quarter and $6.5 million ($4.3 million after income taxes) in the fourth quarter for contract termination and volume commitments. Additionally, in the first quarter of 2014 we recorded an impairment charge of $3.0 million ($1.9 million after income taxes) for certain capital project costs also related to aluminum alkyls capacity which we do not expect to recover.

(b) In connection with the announced realignment of our operating segments effective January 1, 2014, in the fourth quarter of 2013 we initiated a workforce reduction plan which resulted in a reduction of approximately 230 employees worldwide. In the fourth quarter of 2013 we recorded charges of $33.4 million ($21.9 million after income taxes) for termination benefits and other costs related to this workforce reduction plan. Payments under this workforce reduction plan are substantially complete.

(c) In the second quarter of 2012, we recorded net charges amounting to $94.7 million ($73.6 million after income taxes), and in the fourth quarter we recorded net charges amounting to $6.1 million ($2.5 million after income taxes), in connection with our exit of the phosphorus flame retardants business, whose products were sourced mainly at our Avonmouth, United Kingdom and Nanjing, China manufacturing sites. The charges are comprised mainly of non-cash items consisting of net asset write-offs of approximately $57 million and write-offs of foreign currency translation adjustments of approximately $12 million, as well as accruals for future cash costs associated with related severance programs of approximately $22 million, estimated site remediation costs of approximately $9 million, other estimated exit costs of approximately $3 million, partly offset by a gain of approximately $2 million related to the sale of our Nanjing, China manufacturing site. Payments under this restructuring plan are substantially complete.

(d) In the fourth quarter of 2012, we recorded a net curtailment gain of $4.5 million ($2.9 million after income taxes) and a one-time employer contribution to the Company's defined contribution plan of $10.1 million ($6.4 million after income taxes), both in connection with various amendments to certain of our U.S. pension and defined contribution plans that were approved by our Board of Directors in the fourth quarter of 2012. See Note 18, "Pension Plans and Other Postretirement Benefits."

(e) The amount for 2014 mainly consists of $3.3 million ($2.1 million after income taxes) recorded in the second quarter for certain multi-product facility project costs that we do not expect to recover in future periods, net of other credits recorded in the fourth quarter. In the fourth quarter of 2012 we recorded charges amounting to $5.3 million ($4.3 million after income taxes) related to changes in product sourcing and other items.

We had the following activity in our recorded workforce reduction liabilities for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Balance, beginning of year	$ 39,104	$ 15,898	$ 4,780
Workforce reduction charges[(a)]	1,948	33,361	21,640
Payments	(35,139)	(8,915)	(10,929)
Amount reversed to income[(b)]	(1,200)	(1,209)	(45)
Foreign currency translation	(674)	(31)	452
Balance, end of year	4,039	39,104	15,898
Less amounts reported in Accrued expenses	4,039	39,104	14,428
Amounts reported in Other noncurrent liabilities	$ —	$ —	$ 1,470

(a) The year ended December 31, 2014 includes charges amounting to $1.9 million for retention of certain employees associated with our antioxidant, ibuprofen and propofol businesses which were sold effective September 1, 2014. These workforce reduction charges are recorded in (Loss) income from discontinued operations (net of tax), in our consolidated statements of income.

The year ended December 31, 2013 includes charges amounting to $33.4 million in connection with the announced realignment of our operating segments effective January 1, 2014 as described above.

The year ended December 31, 2012 includes charges amounting to $21.6 million relating to reduction in force liabilities associated with our exit of the phosphorus flame retardants business noted above.

(b) Amounts reversed to income reflect adjustments based on actual timing and amount of final settlements.

Also, the year ended December 31, 2012 includes a gain of $8.1 million ($5.1 million after income taxes) resulting from proceeds received in connection with the settlement of certain commercial litigation (net of estimated reimbursement of related legal fees of approximately $0.9 million). The litigation involved claims and cross-claims relating to alleged breaches of a purchase and sale agreement. The settlement resolves all outstanding issues and claims between the parties and they agreed to dismiss all outstanding litigation and release all existing and potential claims against each other that were or could have been asserted in the litigation. The year ended December 31, 2012 also includes an $8 million ($5.1 million after income taxes) charitable contribution to the Albemarle Foundation, a non-profit organization that sponsors grants, health and social projects, educational initiatives, disaster relief, matching gift programs, scholarships and other charitable initiatives in locations where our employees live and operate. These items are included in our consolidated Selling, general and administrative expenses for the year ended December 31, 2012.

NOTE 21—Fair Value of Financial Instruments:

In assessing the fair value of financial instruments, we use methods and assumptions that are based on market conditions and other risk factors existing at the time of assessment. Fair value information for our financial instruments is as follows:

Long-Term Debt—the fair values of our senior notes and other fixed rate foreign borrowings are estimated using Level 1 inputs and account for the majority of the difference between the recorded amount and fair value of our long-term debt. The carrying value of our remaining long-term debt reported in the accompanying consolidated balance sheets approximates fair value as substantially all of such debt bears interest based on prevailing variable market rates currently available in the countries in which we have borrowings.

	December 31,			
	2014		2013	
	Recorded Amount	Fair Value	Recorded Amount	Fair Value
	(In thousands)			
Long-term debt	$ 2,934,131	$ 2,994,935	$ 1,078,864	$ 1,109,878

Foreign Currency Forward Contracts—we enter into foreign currency forward contracts in connection with our risk management strategies in an attempt to minimize the financial impact of changes in foreign currency exchange rates. These derivative financial instruments are used to manage risk and are not used for trading or other speculative purposes. The fair values of our foreign currency forward contracts are estimated based on current settlement values. At December 31, 2014 and 2013, we had outstanding foreign currency forward contracts with notional values totaling $479.9 million and $321.4 million, respectively. Our foreign currency forward contracts outstanding at December 31, 2014 and 2013 have not been designated as hedging instruments under ASC 815, *Derivatives and Hedging*. At December 31, 2014 and 2013, $0.6 million and $0.2 million, respectively, was included in Other accounts receivable associated with the fair value of our foreign currency forward contracts.

Gains and losses on foreign currency forward contracts are recognized currently in Other (expenses) income, net; further, fluctuations in the value of these contracts are generally expected to be offset by changes in the value of the underlying exposures being hedged. For the years ended December 31, 2014, 2013 and 2012 we recognized (losses) gains of $(17.8) million, $(1.1) million and $5.1 million, respectively, in Other (expenses) income, net, in our consolidated statements of income related to the change in the fair value of our foreign currency forward contracts. These amounts are generally expected to be offset by changes in the value of the underlying exposures being hedged which are also reported in Other (expenses) income, net. Also, for the years ended December 31, 2014, 2013 and 2012, we recorded $17.8 million, $1.1 million and $(5.1) million, respectively, related to the change in the fair value of our foreign currency forward contracts, and net cash settlements of $(18.3) million, $(1.8) million and $4.8 million, respectively, in Other, net in our consolidated statements of cash flows.

The counterparties to our foreign currency forward contracts are major financial institutions with which we generally have other financial relationships. We are exposed to credit loss in the event of nonperformance by these counterparties. However, we do not anticipate nonperformance by the counterparties.

NOTE 22—Fair Value Measurement:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The inputs used to measure fair value are classified into the following hierarchy:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability
Level 3	Unobservable inputs for the asset or liability

We endeavor to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstance that caused the transfer. There were no transfers between Levels 1 and 2 during the year ended December 31, 2014. The following tables set forth our financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2014 and 2013 (in thousands):

	December 31, 2014	Quoted Prices in Active Markets for Identical Items (Level 1)	Quoted Prices in Active Markets for Similar Items (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Investments under executive deferred compensation plan (a)	$ 22,168	$ 22,168	$ —	$ —
Private equity securities (b)	$ 1,806	$ 21	$ —	$ 1,785
Foreign currency forward contracts (c)	$ 631	$ —	$ 631	$ —
Pension assets (d)	$ 607,694	$ 513,871	$ 13,083	$ 80,740
Postretirement assets (d)	$ 4,439	$ —	$ 4,439	$ —
Liabilities:				
Obligations under executive deferred compensation plan (a)	$ 22,168	$ 22,168	$ —	$ —

	December 31, 2013	Quoted Prices in Active Markets for Identical Items (Level 1)	Quoted Prices in Active Markets for Similar Items (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Investments under executive deferred compensation plan (a)	$ 23,030	$ 23,030	$ —	$ —
Private equity securities (b)	$ 771	$ 21	$ —	$ 750
Foreign currency forward contracts (c)	$ 161	$ —	$ 161	$ —
Pension assets (d)	$ 616,545	$ 482,002	$ 10,944	$ 123,599
Postretirement assets (d)	$ 5,620	$ —	$ 5,620	$ —
Liabilities:				
Obligations under executive deferred compensation plan (a)	$ 23,030	$ 23,030	$ —	$ —

(a) We maintain an EDCP that was adopted in 2001 and subsequently amended. The purpose of the EDCP is to provide current tax planning opportunities as well as supplemental funds upon the retirement or death of certain of our employees. The EDCP is intended to aid in attracting and retaining employees of exceptional ability by providing them with these benefits. We also maintain a Benefit Protection Trust (the "Trust") that was created to provide a source of funds to assist in meeting the obligations of the EDCP, subject to the claims of our creditors in the event of our insolvency. Assets of the Trust are consolidated in accordance with authoritative guidance. The assets of the Trust consist primarily of mutual fund investments (which are accounted for as trading securities and are marked-to-market on a monthly basis through the consolidated statements of income) and cash and cash equivalents. As such, these assets and obligations are classified within Level 1.

(b) Primarily consists of private equity securities classified as available-for-sale and are reported in Investments in the consolidated balance sheets. The changes in fair value are reported in Other (expenses) income, net, in our consolidated statements of income. Holdings in private equity securities are typically valued using the net asset valuations provided by the underlying private investment companies and as such are classified within Level 3.

(c) As a result of our global operating and financing activities, we are exposed to market risks from changes in foreign currency exchange rates, which may adversely affect our operating results and financial position. When deemed appropriate, we minimize our risks from foreign currency exchange rate fluctuations through the use of foreign currency forward contracts. Unless otherwise noted, these derivative financial instruments are not designated as hedging instruments under ASC 815, *Derivatives and Hedging*. The foreign currency forward contracts are valued using broker quotations or market transactions in either the listed or over-the-counter markets. As such, these derivative instruments are classified within Level 2.

(d) See Note 18 "Pension Plans and Other Postretirement Benefits" for further information about fair value measurements of our pension and postretirement plan assets, including the reconciliations of the plans' Level 3 assets.

The following table presents the fair value reconciliation of private equity securities Level 3 assets measured at fair value on a recurring basis for the periods indicated:

	Year Ended December 31,	
	2014	2013
Beginning balance	$ 750	$ —
Total unrealized gains included in earnings relating to assets still held at the reporting date	35	—
Purchases	1,000	750
Ending balance	$ 1,785	$ 750

NOTE 23—Acquisitions:

Subsequent Event—Acquisition of Rockwood Holdings, Inc.

On July 15, 2014, we entered into the Merger Agreement to acquire all the outstanding shares of Rockwood (the "Merger"). On January 12, 2015 (the "Acquisition Closing Date"), we completed the acquisition of Rockwood for a purchase price of approximately $5.6 billion, comprised of approximately $3.6 billion in cash consideration and approximately $2.0 billion in equity consideration, with Rockwood becoming a wholly-owned subsidiary of Albemarle. The cash consideration was funded with proceeds from our 2014 Senior Notes, Term Loan, Cash Bridge Facility and February 2014 Credit Agreement, each of which is described further in Note 13.

Pursuant to the Merger Agreement, at the Acquisition Closing Date each issued and outstanding share of Rockwood common stock, par value $0.01 per share, (other than shares owned directly or indirectly by Albemarle, Rockwood or the Merger Sub, as defined in the Merger Agreement, and Appraisal Shares as defined in the Merger Agreement) was canceled and extinguished and converted into the right to receive (i) $50.65 in cash, without interest, and (ii) 0.4803 of a share of Albemarle common stock, par value $0.01 per share (the "Merger Consideration"). Pursuant to the Merger Agreement, equity awards relating to shares of Rockwood's common stock were canceled and converted into the right to receive the cash value of the Merger Consideration. On the Acquisition Closing Date, we issued 34,110,008 shares of Albemarle common stock.

Included in our consolidated statement of income for the year ended December 31, 2014 are $23.6 million of acquisition and integration related costs in connection with the acquisition of Rockwood and $6.6 million of acquisition-related costs in connection with other significant projects. Acquisition-related costs incurred during the years ended December 31, 2013 and 2012 are included in SG&A expenses and were not significant.

Rockwood is a leading global developer, manufacturer and marketer of technologically advanced and high value added specialty chemicals. It is a leading integrated and low cost global producer of lithium and lithium compounds used in lithium ion batteries for electronic devices, alternative transportation vehicles and future energy storage technologies, meeting the significant growth in global demand for these products. Rockwood is also one of the largest global producers of surface treatments and coatings for metal processing, servicing the automotive, aerospace and general industrial markets. The acquisition of Rockwood reflects our commitment to drive sustainable growth, creating one of the world's premier specialty chemicals companies, with market-leading positions across four high-margin businesses: lithium, catalysts, bromine and surface treatment. On a combined basis, the Company is expected to drive growth through:

- Continuing to penetrate lithium-based energy storage products, including e-mobility batteries and batteries for the automotive industry;
- Capitalizing on attractive global trends in refinery catalysts, including the increasing demand for transportation fuels particularly in developing regions, as well as the demand for solutions to convert a range of feedstocks into high-value finished products;
- Expanding within existing bromine markets driven by the proliferation of digital technology, offshore deep water drilling and mercury control emission reduction, along with growth driven by new bromine applications; and
- Leveraging our position as a market-leading provider of surface treatment products and services to meet increasing customer demand for products with rigorous quality and performance standards and specifications.

As a result of the acquisition of Rockwood which was completed on January 12, 2015, beginning in the first quarter 2015 the Company's consolidated results of operations will include the results of the acquired Rockwood businesses. The Company has not completed the detailed valuation work necessary to arrive at the required estimates of the fair value of the Rockwood assets acquired and liabilities assumed and the related allocation of purchase price. Our preliminary allocation of purchase price to the assets acquired and liabilities assumed, as well as pro forma financial information for the combined companies, will be included in our future filings.

Litigation Related to the Merger

On July 22, 2014, a putative class action complaint was filed in the Chancery Division of the Superior Court of New Jersey, Mercer County ("Superior Court of New Jersey") relating to the Merger. On July 24, 2014, an additional putative class action complaint was filed in the Superior Court of New Jersey relating to the Merger. Both suits named the same plaintiff but were filed by different law firms. On August 1, 2014 and August 12, 2014, three additional putative class action complaints were filed in the Court of Chancery of the State of Delaware ("Delaware Chancery Court") relating to the Merger. The lawsuits filed in New Jersey, Thwaites v. Rockwood Holdings Inc., et al. ("Thwaites I"), Thwaites v. Rockwood Holdings, Inc., et al. ("Thwaites II"), and the lawsuits filed in Delaware, Rudman Partners, L.P. v. Rockwood Holdings, Inc., et al., Riley v. Rockwood Holdings, Inc., et al., and North Miami Beach Police Officers & Firefighters' Retirement Plan v. Rockwood Holdings, Inc., et al., each named Rockwood, its former directors, and Albemarle as defendants. Thwaites II and the cases filed in Delaware also named Albemarle Holdings Corporation, a wholly-owned subsidiary of Albemarle, as a defendant. The lawsuits, which contain substantially similar allegations, included allegations that Rockwood's former board of directors breached their fiduciary duties in connection with the Merger by failing to ensure that Rockwood shareholders would receive the maximum value for their shares, failing to conduct an appropriate sale process and putting their own interests ahead of those of Rockwood shareholders. Rockwood and Albemarle are alleged to have aided and abetted the alleged fiduciary breaches. The lawsuits sought a variety of equitable relief, including enjoining the former Rockwood board of directors from proceeding with the proposed Merger unless they acted in accordance with their fiduciary duties to maximize shareholder value and rescission of the Merger to the extent implemented, in addition to damages arising from the defendants' alleged breaches and attorneys' fees and costs. On August 12, 2014, the plaintiff in Thwaites I filed a Notice of Voluntary Dismissal Without Prejudice as to all defendants. On August 27, 2014, the Delaware Court of Chancery ordered the three Delaware cases consolidated and appointed co-lead counsel. The court also ordered that no response to the complaints would be due until after plaintiffs filed an amended consolidated complaint. On September 19, 2014, the plaintiff in Thwaites II filed an amended complaint which included allegations that the registration statement failed to disclose material information.

Plaintiffs in Thwaites II and in the Delaware consolidated action subsequently coordinated their litigation efforts, and the Delaware consolidated action was stayed pending the outcome of the Thwaites II litigation. In Thwaites II, the parties (including the Delaware plaintiffs) entered into a Memorandum of Understanding on November 6, 2014, provisionally settling all claims in the pending actions and declaring the parties' intent to submit a settlement agreement for the court's approval within 90 days. On December 2, 2014, the parties submitted a joint stipulation to extend the defendants' time to respond to the amended complaint in Thwaites II until February 4, 2015. The parties executed a final Stipulation of Settlement and Release ("Stipulation") on February 4, 2015, which will be submitted to the Superior Court of New Jersey for approval. In addition to extinguishing the current claims, the Stipulation contemplates broad releases of any and all actual and potential claims, whether known or unknown, by any member of the putative shareholder class against the defendants relating to or arising out of the Merger, the Merger Agreement, or the registration statement. Upon final approval of the settlement by the Superior Court of New Jersey, plaintiffs in the Delaware actions will move to dismiss the pending consolidated action with prejudice, thereby terminating the litigation.

On February 19, 2015, Verition Multi-Strategy Master Fund Ltd and Verition Partners Master Fund Ltd, who collectively owned approximately 882,000 shares of Rockwood common stock immediately prior to the Merger, commenced an action in the Delaware Chancery Court seeking appraisal of their shares of Rockwood stock pursuant to Delaware General Corporation Law § 262. These shareholders exercised their right not to receive the Merger Consideration for each share of Rockwood common stock owned by such shareholders. Following the Merger, these shareholders ceased to have any rights with respect to their Rockwood shares, except for their rights to seek an appraisal of the cash value of their Rockwood shares under Delaware law. While Albemarle intends to vigorously defend against this action, the outcome of the appraisal process cannot be predicted with any certainty at this time.

Other

On October 1, 2013, we acquired Cambridge Chemical Company, Ltd., for consideration of approximately $3.6 million. Cash payments related to this acquisition were $2.3 million in 2013.

NOTE 24—Operating Segments and Geographic Area Information:

Effective January 1, 2014, the Company's assets and businesses were realigned under two operating segments to better align the Company's resources to support its ongoing business strategy. The Performance Chemicals segment includes the Fire Safety Solutions, Specialty Chemicals and Fine Chemistry Services product categories, consolidating our bromine, mineral and custom manufacturing assets under one business unit. The Catalyst Solutions segment includes the Refinery Catalyst Solutions and Performance Catalyst Solutions product categories. Each segment has a dedicated team of sales, research and development, process engineering, manufacturing and sourcing, and business strategy personnel and has full accountability for improving execution through greater asset and market focus, agility and responsiveness. The new structure also facilitates the continued standardization of business processes across the organization, is consistent with the manner in which information is presently used internally by the Company's chief operating decision maker to evaluate performance and make resource allocation decisions, and each segment president is responsible for execution of the segment's business strategy.

Segment income represents segment operating profit and equity in net income of unconsolidated investments and is reduced by net income attributable to noncontrolling interests. Segment data includes intersegment transfers of raw materials at cost and allocations for certain corporate costs.

Summarized financial information concerning our reportable segments is shown in the following tables. Results for all periods presented reflect the change in operating segments noted above, and segment results for all periods presented exclude discontinued operations as further described in Notes 1 and 2. Corporate & other includes corporate-related items not allocated to the reportable segments. Pension and OPEB service cost (which represents the benefits earned by active employees during the period) and amortization of prior service cost or benefit are allocated to each segment and Corporate & other, whereas the remaining components of pension and OPEB benefits cost or credit are included in Corporate & other.

	Year Ended December 31,		
	2014	2013	2012
		(In thousands)	
Net sales:			
Performance Chemicals	$ 1,351,596	$ 1,392,664	$ 1,451,247
Catalyst Solutions	1,093,952	1,001,606	1,067,907
Total net sales	$ 2,445,548	$ 2,394,270	$ 2,519,154
Segment operating profit:			
Performance Chemicals	$ 306,616	$ 334,275	$ 410,359
Catalyst Solutions	224,407	194,322	230,648
Total segment operating profit	531,023	528,597	641,007
Equity in net income of unconsolidated investments:			
Performance Chemicals	10,068	8,875	6,416
Catalyst Solutions	25,674	22,854	31,651
Total equity in net income of unconsolidated investments	35,742	31,729	38,067
Net income attributable to noncontrolling interests:			
Performance Chemicals	(27,590)	(26,663)	(18,571)
Corporate & other	—	—	(20)
Total net income attributable to noncontrolling interests	(27,590)	(26,663)	(18,591)
Segment income:			
Performance Chemicals	289,094	316,487	398,204
Catalyst Solutions	250,081	217,176	262,299
Total segment income	539,175	533,663	660,503
Corporate & other[(a)]	(203,620)	81,439	(129,559)
Restructuring and other charges, net[(b)]	(25,947)	(33,361)	(111,685)
Acquisition and integration related costs[(c)]	(30,158)	—	—
Interest and financing expenses	(41,358)	(31,559)	(32,800)
Other (expenses) income, net	(16,761)	(6,674)	1,229
Income tax expense	(18,484)	(134,445)	(80,433)
(Loss) income from discontinued operations (net of tax)	(69,531)	4,108	4,281
Net income attributable to Albemarle Corporation	$ 133,316	$ 413,171	$ 311,536

(a) For the years ended December 31, 2014, 2013 and 2012, Corporate & other includes $(127.2) million, $143.1 million and $(68.0) million, respectively, of pension and OPEB plan (costs) credits (including mark-to-market actuarial gains and losses).

(b) See Note 20, "Restructuring and Other."

(c) See Note 23, "Acquisitions."

	As of December 31,		
	2014	2013	2012
		(In thousands)	
Identifiable assets:			
Performance Chemicals	$ 1,042,177	$ 1,129,838	$ 1,110,006
Catalyst Solutions	1,375,202	1,695,120	1,572,883
Corporate & other[(a)]	2,805,724	759,839	754,402
Total identifiable assets	$ 5,223,103	$ 3,584,797	$ 3,437,291
Goodwill:			
Performance Chemicals	$ 42,282	$ 43,603	$ 43,519
Catalyst Solutions	200,980	240,600	233,447
Total goodwill	$ 243,262	$ 284,203	$ 276,966

(a) As of December 31, 2014, Corporate & other included net proceeds received from the issuance of the 2014 Senior Notes, which, together with borrowings from our Commercial Paper Notes, Term Loan and Cash Bridge Facility, were used to finance the cash portion of the Merger Consideration, pay related fees and expenses and repay our senior notes which matured on February 1, 2015. See Note 13, "Long-Term Debt" and Note 23 "Acquisitions" for additional details about these transactions.

	Year Ended December 31,		
	2014	2013	2012
		(In thousands)	
Depreciation and amortization:			
Performance Chemicals	$ 48,233	$ 43,472	$ 37,831
Catalyst Solutions	49,622	49,656	47,155
Discontinued Operations	3,165	12,054	12,120
Corporate & other	2,552	2,188	1,914
Total depreciation and amortization	$ 103,572	$ 107,370	$ 99,020
Capital expenditures:			
Performance Chemicals	$ 48,831	$ 94,506	$ 156,648
Catalyst Solutions	61,721	60,326	122,746
Corporate & other	24	514	1,479
Total capital expenditures	$ 110,576	$ 155,346	$ 280,873

	Year Ended December 31,		
	2014	2013	2012
		(In thousands)	
Net Sales:			
United States	$ 884,373	$ 933,182	$ 959,571
Foreign[(a)]	1,561,175	1,461,088	1,559,583
Total	$ 2,445,548	$ 2,394,270	$ 2,519,154

(a) No sales in a foreign country exceed 10% of total net sales. Also, net sales are attributed to countries based upon shipments to final destination.

	As of December 31,		
	2014	2013	2012
		(In thousands)	
Long-Lived Assets:			
United States	$ 698,863	$ 748,719	$ 735,269
Netherlands	167,965	193,775	192,540
Jordan	227,805	227,818	209,133
Brazil	59,474	78,078	85,353
Germany	75,813	86,175	72,797
China	5,310	41,858	39,542
France	37,347	34,523	32,305
Korea	80,362	86,827	81,962
United Kingdom	3,665	3,665	—
Other foreign countries	48,819	47,139	33,598
Total	$ 1,405,423	$ 1,548,577	$ 1,482,499

Net sales to external customers by product category in each of the segments consists of the following:

	Year Ended December 31,		
	2014	2013	2012
		(In thousands)	
Performance Chemicals:			
Fire Safety Solutions	$ 607,477	$ 620,972	$ 665,293
Specialty Chemicals	520,297	520,998	519,606
Fine Chemistry Services	223,822	250,694	266,348
Total Performance Chemicals	$ 1,351,596	$ 1,392,664	$ 1,451,247
Catalyst Solutions:			
Refinery Catalyst Solutions	$ 844,221	$ 768,837	$ 794,933
Performance Catalyst Solutions	249,731	232,769	272,974
Total Catalyst Solutions	$ 1,093,952	$ 1,001,606	$ 1,067,907

NOTE 25—Consolidating Guarantor Financial Information:

The 2014 Senior Notes issued by Albemarle Corporation (the "Issuer") are fully and unconditionally guaranteed, jointly and severally, on an unsecured and unsubordinated basis by Albemarle Holdings Corporation and Albemarle Holdings II Corporation (the "Guarantor Subsidiaries"). The Guarantor Subsidiaries are 100% owned subsidiaries of the Issuer. The guarantees are general senior unsecured obligations of the Guarantor Subsidiaries and rank equally in right of payment with all existing and future senior unsecured indebtedness and other obligations of the Guarantor Subsidiaries that are not, by their terms, otherwise expressly subordinated. The note guarantees will be released when the 4.625% Senior Notes assumed by Albemarle upon the acquisition of Rockwood are repaid or otherwise discharged.

The Company applies the equity method of accounting to its subsidiaries. For cash management purposes, the Company transfers cash between Issuer, Guarantor Subsidiaries and all other non-guarantor subsidiaries (the "Non-Guarantor Subsidiaries") through intercompany financing arrangements, contributions or declaration of dividends between the respective parent and its subsidiaries. The transfer of cash under these activities facilitates the ability of the recipient to make specified third-party payments for principal and interest on the Company's outstanding debt, common stock dividends and common stock repurchases. The consolidating statements of cash flows for the years ended December 31, 2014, 2013 and 2012 present such intercompany financing activities, contributions and dividends consistent with how such activity would be presented in a stand-alone statement of cash flows. There are no significant restrictions on the ability of the Issuer or the Guarantor Subsidiaries to obtain funds from subsidiaries by dividend or loan.

The following consolidating financial information presents the financial condition, results of operations and cash flows of the Issuer, Guarantor Subsidiaries, and the Non-Guarantor Subsidiaries, together with consolidating adjustments necessary to present Albemarle's results on a consolidated basis, and should be read in conjunction with the notes to the consolidated financial statements. Each entity in the consolidating financial information follows the same accounting policies as described in the notes to the consolidated financial statements.

Condensed Consolidating Balance Sheet
December 31, 2014

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Assets					
Current assets:					
Cash and cash equivalents	$ 1,930,802	$ —	$ 558,966	$ —	$ 2,489,768
Trade accounts receivable, less allowance for doubtful accounts	91,849	—	293,363	—	385,212
Other accounts receivable	19,033	—	30,390	—	49,423
Intergroup receivable	74,102	—	18,097	(92,199)	—
Inventories	201,006	—	171,543	(14,188)	358,361
Other current assets	45,901	—	25,111	(4,926)	66,086
Total current assets	2,362,693	—	1,097,470	(111,313)	3,348,850
Property, plant and equipment, at cost	1,726,690	—	893,980	—	2,620,670
Less accumulated depreciation and amortization	1,047,372	—	341,430	—	1,388,802
Net property, plant and equipment	679,318	—	552,550	—	1,231,868
Investments	73,500	—	120,542	—	194,042
Investment in subsidiaries	1,551,071	—	—	(1,551,071)	—
Other assets	35,837	—	125,119	—	160,956
Goodwill	49,212	—	194,050	—	243,262
Other intangibles, net of amortization	20,834	—	23,291	—	44,125
Total assets	$ 4,772,465	$ —	$ 2,113,022	$ (1,662,384)	$ 5,223,103
Liabilities and Equity					
Current liabilities:					
Accounts payable	$ 122,479	$ —	$ 109,226	$ —	$ 231,705
Intergroup payable	18,097	—	74,102	(92,199)	—
Accrued expenses	84,619	—	81,555	—	166,174
Current portion of long-term debt	692,280	—	18,816	—	711,096
Dividends payable	21,458	—	—	—	21,458
Income taxes payable	1,396	—	7,944	113	9,453
Total current liabilities	940,329	—	291,643	(92,086)	1,139,886
Long-term debt	2,214,755	—	8,280	—	2,223,035
Postretirement benefits	56,424	—	—	—	56,424
Pension benefits	128,238	—	42,296	—	170,534
Other noncurrent liabilities	51,936	—	35,769	—	87,705
Deferred income taxes	21,318	—	35,566	—	56,884
Commitments and contingencies					
Equity:					
Albemarle Corporation shareholders' equity:					
Common stock	780	—	6,808	(6,808)	780
Additional paid-in capital	10,447	—	553,172	(553,172)	10,447
Accumulated other comprehensive loss	(62,413)	—	(51,073)	51,073	(62,413)
Retained earnings	1,410,651	—	1,061,391	(1,061,391)	1,410,651
Total Albemarle Corporation shareholders' equity	1,359,465	—	1,570,298	(1,570,298)	1,359,465
Noncontrolling interests	—	—	129,170	—	129,170
Total equity	1,359,465	—	1,699,468	(1,570,298)	1,488,635
Total liabilities and equity	$ 4,772,465	$ —	$ 2,113,022	$ (1,662,384)	$ 5,223,103

Condensed Consolidating Balance Sheet
December 31, 2013

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Assets					
Current assets:					
Cash and cash equivalents	$ 88,476	$ —	$ 388,763	$ —	$ 477,239
Trade accounts receivable, less allowance for doubtful accounts	149,834	—	297,030	—	446,864
Other accounts receivable	11,812	—	33,282	—	45,094
Intergroup receivable	88,090	—	28,433	(116,523)	—
Inventories	219,390	—	234,975	(18,316)	436,049
Other current assets	52,457	—	28,979	(3,767)	77,669
Total current assets	610,059	—	1,011,462	(138,606)	1,482,915
Property, plant and equipment, at cost	1,999,398	—	972,686	—	2,972,084
Less accumulated depreciation and amortization	1,268,205	—	346,810	—	1,615,015
Net property, plant and equipment	731,193	—	625,876	—	1,357,069
Investments	69,616	—	142,562	—	212,178
Investment in subsidiaries	1,611,662	—	—	(1,611,662)	—
Other assets	18,621	—	141,608	—	160,229
Goodwill	49,212	—	234,991	—	284,203
Other intangibles, net of amortization	35,003	—	53,200	—	88,203
Total assets	$ 3,125,366	$ —	$ 2,209,699	$ (1,750,268)	$ 3,584,797
Liabilities and Equity					
Current liabilities:					
Accounts payable	$ 107,781	$ —	$ 100,400	$ —	$ 208,181
Intergroup payable	28,433	—	88,090	(116,523)	—
Accrued expenses	92,273	—	84,143		176,416
Current portion of long-term debt	99	—	24,455	—	24,554
Dividends payable	19,197	—	—	—	19,197
Income taxes payable	2,364	—	5,651	—	8,015
Total current liabilities	250,147	—	302,739	(116,523)	436,363
Long-term debt	1,035,977	—	18,333	—	1,054,310
Postretirement benefits	53,903	—	—	—	53,903
Pension benefits	20,931	—	36,716	—	57,647
Other noncurrent liabilities	61,095	—	49,515	—	110,610
Deferred income taxes	75,952	—	53,236	—	129,188
Commitments and contingencies					
Equity:					
Albemarle Corporation shareholders' equity:					
Common stock	801	—	6,807	(6,807)	801
Additional paid-in capital	9,957	—	549,265	(549,265)	9,957
Accumulated other comprehensive income	116,245	—	111,038	(111,038)	116,245
Retained earnings	1,500,358	—	966,635	(966,635)	1,500,358
Total Albemarle Corporation shareholders' equity	1,627,361	—	1,633,745	(1,633,745)	1,627,361
Noncontrolling interests	—	—	115,415	—	115,415
Total equity	1,627,361	—	1,749,160	(1,633,745)	1,742,776
Total liabilities and equity	$ 3,125,366	$ —	$ 2,209,699	$ (1,750,268)	$ 3,584,797

Condensed Consolidating Statement of Income
Year Ended December 31, 2014

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net sales	$ 1,565,965	$ —	$ 1,565,241	$ (685,658)	$ 2,445,548
Cost of goods sold	1,095,072	—	1,269,415	(689,787)	1,674,700
Gross profit	470,893	—	295,826	4,129	770,848
Selling, general and administrative expenses	252,098	—	103,037	—	355,135
Research and development expenses	55,856	—	32,454	—	88,310
Restructuring and other charges, net	9,871	—	16,076	—	25,947
Acquisition and integration related costs	30,158	—	—	—	30,158
Intercompany service fee	26,123	—	(26,123)	—	—
Operating profit	96,787	—	170,382	4,129	271,298
Interest and financing expenses	(41,361)	—	3	—	(41,358)
Other expenses, net	(10,534)	—	(6,227)	—	(16,761)
Income from continuing operations before income taxes and equity in net income of unconsolidated investments	44,892	—	164,158	4,129	213,179
Income tax expense	5,464	—	11,513	1,507	18,484
Income from continuing operations before equity in net income of unconsolidated investments	39,428	—	152,645	2,622	194,695
Equity in net income of unconsolidated investments (net of tax)	6,956	—	28,786	—	35,742
Net income from continuing operations	46,384	—	181,431	2,622	230,437
Loss from discontinued operations (net of tax)	(19,373)	—	(50,158)	—	(69,531)
Equity in undistributed earnings of subsidiaries	106,305	—	—	(106,305)	—
Net income	133,316	—	131,273	(103,683)	160,906
Net income attributable to noncontrolling interests	—	—	(27,590)	—	(27,590)
Net income attributable to Albemarle Corporation	$ 133,316	$ —	$ 103,683	$ (103,683)	$ 133,316

Condensed Consolidating Statement of Comprehensive Loss
Year Ended December 31, 2014

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net income	$ 133,316	$ —	$ 131,273	$ (103,683)	$ 160,906
Total other comprehensive loss, net of tax	(178,658)	—	(163,199)	163,119	(178,738)
Comprehensive loss	(45,342)	—	(31,926)	59,436	(17,832)
Comprehensive income attributable to noncontrolling interests	—	—	(27,510)	—	(27,510)
Comprehensive loss attributable to Albemarle Corporation	$ (45,342)	$ —	$ (59,436)	$ 59,436	$ (45,342)

Condensed Consolidating Statement of Income
Year Ended December 31, 2013

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net sales	$ 1,563,483	$ —	$ 1,437,664	$ (606,877)	$ 2,394,270
Cost of goods sold	1,025,989	—	1,131,158	(613,348)	1,543,799
Gross profit	537,494	—	306,506	6,471	850,471
Selling, general and administrative expenses	60,818	—	97,371	—	158,189
Research and development expenses	51,794	—	30,452	—	82,246
Restructuring and other charges, net	23,880	—	9,481	—	33,361
Intercompany service fee	18,038	—	(18,038)	—	—
Operating profit	382,964	—	187,240	6,471	576,675
Interest and financing expenses	(33,537)	—	1,978	—	(31,559)
Intergroup interest and financing expenses	(87)	—	87	—	—
Other (expenses) income, net	(9,281)	—	2,607	—	(6,674)
Income from continuing operations before income taxes and equity in net income of unconsolidated investments	340,059	—	191,912	6,471	538,442
Income tax expense	128,645	—	3,436	2,364	134,445
Income from continuing operations before equity in net income of unconsolidated investments	211,414	—	188,476	4,107	403,997
Equity in net income of unconsolidated investments (net of tax)	6,940	—	24,789	—	31,729
Net income from continuing operations	218,354	—	213,265	4,107	435,726
Income (loss) from discontinued operations (net of tax)	6,906	—	(2,798)	—	4,108
Equity in undistributed earnings of subsidiaries	187,911	—	—	(187,911)	—
Net income	413,171	—	210,467	(183,804)	439,834
Net income attributable to noncontrolling interests	—	—	(26,663)	—	(26,663)
Net income attributable to Albemarle Corporation	$ 413,171	$ —	$ 183,804	$ (183,804)	$ 413,171

Condensed Consolidating Statement of Comprehensive Income (Loss)
Year Ended December 31, 2013

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net income	$ 413,171	$ —	$ 210,467	$ (183,804)	$ 439,834
Total other comprehensive income (loss), net of tax	30,981	—	(264,363)	264,719	31,337
Comprehensive income (loss)	444,152	—	(53,896)	80,915	471,171
Comprehensive income attributable to noncontrolling interests	—	—	(27,019)	—	(27,019)
Comprehensive income (loss) attributable to Albemarle Corporation	$ 444,152	$ —	$ (80,915)	$ 80,915	$ 444,152

Condensed Consolidating Statement of Income
Year Ended December 31, 2012

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net sales	$ 1,726,884	$ —	$ 1,560,043	$ (767,773)	$ 2,519,154
Cost of goods sold	1,093,330	—	1,297,875	(770,894)	1,620,311
Gross profit	633,554	—	262,168	3,121	898,843
Selling, general and administrative expenses	204,029	—	104,427	—	308,456
Research and development expenses	47,763	—	31,156	—	78,919
Restructuring and other charges, net	12,711	—	98,974	—	111,685
Intercompany service fee	26,132	—	(26,132)	—	—
Operating profit	342,919	—	53,743	3,121	399,783
Interest and financing expenses	(33,193)	—	393	—	(32,800)
Other (expenses) income, net	(2,731)	—	3,960	—	1,229
Income from continuing operations before income taxes and equity in net income of unconsolidated investments	306,995	—	58,096	3,121	368,212
Income tax expense (benefit)	80,444	—	(1,150)	1,139	80,433
Income from continuing operations before equity in net income of unconsolidated investments	226,551	—	59,246	1,982	287,779
Equity in net income of unconsolidated investments (net of tax)	8,863	—	29,204	—	38,067
Net income from continuing operations	235,414	—	88,450	1,982	325,846
Income (loss) from discontinued operations (net of tax)	8,987	—	(4,706)	—	4,281
Equity in undistributed earnings of subsidiaries	67,135	—	—	(67,135)	—
Net income	311,536	—	83,744	(65,153)	330,127
Net income attributable to noncontrolling interests	—	—	(18,591)	—	(18,591)
Net income attributable to Albemarle Corporation	$ 311,536	$ —	$ 65,153	$ (65,153)	$ 311,536

Condensed Consolidating Statement of Comprehensive Income
Year Ended December 31, 2012

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net income	$ 311,536	$ —	$ 83,744	$ (65,153)	$ 330,127
Total other comprehensive income, net of tax	24,935	—	44,721	(44,824)	24,832
Comprehensive income	336,471	—	128,465	(109,977)	354,959
Comprehensive income attributable to noncontrolling interests	—	—	(18,488)	—	(18,488)
Comprehensive income attributable to Albemarle Corporation	$ 336,471	$ —	$ 109,977	$ (109,977)	$ 336,471

Condensed Consolidating Statement Of Cash Flows
Year Ended December 31, 2014

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Cash and cash equivalents at beginning of year	$ 88,476	$ —	$ 388,763	$ —	$ 477,239
Cash flows from operating activities:					
Net cash provided by operating activities	227,426	—	273,176	(7,993)	492,609
Cash flows from investing activities:					
Capital expenditures	(81,624)	—	(28,952)	—	(110,576)
Cash proceeds from divestitures, net	97,523	—	7,195	—	104,718
Payment for settlement of interest rate swap	(33,425)	—	—	—	(33,425)
Sales of (investments in) marketable securities, net	668	—	(19)	—	649
Long-term advances to joint ventures	—	—	(7,499)	—	(7,499)
Net cash used in investing activities	(16,858)	—	(29,275)	—	(46,133)
Cash flows from financing activities:					
Proceeds from issuance of senior notes	1,888,197	—	—	—	1,888,197
Repayments of long-term debt	(108)	—	(5,909)	—	(6,017)
Other borrowings (repayments), net	4,178	—	(10,003)	—	(5,825)
Dividends paid to shareholders	(84,102)	—	—	—	(84,102)
Dividends paid to noncontrolling interests	—	—	(15,535)	—	(15,535)
Intercompany dividends paid	—	—	(7,993)	7,993	—
Repurchases of common stock	(150,000)	—	—	—	(150,000)
Proceeds from exercise of stock options	2,713	—	—	—	2,713
Excess tax benefits realized from stock-based compensation arrangements	826	—	—	—	826
Withholding taxes paid on stock-based compensation award distributions	(3,284)	—	—	—	(3,284)
Debt financing costs	(17,644)	—	—	—	(17,644)
Net cash provided by (used in) financing activities	1,640,776	—	(39,440)	7,993	1,609,329
Net effect of foreign exchange on cash and cash equivalents	(9,018)	—	(34,258)	—	(43,276)
Increase in cash and cash equivalents	1,842,326	—	170,203	—	2,012,529
Cash and cash equivalents at end of year	$ 1,930,802	$ —	$ 558,966	$ —	$ 2,489,768

Condensed Consolidating Statement Of Cash Flows
Year Ended December 31, 2013

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Cash and cash equivalents at beginning of year	$ 145,999	$ —	$ 331,697	$ —	$ 477,696
Cash flows from operating activities:					
Net cash provided by operating activities	270,179	—	177,806	(15,126)	432,859
Cash flows from investing activities:					
Capital expenditures	(79,441)	—	(75,905)	—	(155,346)
Cash payments related to acquisitions and other	(250)	—	(2,315)	—	(2,565)
Sales of (investments in) marketable securities, net	186	—	(17)	—	169
Proceeds from intercompany investing related activity	47,393	—	43,850	(91,243)	—
Intercompany investing related payments	—	—	(43,850)	43,850	—
Net cash used in investing activities	(32,112)	—	(78,237)	(47,393)	(157,742)
Cash flows from financing activities:					
Repayments of long-term debt	(117,097)	—	(18,636)	—	(135,733)
Proceeds from borrowings of long-term debt	117,000	—	—	—	117,000
Other borrowings, net	363,000	—	35,544	—	398,544
Dividends paid to shareholders	(78,107)	—	—	—	(78,107)
Dividends paid to noncontrolling interests	—	—	(10,014)	—	(10,014)
Intercompany dividends paid	—	—	(15,126)	15,126	—
Repurchases of common stock	(582,298)	—	—	—	(582,298)
Proceeds from exercise of stock options	5,553	—	—	—	5,553
Excess tax benefits realized from stock-based compensation arrangements	3,266	—	—	—	3,266
Withholding taxes paid on stock-based compensation award distributions	(6,149)	—	—	—	(6,149)
Debt financing costs	(108)	—	—	—	(108)
Proceeds from intercompany financing related activity	43,850	—	—	(43,850)	—
Intercompany financing related payments	(43,850)	—	(47,393)	91,243	—
Net cash used in financing activities	(294,940)	—	(55,625)	62,519	(288,046)
Net effect of foreign exchange on cash and cash equivalents	(650)	—	13,122	—	12,472
(Decrease) increase in cash and cash equivalents	(57,523)	—	57,066	—	(457)
Cash and cash equivalents at end of year	$ 88,476	$ —	$ 388,763	$ —	$ 477,239

Condensed Consolidating Statement Of Cash Flows
Year Ended December 31, 2012

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Cash and cash equivalents at beginning of year	$ 47,018	$ —	$ 422,398	$ —	$ 469,416
Cash flows from operating activities:					
Net cash provided by operating activities	342,173	—	189,511	(42,918)	488,766
Cash flows from investing activities:					
Capital expenditures	(136,299)	—	(144,574)	—	(280,873)
Cash payments related to acquisitions and other	(3,072)	—	(288)	—	(3,360)
Cash proceeds from divestitures, net	—	—	9,646	—	9,646
Investments in marketable securities, net	(1,607)	—	(8)	—	(1,615)
Long-term advances to joint ventures	(2,459)	—	(22,500)	—	(24,959)
Proceeds from intercompany investing related activity	39,851	—	—	(39,851)	—
Intercompany investing related payments	(33,809)	—	—	33,809	—
Net cash used in investing activities	(137,395)	—	(157,724)	(6,042)	(301,161)
Cash flows from financing activities:					
Repayments of long-term debt	(86)	—	(14,304)	—	(14,390)
Other borrowings (repayments), net	144	—	(49,565)	—	(49,421)
Dividends paid to shareholders	(69,113)	—	—	—	(69,113)
Dividends paid to noncontrolling interests	—	—	(7,628)	—	(7,628)
Intercompany dividends paid	—	—	(42,918)	42,918	—
Repurchases of common stock	(63,575)	—	—	—	(63,575)
Proceeds from exercise of stock options	21,148	—	—	—	21,148
Excess tax benefits realized from stock-based compensation arrangements	14,809	—	—	—	14,809
Withholding taxes paid on stock-based compensation award distributions	(9,124)	—	—	—	(9,124)
Proceeds from intercompany financing related activity	—	—	33,809	(33,809)	—
Intercompany financing related payments	—	—	(39,851)	39,851	—
Net cash used in financing activities	(105,797)	—	(120,457)	48,960	(177,294)
Net effect of foreign exchange on cash and cash equivalents	—	—	(2,031)	—	(2,031)
Increase (decrease) in cash and cash equivalents	98,981	—	(90,701)	—	8,280
Cash and cash equivalents at end of year	$ 145,999	$ —	$ 331,697	$ —	$ 477,696

NOTE 26—Quarterly Financial Summary (Unaudited):

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	(In thousands, except per share amounts)							
2014								
Net sales	$	599,843	$	604,721	$	642,418	$	598,566
Gross profit	$	195,599	$	207,363	$	205,446	$	162,440
Restructuring and other charges, net[(a)]	$	17,000	$	3,332	$	293	$	5,322
Acquisition and integration related costs[(b)]	$	—	$	4,843	$	10,261	$	15,054
Net income (loss) from continuing operations	$	66,004	$	89,404	$	88,019	$	(12,990)
Loss from discontinued operations (net of tax)[(c)]		(1,769)		(60,025)		(6,679)		(1,058)
Net income attributable to noncontrolling interests		(7,652)		(6,932)		(8,546)		(4,460)
Net income (loss) attributable to Albemarle Corporation	$	56,583	$	22,447	$	72,794	$	(18,508)
Basic earnings (loss) per share:								
Continuing operations	$	0.73	$	1.05	$	1.02	$	(0.22)
Discontinued operations		(0.02)		(0.76)		(0.09)		(0.02)
	$	0.71	$	0.29	$	0.93	$	(0.24)
Shares used to compute basic earnings per share		79,735		78,662		78,244		78,144
Diluted earnings (loss) per share:								
Continuing operations	$	0.73	$	1.04	$	1.01	$	(0.22)
Discontinued operations		(0.02)		(0.76)		(0.08)		(0.02)
	$	0.71	$	0.28	$	0.93	$	(0.24)
Shares used to compute diluted earnings per share		80,112		79,091		78,659		78,545

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	(In thousands, except per share amounts)							
2013								
Net sales	$	586,597	$	576,842	$	591,196	$	639,635
Gross profit	$	195,911	$	191,670	$	209,611	$	253,279
Restructuring and other charges, net[(a)]	$	—	$	—	$	—	$	33,361
Net income from continuing operations	$	87,681	$	88,500	$	97,313	$	162,232
Income (loss) from discontinued operations (net of tax)		1,835		2,628		531		(886)
Net income attributable to noncontrolling interests		(5,529)		(8,389)		(7,332)		(5,413)
Net income attributable to Albemarle Corporation	$	83,987	$	82,739	$	90,512	$	155,933
Basic earnings (loss) per share:								
Continuing operations	$	0.93	$	0.95	$	1.10	$	1.93
Discontinued operations		0.02		0.03		0.01		(0.01)
	$	0.95	$	0.98	$	1.11	$	1.92
Shares used to compute basic earnings per share		88,719		84,028		81,385		81,226
Diluted earnings (loss) per share:								
Continuing operations	$	0.92	$	0.95	$	1.10	$	1.92
Discontinued operations		0.02		0.03		0.01		(0.01)
	$	0.94	$	0.98	$	1.11	$	1.91
Shares used to compute diluted earnings per share		89,236		84,489		81,852		81,713

(a) See Note 20, "Restructuring and Other."

(b) See Note 23, “Acquisitions.”

(c) Included in Loss from discontinued operations (net of tax) for the year ended December 31, 2014 is $(65.7) million related to the loss on the sale of our antioxidant, ibuprofen and propofol businesses and assets, the majority of which was recorded in the second quarter. See Note 2, “Discontinued Operations.”

As discussed in Note 1, “Summary of Significant Accounting Policies,” actuarial gains and losses related to our defined benefit pension and OPEB plan obligations are recognized annually in our consolidated statements of income in the fourth quarter and whenever a plan is determined to qualify for a remeasurement during a fiscal year. During the year ended December 31, 2014, actuarial losses were recognized as follows: first quarter—$15.4 million ($9.8 million after income taxes) as a result of the remeasurement of the assets and obligations of (i) our U.S. defined benefit plan which covers non-represented employees, and (ii) our SERP, in connection with the realignment of of our operating segments effective January 1, 2014 and related workforce reduction plan; third quarter—$2.8 million ($1.8 million after income taxes) as a result of the remeasurement of the assets and obligations of one of our U.S. defined benefit plans for represented employees which was part of the businesses and assets we divested on September 1, 2014; fourth quarter—$112.6 million ($71.8 million after income taxes) as a result of the annual remeasurement process. During the year ended December 31, 2013, actuarial gains were recognized as follows: fourth quarter—$139.0 million ($88.3 million after income taxes) as a result of the annual remeasurement process.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

NONE

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Design and Evaluation of Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) and 15d-15(f). Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria for effective internal control over financial reporting described in the "Internal Control-Integrated Framework" (2013) set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the assessment, management concluded that, as of December 31, 2014, our internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included herein. Management's report and the independent registered public accounting firm's report are included in Item 8 under the captions entitled "Management's Report on Internal Control over Financial Reporting" and "Report of Independent Registered Public Accounting Firm" and are incorporated herein by reference.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) occurred during the fiscal quarter ended December 31, 2014 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

NONE

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item 10 will be contained in the Proxy Statement and is incorporated herein by reference. In addition, the information in "Executive Officers of the Registrant" appearing after Item 4 in Part I of this Annual Report, is incorporated herein by reference.

Code of Business Conduct

We have adopted a code of business conduct and ethics for directors, officers and employees, known as the Albemarle Code of Business Conduct. The Albemarle Code of Business Conduct is available on our website at http://www.albemarle.com. Shareholders may also request a free copy of the Albemarle Code of Business Conduct from: Albemarle Corporation, Attention: Investor Relations, 451 Florida Street, Baton Rouge, Louisiana 70801. We will disclose any amendments to, or waivers from, a provision of our Code of Business Conduct that applies to the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions that relates to any element of the Code of Business Conduct as defined in Item 406 of Regulation S-K by posting such information on our website.

New York Stock Exchange Certifications

Because our common stock is listed on the New York Stock Exchange (NYSE), our Chief Executive Officer is required to make, and he has made, an annual certification to the NYSE stating that he was not aware of any violation by us of the corporate governance listing standards of the NYSE. Our Chief Executive Officer made his annual certification to that effect to the NYSE as of May 20, 2014. In addition, we have filed, as exhibits to this Annual Report on Form 10-K, the certifications of our principal executive officer and principal financial officer required under Sections 906 and 302 of the Sarbanes Oxley Act of 2002 to be filed with the Securities and Exchange Commission regarding the quality of our public disclosure.

Additional information will be contained in the Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this Item 11 will be contained in the Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item 12 will be contained in the Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item 13 will be contained in the Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information required by this Item 14 will be contained in the Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) The following consolidated financial and informational statements of the registrant are included in Part II Item 8 on pages 58 to 119:

Management's Report on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2014 and 2013

Consolidated Statements of Income, Comprehensive (Loss) Income, Changes in Equity and Cash Flows for the years ended December 31, 2014, 2013 and 2012

Notes to the Consolidated Financial Statements

(a)(2) No Financial Statement Schedules are provided in accordance with Item 15(a)(2) as the information is either not applicable, not required or has been furnished in the Consolidated Financial Statements or Notes thereto.

(a)(3) Exhibits

The following documents are filed as exhibits to this Form 10-K pursuant to Item 601 of Regulation S-K:

2.1 Agreement and Plan of Merger, dated as of July 15, 2014, among Albemarle Corporation, Albemarle Holdings Corporation and Rockwood Holdings, Inc. [filed as Exhibit 2.1 to the Company's Form S-4/A (No. 333-198415), filed on September 23, 2014, and incorporated herein by reference].

3.1	Amended and Restated Articles of Incorporation (including Amendment thereto) [filed as Exhibit 4.1 to the Company's Registration Statement on Form S-3 (No. 333-119723) and incorporated herein by reference].
3.2	Albemarle Corporation Amended and Restated Bylaws, effective January 12, 2015 [filed as Exhibit 3.2 to the Company's Current Report on Form 8-K (No. 1-12658) filed on January 12, 2015, and incorporated herein by reference].
4.1	Indenture, dated as of January 20, 2005, between the Company and The Bank of New York, as trustee [filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (No. 1-12658) filed on January 20, 2005, and incorporated herein by reference].
4.2	Second Supplemental Indenture, dated as of December 10, 2010, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee [filed as Exhibit 4.2 to the Company's Current Report on Form 8-K (No. 1-12658) filed on December 10, 2010, and incorporated herein by reference].
4.3	Form of Global Security for the 4.50% Senior Notes due 2020 [filed as Exhibit 4.3 to the Company's Current Report on Form 8-K (No. 1-12658) filed on December 10, 2010, and incorporated herein by reference].
4.4	Third Supplemental Indenture, dated as of November 24, 2014, among Albemarle Corporation, Albemarle Holdings Corporation, Albemarle Holdings II Corporation and U.S. Bank National Association, as trustee [filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (No. 1-12658) filed on November 24, 2014, and incorporated herein by reference].
4.5	Form of Global Security for the 3.000% Senior Notes due 2019 [filed as Exhibit 4.2 to the Company's Current Report on Form 8-K (No. 1-12658) filed on November 24, 2014, and incorporated herein by reference.
4.6	Form of Global Security for the 4.150% Senior Notes due 2024 [filed as Exhibit 4.3 to the Company's Current Report on Form 8-K (No. 1-12658) filed on November 24, 2014, and incorporated herein by reference.
4.7	Form of Global Security for the 5.450% Senior Notes due 2044 [filed as Exhibit 4.4 to the Company's Current Report on Form 8-K (No. 1-12658) filed on November 24, 2014, and incorporated herein by reference.
*4.8	Form of Global Security for the 1.875% Senior Notes due 2021.
4.9	Third Supplemental Indenture, dated as of January 29, 2015, among Albemarle Corporation, Rockwood Specialties Group, Inc., and Wells Fargo Bank, National Association, as trustee [filed as Exhibit 4.2 to the Company's Current Report on Form 8-K (No. 1-12658) filed on January 29, 2015, and incorporated herein by reference].
4.10	Fourth Supplemental Indenture, dated as of January 29, 2015, among Albemarle Corporation, Rockwood Holdings, Inc. (as successor by merger to Albemarle Holdings Corporation), Rockwood Specialties Group, Inc. (as successor by merger to Albemarle Holdings II Corporation), The Bank of New York Mellon Trust Company, N.A., a national banking association, as successor to The Bank of New York, and U.S. Bank National Association, as successor trustee [filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (No. 1-12658) filed on January 29, 2015, and incorporated herein by reference].
10.1	Credit Agreement, dated as of February 7, 2014, among Albemarle Corporation and Albemarle Global Finance Company SCA, as borrowers, and certain of the Company's subsidiaries that from time to time become parties thereto, the several banks and other financial institutions as may from time to time become parties thereto, and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer [filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (No. 1-12658) filed on February 7, 2014, and incorporated herein by reference].
10.2	2013 Stock Compensation and Deferral Election Plan for Non-Employee Directors of Albemarle Corporation [filed as Annex A to the Company's definitive Proxy Statement on Schedule 14A (No. 1-12658) filed on March 28, 2013, and incorporated herein by reference].
10.3	Compensation Arrangement with Luther C. Kissam, IV, dated August 29, 2003 [filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 (No. 1-12658), and incorporated herein by reference].

10.4	Albemarle Corporation 2003 Incentive Plan, adopted January 31, 2003 and approved by the shareholders on March 26, 2003 [filed as Annex A to the Company's Definitive Proxy Statement on Schedule 14A (No. 1-12658) filed on February 26, 2003, and incorporated herein by reference].
10.5	First Amendment to the Albemarle Corporation 2003 Incentive Plan, dated as of December 13, 2006 [filed as Exhibit 10.3 to the Company's Current Report on Form 8-K (No. 1-12658) filed on December 18, 2006, and incorporated herein by reference].
10.6	Notice of Performance Unit Award [filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (No. 1-12658) filed on February 25, 2013, and incorporated herein by reference].
10.7	Notice of Restricted Stock Unit Award [filed as Exhibit 10.3 to the Company's Current Report on Form 8-K (No. 1-12658) filed on February 25, 2013, and incorporated herein by reference].
10.8	Notice of Option Grant [filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (No. 1-12658) filed on February 25, 2013, and incorporated herein by reference].
10.9	Notice of Performance-Based Restricted Stock Unit Award [filed as Exhibit 10.4 to the Company's Current Report on Form 8-K (No. 1-12658) filed on February 28, 2014, and incorporated herein by reference].
10.10	Notice of Restricted Stock Unit Award [filed as Exhibit 10.3 to the Company's Current Report on Form 8-K (No. 1-12658) filed on February 28, 2014, and incorporated herein by reference].
10.11	Notice of Option Grant [filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (No. 1-12658) filed on February 28, 2014, and incorporated herein by reference].
10.12	Notice of TSR Performance Unit Award [filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (No. 1-12658) filed on February 28, 2014, and incorporated herein by reference].
*10.13	Amended and Restated Albemarle Corporation Supplemental Executive Retirement Plan, effective as of January 1, 2005.
*10.14	First Amendment to the Albemarle Corporation Supplemental Executive Retirement Plan, dated December 1, 2010.
*10.15	Second Amendment to the Albemarle Corporation Supplemental Executive Retirement Plan, dated December 18, 2011.
*10.16	Third Amendment to the Albemarle Corporation Supplemental Executive Retirement Plan, dated December 2, 2013.
10.17	Share Purchase Agreement, among Albemarle Corporation, Albemarle Overseas Development Corporation and International Chemical Investors, SA, dated August 31, 2006 [filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006 (No. 1-12658), and incorporated herein by reference].
10.18	Form of Severance Compensation Agreement [filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (No. 1-12658) filed on December 12, 2011, and incorporated herein by reference].
10.19	Albemarle Corporation Severance Pay Plan, as revised effective as of December 13, 2006 [filed as Exhibit 10.6 to the Company's Current Report on Form 8-K (No. 1-12658) filed on December 18, 2006, and incorporated herein by reference].
10.20	Amended and Restated Albemarle Corporation Benefits Protection Trust, effective as of December 13, 2006 [filed as Exhibit 10.9 to the Company's Current Report on Form 8-K (No. 1-12658) filed on December 18, 2006, and incorporated herein by reference].
10.21	Albemarle Corporation Employee Relocation Policy [filed as Exhibit 10.33 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 (No. 1-12658) filed on August 7, 2008, and incorporated herein by reference].

10.22	Albemarle Corporation 2008 Incentive Plan, as amended and restated as of April 20, 2010 [filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8 (No. 333-166828) filed on May 14, 2010, and incorporated herein by reference].
*10.23	Amended and Restated Albemarle Corporation Executive Deferred Compensation Plan, effective as of January 1, 2013.
*10.24	First Amendment to the Albemarle Corporation Executive Deferred Compensation Plan, dated as of November 14, 2014.
10.25	Credit Agreement, dated as of August 15, 2014, among Albemarle Corporation, as borrower, and certain of the Albemarle Corporation's subsidiaries that from time to time become parties thereto, as guarantors, the several banks and other financial institutions as may from time to time become parties thereto, and Bank of America, N.A., as Administrative Agent [filed as Exhibit 10.1 to the Company's Form S-4 (No. 333-198415) filed on August 28, 2014, and incorporated herein by reference].
10.26	First Amendment to Credit Agreement, dated as of August 15, 2014, among Albemarle Corporation and Albemarle Global Finance Company SCA, as borrowers, the several banks and other financial institutions as may from time to time become parties thereto, and Bank of America, N.A., as Administrative Agent [filed as Exhibit 10.2 to the Company's Form S-4 (No. 333-198415) filed on August 28, 2014, and incorporated herein by reference].
10.27	Cash Bridge Credit Agreement, dated as of December 2, 2014, among Albemarle Corporation, as Borrower, The Lenders Party Thereto, and Bank of America, N.A., as Administrative Agent [filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (No. 1-12658) filed on December 8, 2014, and incorporated herein by reference].
10.28	Consent, dated November 24, 2014, of Bank of America, N.A., as Administrative Agent, to Albemarle Corporation, regarding the Credit Agreement, dated as of February 7, 2014 [filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (No. 1-12658) filed on December 8, 2014, and incorporated herein by reference].
10.29	Consent, dated November 24, 2014, of Bank of America, N.A., as Administrative Agent, to Albemarle Corporation, regarding the Credit Agreement, dated as of August 15, 2014 [filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (No. 1-12658) filed on December 8, 2014, and incorporated herein by reference].
*10.30	First Amendment to Credit Agreement (Term Loan), dated as of December 22, 2014, among Albemarle Corporation, as borrower, and certain of the Albemarle Corporation's subsidiaries that from time to time become parties thereto, as guarantors, the several banks and other financial institutions as may from time to time become parties thereto, and Bank of America, N.A., as Administrative Agent.
*10.31	Second Amendment to Credit Agreement and Increase of Aggregate Commitments, dated as of December 22, 2014, among Albemarle Corporation and Albemarle Global Finance Company SCA, as borrowers, the several banks and other financial institutions as may from time to time become parties thereto, and Bank of America, N.A., as Administrative Agent.
*12.1	Statement of Computation of Ratio of Earnings to Fixed Charges.
*21.1	Subsidiaries of the Company.
*23.1	Consent of PricewaterhouseCoopers LLP.
*31.1	Certification of Chief Executive Officer pursuant to Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act, as amended.
*31.2	Certification of Chief Financial Officer pursuant to Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act, as amended.

*32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*99.1	Five-Year Summary.
*101	Interactive Data Files (Annual Report on Form 10-K, for the fiscal year ended December 31, 2014, furnished in XBRL (eXtensible Business Reporting Language)) Attached as Exhibit 101 to this report are the following documents formatted in XBRL: (i) the Consolidated Statements of Income for the fiscal years ended December 31, 2014, 2013 and 2012, (ii) the Consolidated Statements of Comprehensive Income for the fiscal years ended December 31, 2014, 2013 and 2012, (iii) the Consolidated Balance Sheets at December 31, 2014 and 2013, (iv) the Consolidated Statements of Changes in Equity for the fiscal years ended December 31, 2014, 2013 and 2012, (v) the Consolidated Statements of Cash Flows for the fiscal years ended December 31, 2014, 2013 and 2012 and (vi) the Notes to Consolidated Financial Statements.

* Included with this filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

ALBEMARLE CORPORATION
(Registrant)

By: /S/ LUTHER C. KISSAM IV
(Luther C. Kissam IV)
President, Chief Executive Officer and Director

Dated: February 27, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of February 27, 2015.

Signature	Title
/S/ LUTHER C. KISSAM IV **(Luther C. Kissam IV)**	President, Chief Executive Officer and Director (principal executive officer)
/S/ SCOTT A. TOZIER **(Scott A. Tozier)**	Senior Vice President, Chief Financial Officer (principal financial officer)
/S/ DONALD J. LABAUVE, JR. **(Donald J. LaBauve, Jr.)**	Vice President, Corporate Controller and Chief Accounting Officer (principal accounting officer)
/S/ WILLIAM H. HERNANDEZ **(William H. Hernandez)**	Director
/S/ DOUGLAS L. MAINE **(Douglas L. Maine)**	Director
/S/ J. KENT MASTERS **(J. Kent Masters)**	Director
/S/ JIM W. NOKES **(Jim W. Nokes)**	Chairman of the Board
/S/ JAMES J. O'BRIEN **(James J. O'Brien)**	Director
/S/ BARRY W. PERRY **(Barry W. Perry)**	Director
/S/ JOHN SHERMAN, JR. **(John Sherman, Jr.)**	Director
/S/ GERALD A. STEINER **(Gerald A. Steiner)**	Director
/S/ HARRIETT TEE TAGGART **(Harriett Tee Taggart)**	Director
/S/ ALEJANDRO D. WOLFF **(Alejandro D. Wolff)**	Director

Exhibit 4.8

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT) AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, UNITED STATES PERSONS EXCEPT IN CERTAIN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.

€700,000,000 XS1148074518 No. 00001

GLOBAL NOTE

ALBEMARLE CORPORATION

Guaranteed to the extent described herein by
ALBEMARLE HOLDINGS CORPORATION (**Holdings**) and
ALBEMARLE HOLDINGS II CORPORATION (**Holdings II** and,
together with Holdings, the **Guarantors** and each, a **Guarantor**)

€700,000,000

1.875% Notes due 2021

1. Albemarle Corporation (the **Issuer**), a corporation duly organized and existing under the laws of the Commonwealth of Virginia, for value received, hereby promises (i) to pay to HSBC Issuer Services Common Depositary Nominee (UK) Limited as registered holder (the **Holder**) on December 8, 2021 (the **Maturity Date**) the principal sum of seven hundred million euro (**€700,000,000**) and (ii) to pay interest thereon annually (in arrears) on December 8 of each year (an **Interest Payment Date**) at the rate of 1.875% per annum from the date hereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for, commencing on December 8, 2015, to the Holder as of the close of business on the record date for each interest payment, which shall be the business day immediately preceding the respective Interest Payment Date (whether or not a Business Day (as defined herein)). Upon the date fixed for redemption of this Global Note as provided in Paragraph 6 if payment thereof has been provided, this Global Note shall cease to bear interest.

The Issuer covenants that so long as the Notes are listed on the Global Exchange Market of the Irish Stock Exchange plc, it shall at all times maintain an agency in London or such other place as the rules and regulations of the Irish Stock Exchange plc may permit for the payment of the principal of and interest on this Global Note as herein provided. The Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive (so long as there is such a Member State). In the event of any variation, termination or change of any of the specified offices, the Issuer shall notify the holders of the Notes in advance of any such variation, termination or change in accordance with Paragraph 11.

This Global Note may be exchanged in whole but not in part (free of charge) for definitive registered Notes (**Definitive Registered Notes**) only upon the occurrence of an Exchange Event. An **Exchange Event** shall occur if Euroclear or Clearstream, Luxembourg notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days.

The Issuer will promptly give notice to Noteholders in accordance with Paragraph 11 upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf, acting on the instructions of any holder of an interest in this Global Note, may give written notice to the Registrar requesting exchange. Any exchange shall occur no later than 10 days after the date of receipt of the relevant notice by the Registrar.

Exchanges will be made upon presentation of this Global Note at the office of the Registrar at 8 Canada Square, London E14 5HQ, United Kingdom by the holder of it on any day (other than a Saturday or Sunday) on which banks are open for general business in the United Kingdom. The aggregate principal amount of Definitive Registered Notes issued upon an exchange of this Global Note will be equal to the aggregate principal amount of this Global Note.

On an exchange in whole of this Global Note, this Global Note shall be surrendered to the Registrar for cancellation.

On any exchange or transfer following which either (i) Notes represented by this Global Note are no longer to be so represented or (ii) details of the transfer of Notes not so represented shall be entered by the Registrar in the Register, the principal amount of this Global Note shall be increased or reduced (as the case may be) by the principal amount so transferred.

Until the exchange of the whole of this Global Note, the registered holder of this Global Note shall in all respects (except as otherwise provided in this Global Note) be entitled to the same benefits as if he were the registered holder of the Definitive Registered Notes represented by this Global Note.

Ownership of interests in this Global Note (the **Book-Entry Interests**) are limited to persons that have accounts (**participants**) with Euroclear and/or Clearstream, Luxembourg (together, the **Clearing Systems**) or persons that hold interests through such participants. The Clearing Systems hold interests in this Global Note on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances set forth above, Book-Entry Interests will not be held in definitive certificated form.

So long as the Notes are held in global form, Euroclear and/or Clearstream, Luxembourg, as applicable (or their respective nominees), will be considered the sole holders of this Global Note for all purposes (save as expressly provided in the Fiscal Agency Agreement). Participants must rely on the procedures of Euroclear and/or Clearstream, Luxembourg and indirect participants must rely on the procedures of Euroclear, Clearstream, Luxembourg and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Notes and/or the Fiscal Agency Agreement.

None of the Issuer, the Guarantors, the Registrar, the Fiscal Agent, the Transfer Agent or any other party to the Fiscal Agency Agreement has any responsibility, nor are they liable, for any aspect of the records relating to the Book-Entry Interests.

In the event this Global Note (or any portion hereof) is redeemed, Euroclear and/or Clearstream, Luxembourg, as applicable, will redeem an equal amount of the Book-Entry Interests in this Global Note from the amount received by it in respect of the redemption of this Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, Luxembourg, as applicable, in connection with the redemption of this Global Note (or any portion hereof).

If fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream, Luxembourg will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate under the existing practices of Euroclear and Clearstream, Luxembourg; *provided*, *however*, that no Book-Entry Interest of €100,000 principal amount or less may be redeemed in part.

The Issuer or any of its subsidiaries may at any time purchase Notes in any manner and at any price. Any Notes so purchased may, at the option of the Issuer, be held, reissued, resold or surrendered to the Fiscal Agent for cancellation.

The Notes constitute part of the Issuer's unsecured and unsubordinated obligations and rank equally in right of payment to all of the Issuer's other unsecured senior obligations. The Issuer's rights and the rights of its creditors, including holders of Notes, to participate in the distribution of assets of any of the Issuer's subsidiaries upon such subsidiary's liquidation or recapitalization, or otherwise, will be subject to the prior claims of such subsidiary's preferred equity holders and creditors, except to the extent that the Issuer may itself be a creditor with recognized claims against such subsidiary.

2. The Issuer shall, subject to the exceptions and limitations set forth below, pay as additional interest on the Notes, such additional amounts as are necessary in order that the net payment by the Issuer or the Paying Agent of the principal of and interest on the Notes to a holder who is not a United States person (as defined below), after deduction for any present or future tax, assessment, or governmental charge of the United States (as defined below) or a political subdivision or taxing authority thereof or therein, imposed by withholding with respect to the payment, will not be less than the amount provided in the Notes to be then due and payable; *provided*, *however*, that the foregoing obligation to pay additional amounts shall not apply:

(1) to a tax, assessment or governmental charge that is imposed or withheld solely by reason of the holder, or a fiduciary, settlor, beneficiary, member, or shareholder of the holder if the holder is an estate, trust, partnership, or corporation, or a person

holding a power over an estate or trust administered by a fiduciary holder, being considered as:

(a) being or having been present or engaged in trade or business in the United States or having or having had a permanent establishment in the United States;

(b) having a current or former relationship with the United States, including a relationship as a citizen or resident thereof;

(c) being or having been a foreign or domestic personal holding company, a passive foreign investment company, or a controlled foreign corporation with respect to the United States or a corporation that has accumulated earnings to avoid United States federal income tax; or

(d) being or having been a "10 percent shareholder" of the obligor under the Notes as defined in section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended (the **Code**) or any successor provisions;

(2) to any holder that is not the sole beneficial owner of the Note, or a portion thereof, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner, or member received directly its beneficial or distributive share of the payment;

(3) to a tax, assessment, or government charge that is imposed or withheld solely by reason of the failure to comply with certification, identification, or information reporting requirements concerning the nationality, residence, identity, or connection with the United States of the holder or beneficial owner of such Note, if compliance is required by statute or by regulation of the United States Treasury Department as a precondition to exemption from such tax, assessment, or other governmental charge;

(4) to a tax, assessment, or governmental charge that is imposed otherwise than by withholding by the Issuer or a Paying Agent from the payment;

(5) to a tax, assessment, or governmental charge that is imposed or withheld solely by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

(6) to an estate, inheritance, gift, sales, excise, transfer, wealth or personal property tax, or a similar tax, assessment or governmental charge;

(7) to any tax, assessment, or other governmental charge required to be withheld by any Paying Agent from any payment of principal of or interest on any Note, if such payment can be made without such withholding by any other Paying Agent;

(8) to any tax, assessment, or governmental charge that is imposed or levied by reason of the presentation (where presentation is required in order to receive payment) of such Notes for payment on a date more than 30 days after the date on which such payment became due and payable, except to the extent that the holder or beneficial owner thereof would have been entitled to additional amounts had the Notes been presented for payment on any date during such 30 day period;

(9) to any withholding or deduction in respect of any tax, assessment, or governmental charge where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;

(10) to any taxes imposed under Sections 1471 through 1474 of the Code (or any amended or successor provisions that are substantively comparable) and any current or future regulations or official interpretations thereof (**FATCA**); or

(11) in the case of any combination of any items (1) through (10).

The Notes are subject in all cases to any tax, fiscal or other law or regulation, or administrative or judicial interpretation applicable thereto. Except as specifically provided under this Paragraph 2, the Issuer shall not be required to make any payment with respect to any tax, assessment, or governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein. Any reference herein to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Paragraph 2.

3. This Global Note is a duly authorized issue of Notes of the Issuer all of like maturity, initially limited to the aggregate principal amount of seven hundred million euro (€700,000,000), known as its "1.875% Notes due 2021" (the **Notes**). The Issuer, for the benefit of the holders from time to time of the Notes, has entered into an Fiscal Agency Agreement dated as of December 8, 2014 (the **Fiscal Agency Agreement**) between the Issuer and HSBC Bank plc, as Fiscal Agent, Principal Paying Agent, Paying Agent, Registrar and Transfer Agent (the **Fiscal Agent**, **Principal Paying Agent**, **Paying Agent**, **Registrar** and **Transfer Agent**), copies of which Fiscal Agency Agreement are on file and available for inspection at the main office of the Fiscal Agent and Paying Agent in London.

The Issuer may, without notice to or consent of the holders or beneficial owners of the Notes, issue in a separate offering additional notes having the same ranking, interest rate, maturity and other terms (except for the date on which the additional notes are issued and public offering price) as the Notes. The Notes and any such additional notes will constitute a single series.

4. In order to provide for the payment of the principal of and interest on the Notes as the same shall become due and payable, the Issuer shall pay or cause to be paid to the Paying Agent at its main office in London, subject in each case to any laws or regulations applicable thereto, in euro as at the time of payment is legal tender for the payment of public and private debts, the following amounts, to be held and applied by the Paying Agent as hereinafter set forth:

(a) The Issuer shall pay or cause to be paid to the Paying Agent, on each Interest Payment Date, an amount in cash or in same-day funds sufficient to pay the interest due on all the Notes on such Interest Payment Date (including any Notes called for redemption on such Interest Payment Date), and the Paying Agent shall apply the amounts so paid to it to the payment of such interest on such Interest Payment Date.

(b) If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of the actual number of days elapsed from and including the immediately preceding Interest Payment Date (or, if none, December 8, 2014) to but excluding the due date for payment divided by the actual number of days in the period from and including the immediately preceding Interest Payment Date (or, if none, December 8, 2014) to but excluding the next Interest Payment Date.

(c) If the Issuer shall elect or be required to redeem the Notes in accordance with Paragraph 6 hereof the Issuer will, on the date fixed for redemption thereof, pay or cause to be paid to the Paying Agent an amount in cash or in same-day funds sufficient (together with any amount then held by the Paying Agent and available for the purpose) to pay the redemption price of all the Notes, together with interest accrued thereon to the date fixed for redemption and not paid pursuant to Paragraph 4(a) hereof, and the Paying Agent shall apply such amount to the payment of the redemption price and interest accrued in accordance with the terms of the Notes.

(d) On the Maturity Date, the Issuer shall pay or cause to be paid to the Paying Agent an amount in cash or in same-day funds which, together with any amounts then held by the Paying Agent and available for the payment thereof, shall be equal to the entire amount of principal of and interest to be due on such Maturity Date on all the Notes then outstanding, and the Paying Agent shall apply such amount to the payment of the principal of and interest on the Notes in accordance with the terms of the Notes.

In any case where any Interest Payment Date, a date fixed for redemption of the Notes or the Maturity Date is not a Business Day (as hereinbelow defined), then (notwithstanding anything to the contrary contained in this Global Note) payment of principal, premium (if any) or interest need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such Interest Payment Date, date fixed for redemption or Maturity Date; *provided* that no interest shall accrue for the period from and after such Interest Payment Date, date fixed for redemption or Maturity Date, as the case may be, to the date of such payment, except as otherwise provided pursuant to Paragraph 2. For purposes hereof, **Business Day** means a day on which commercial banks and foreign exchange markets are open for business in New York, London and in the place where any Note is presented for payment (if presentation is applicable), and which is a day on which the Trans-European Automated Real-Time Gross Settlement Express

Transfer System (**TARGET2**) is operating. Payment at the office of a Paying Agent will be made by credit or transfer to a euro account specified by the payee or by check.

5. Any money held by a Paying Agent for payment of principal, interest or any other amount on any Note, which money remains unclaimed for two years after it is first due and payable, will be paid over by such Paying Agent to the Issuer, and the holder of such Note must thereafter look solely to the Issuer for payment thereof, provided such payment is not illegal or effectively precluded because of exchange controls or similar restrictions.

6. Upon any call for redemption of the Notes pursuant to this Paragraph 6, the Issuer shall publish a notice of such redemption in accordance with Paragraph 11. The Issuer shall inform the Irish Stock Exchange plc of the principal amount of the Notes that have not been redeemed in connection with any redemption pursuant to this Paragraph 6:

(a) *Redemption Upon Changes in Withholding Taxes*. If (1) as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States (or any political subdivision or taxing authority thereof or therein), or any change in, or amendment to, official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after December 4, 2014, the Issuer becomes or will become obligated to pay additional amounts as set forth herein or (2) any act is taken by a taxing authority of the United States on or after December 4, 2014, whether or not such act is taken with respect to the Issuer or any affiliate, that results in a substantial probability that the Issuer will or may be required to pay such additional amounts, then the Issuer may, at its option, redeem the Notes, as a whole but not in part, upon not less than 35 days' nor more than 60 days' published notice in accordance with the provisions herein at 100% of their principal amount, together with interest accrued thereon to the date fixed for redemption; *provided* that the Issuer determines, in its business judgment, that the obligation to pay such additional amounts cannot be avoided by the use of reasonable measures available to it, not including substitution of the obligor under the Notes. No redemption pursuant to (2) above may be made unless the Issuer shall have received an opinion of independent counsel to the effect that an act taken by a taxing authority of the United States results in a substantial probability that the Issuer will or may be required to pay the additional amounts set forth in Paragraph 2 and the Issuer shall have delivered to the Fiscal Agent a certificate, signed by a duly authorized officer, stating that based on such opinion the Issuer is entitled to redeem the Notes pursuant to their terms.

(b) *Redemption at the Option of the Issuer*. At any time, or from time to time, the Issuer may redeem all or a portion of the Notes on no less than 30 nor more than 60 days' published notice in accordance with the provisions herein, at a redemption price equal to the greater of (a) 100% of the principal amount of the Notes to be redeemed and (b) the sum of the present values of the Remaining Scheduled Payments (as defined below) discounted to the redemption date on an annual basis (assuming an Actual/Actual (ICMA) day count fraction) at the Bond Rate (as defined below) plus 0.25% (25 basis points), plus accrued and unpaid interest, if any, on the principal amount being redeemed to, but excluding, the redemption date.

Bond Rate means, with respect to any redemption date, the rate per year equal to the annual equivalent yield to maturity (computed as of the second business day immediately preceding such redemption date) of the Comparable Government Issue, assuming a price for the Comparable Government Issue (expressed as a percentage of its principal amount) equal to the Comparable Price for such redemption date.

Comparable Government Issue means the euro-denominated security issued by a European Union government selected by an Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities of comparable maturity of the Notes to be redeemed.

Comparable Price means, with respect to any redemption date, (a) the average of the Reference Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Dealer Quotations, or (b) if fewer than five such Reference Dealer Quotations are obtained, the average of all such Reference Dealer Quotations.

Independent Investment Banker means an investment bank of international standing appointed by the Issuer.

Reference Dealer means a broker of, or a market maker in, the Comparable Government Issue selected by the Independent Investment Banker.

Reference Dealer Quotation means, with respect to each Reference Dealer and any redemption date, the average of the bid and asked prices for the Comparable Government Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Dealer as of 3:30 p.m., Central European time, on the third business day preceding such redemption date.

Remaining Scheduled Payments means, with respect to each Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; *provided*, *however*, that, if such redemption date is not an interest payment date with respect to such Note, the amount of the next succeeding scheduled interest payment thereon shall be reduced by the amount of interest accrued thereon to, but excluding, such redemption date.

On and after the redemption date, interest shall cease to accrue on the Notes called for redemption. On or before any redemption date, the Issuer shall deposit with a Paying Agent (which may be the Fiscal Agent) money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on such date.

(c) *Special Mandatory Redemption*. In the event that the Issuer does not consummate the proposed acquisition (the **Merger**) by the Issuer of Rockwood Holdings, Inc. (**Rockwood**) on or prior to August 15, 2015, or the agreement and plan of merger, dated as of July 15, 2014 (the **Merger Agreement**), by and among the Issuer, Holdings and Rockwood, is terminated at any time prior thereto, then the Issuer shall be required to redeem all the Notes on the Special Mandatory Redemption Date (as defined below) at a redemption price equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest from the date of initial issuance to but excluding the Special Mandatory Redemption Date. The **Special Mandatory Redemption Date** means the earlier to occur of (1) September 15, 2015, if the Merger has not been completed on or prior to August 15, 2015, or (2) the 30th day (or if such day is not a business day, the first business day thereafter) following the termination of the Merger Agreement for any reason.

The Issuer shall cause the notice of special mandatory redemption to be published, with a copy to the Fiscal Agent, within five business days after the occurrence of the event triggering the redemption in accordance with Paragraph 11, and such notice shall include, but need not be limited to, a statement that as of the Special Mandatory Redemption Date, interest shall cease to accrue on the Notes if funds sufficient to pay the special mandatory redemption price of all Notes to be redeemed on such Special Mandatory Redemption Date are deposited with a Paying Agent, on or before such Special Mandatory Redemption Date. If funds sufficient to pay the special mandatory redemption price of all Notes to be redeemed on the Special Mandatory Redemption Date are deposited with a Paying Agent, on or before such Special Mandatory Redemption Date, as of such Special Mandatory Redemption Date, interest shall cease to accrue on the Notes.

7. (a) *Limitation on Liens and Other Encumbrances*. The Issuer shall not and shall not permit any Restricted Subsidiary (as defined below) to incur, issue, assume or guarantee any Indebtedness secured by any Lien (as defined below) upon any Principal Property (as defined below) or shares of capital stock or indebtedness of any Restricted Subsidiary without securing the Notes equally and ratably with all other Indebtedness secured by the Lien.

The first paragraph of this Paragraph 7(a) shall not apply to:

(1) Liens existing on the date of the indenture governing the Issuer's 3.000% Senior Notes due 2019, 4.150% Senior Notes due 2024 and 5.450% Senior Notes due 2044;

(2) Liens existing on any Principal Property owned or leased by a corporation at the time it becomes a Restricted Subsidiary;

(3) Liens existing on any Principal Property at the time of its acquisition by the Issuer or a Restricted Subsidiary, which Lien was not incurred in anticipation of such acquisition and was outstanding prior to such acquisition;

(4) Liens to secure any Indebtedness incurred prior to, at the time of, or within 12 months after the acquisition of any Principal Property for the purpose of financing all or any part of the purchase price thereof and any Lien to the extent that it secures Indebtedness which is in excess of such purchase price

and for the payment of which recourse may be had only against such Principal Property;

(5) Liens to secure any Indebtedness incurred prior to, at the time of, or within 12 months after the completion of the construction and commencement of commercial operation, alteration, repair or improvement of any Principal Property for the purpose of financing all or any part of the cost thereof and any Lien to the extent that it secures Indebtedness which is in excess of that cost and for the payment of which recourse may be had only against the Principal Property;

(6) Liens in favor of the Issuer or any of its Restricted Subsidiaries;

(7) Liens in favor of the United States or any state or any other country, or any agency, instrumentality or political subdivision of any of the foregoing, to secure partial, progress, advance or other payments or performance pursuant to the provisions of any contract or statute, or to secure any Indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of constructing or improving the property subject to such Liens;

(8) Liens imposed by law, such as mechanics', workmen's, repairmen's, materialmen's, carriers', warehousemen's, vendors' or other similar Liens arising in the ordinary course of business, or federal, state or municipal government Liens arising out of contracts for the sale of products or services by the Issuer or any Restricted Subsidiary, or deposits or pledges to obtain the release of any of the foregoing;

(9) Pledges or deposits under workmen's compensation laws or similar legislation and Liens of judgments thereunder which are not currently dischargeable, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of money) or leases to which the Issuer or any Restricted Subsidiary is a party, or deposits to secure public or statutory obligations of the Issuer or any Restricted Subsidiary, or deposits in connection with obtaining or maintaining self-insurance or to obtain the benefits of any law, regulation or arrangement pertaining to unemployment insurance, old age pensions, social security or similar matters, or deposits of cash or obligations of the United States to secure surety, appeal or customs bonds to which the Issuer or any Restricted Subsidiary is a party, or deposits in litigation or other proceedings such as, but not limited to, interpleader proceedings;

(10) Liens in connection with legal proceedings being contested in good faith by appropriate proceedings, including liens arising out of judgments or awards against the Issuer or any Restricted Subsidiary, which judgments or awards are being appealed, and Liens incurred for the purpose of obtaining a stay

order or discharge during a legal proceeding to which the Issuer or any Restricted Subsidiary is a party;

(11) Liens for taxes or assessments or governmental charges or levies not yet due or delinquent, or which can thereafter be paid without penalty, or which are being contested in good faith by appropriate proceedings;

(12) Liens consisting of easements, rights of way and restrictions on the use of real property, and defects in title, which do not (a) interfere materially with the use of the property covered thereby in the ordinary course of the Issuer's or any Restricted Subsidiary's business or (b) materially detract from the property's value in the Issuer's opinion; and

(13) Any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing subclauses (2) through (12) above, so long as the principal amount of the Indebtedness secured thereby does not exceed the principal amount of Indebtedness so secured at the time of the extension, renewal or replacement (except that, where an additional principal amount of Indebtedness is incurred to provide funds for the completion of a specific project, the additional principal amount, and any related financing costs, may be secured by the Lien as well) and the Lien is limited to the same property subject to the Lien so extended, renewed or replaced, plus improvements on the property.

Notwithstanding the foregoing in this Paragraph 7(a), the Issuer and any one or more of its Restricted Subsidiaries may issue, assume or guarantee Indebtedness secured by a Lien that would otherwise be subject to the foregoing restrictions in this Paragraph 7(a) if at the time of incurrence (the **Incurrence Time**), the amount equal to the sum of:

- the aggregate amount of the Indebtedness, *plus*
- all of the Issuer's other Indebtedness and the Indebtedness of the Issuer's Restricted Subsidiaries secured by a Lien that would otherwise be subject to the foregoing restrictions in this Paragraph 7(a) (not including Indebtedness permitted to be secured under the foregoing restrictions in this Paragraph 7(a)), *plus*
- the aggregate Attributable Debt (as defined below) determined as of the Incurrence Time of Sale and Leaseback Transactions (as defined below), other than Sale and Leaseback Transactions permitted pursuant to Paragraph 7(b) entered into after the date of the Fiscal Agency Agreement and in existence at the Incurrence Time, *less*
- the aggregate amount of proceeds of such Sale and Leaseback Transactions that have been applied as provided pursuant to Paragraph 7(b), does not exceed 15% of the Issuer's Consolidated Net Tangible Assets (as defined below).

Attributable Debt means, in respect of a Sale and Leaseback Transaction and as of any particular time, the present value of the obligation of the lessee thereunder for net rental payments during the remaining term of such lease, including any extensions. The present value of the obligation of the lessee is discounted at the rate of interest implicit in the terms of the lease involved in the Sale and Leaseback Transaction, as determined in good faith by the Issuer. Net rental payments exclude any amounts required to be paid by the lessee, whether or not designated as rent or additional rent, on account of maintenance and repairs, services, insurance, taxes, assessments, water rates or similar charges or any amounts required to be paid by the lessee, subject to monetary inflation or the amount of sales, maintenance and repairs, insurance, taxes, assessments, water rates or similar charges.

Consolidated Net Tangible Assets means the aggregate amount of assets after deducting the following:

(a) applicable reserves and other properly deductible items;

(b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles; and

(c) all current liabilities, as reflected in the Issuer's latest consolidated balance sheet contained in its most recent annual report on Form 10-K or quarterly report on Form 10-Q filed pursuant to the Securities Exchange Act of 1934, as amended (the **Exchange Act**) prior to the time as of which "Consolidated Net Tangible Assets" will be determined.

Indebtedness means, with respect to any Person on any date of determination, without duplication:

(a) the principal and premium (if any) in respect of indebtedness of such Person for borrowed money;

(b) the principal and premium (if any) in respect of all obligations of such Person in the form of or evidenced by notes, debentures, bonds or other similar instruments, including obligations incurred in connection with its acquisition of property, assets or businesses;

(c) capitalized lease obligations of such Person;

(d) all obligations of such Person under letters of credit, bankers' acceptances or similar facilities issued for its account;

(e) all obligations of such Person issued or assumed in the form of a deferred purchase price of property or services, including master lease transactions pursuant to which such Person or its subsidiaries have agreed to be treated as owner of the subject property for federal income tax purposes (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business);

(f) all payment obligations of such Person under swaps and other hedging arrangements;

(g) all obligations of such Person pursuant to its guarantee or assumption of certain of another entity's obligations and all dividend obligations guaranteed or assumed by such Person;

(h) all obligations to satisfy the expenses and fees of the Fiscal Agent under the Fiscal Agency Agreement;

(i) all obligations pursuant to all amendments, modifications, renewals, extensions, refinancings, replacements and refundings by such Person of the obligations referred to in subclauses (a) through (h) above; and

(j) guarantees of any of the foregoing,

provided, *however*, that Indebtedness shall not include any indebtedness of a subsidiary to the Issuer or another subsidiary.

Lien means any mortgage, lien, pledge, charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof), security interest or other encumbrance.

Principal Property means all real and tangible personal property owned or leased by the Issuer or any Restricted Subsidiary constituting a part of any manufacturing or processing plant or warehouse located within the United States, exclusive of (1) motor vehicles and other rolling stock, (2) office furnishings and equipment, and information and electronic data processing equipment, (3) any property financed through the issuance of tax-exempt industrial development bonds, (4) any real property held for development or sale, or (5) any property which in the opinion of the Issuer's board of directors as evidenced by a resolution of the board of directors is not of material importance to the total business conducted by the Issuer and its Restricted Subsidiaries as an entirety.

Restricted Subsidiary means any of the Issuer's subsidiaries (a) substantially all of whose property is located within the United States and (b) which owns a Principal Property or in which the Issuer's investment exceeds 1% of the aggregate amount of assets included on the Issuer's consolidated balance sheet as of the end of the last fiscal quarter for which financial information is available.

Sale and Leaseback Transaction means any arrangement involving any bank, insurance company, or other lender or investor (in each case that is not the Issuer or an affiliate of the Issuer) or to which any such lender or investor is a party that provides for the lease by the Issuer or one of the Issuer's Restricted Subsidiaries for a period, including renewals, in excess of three years of any Principal Property which has been or is to be sold or transferred by the Issuer or any Restricted Subsidiary to the lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of the Principal Property.

(b) *Restrictions on Sale and Leaseback Transactions*. The Issuer shall not and shall not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction, unless:

(1) the Issuer or the Restricted Subsidiary would, at the time of entering into the arrangement, be entitled, without equally and ratably securing the Notes, to incur, issue, assume or guarantee Indebtedness secured by a lien on the property, under subclauses (2) through (13) of Paragraph 7(a); or

(2) the Issuer, within 180 days after the sale or transfer, applies to the retirement of its Funded Debt an amount equal to the greater of:

(a) the net proceeds of the sale of the Principal Property sold and leased back in connection with the arrangement; or

(b) the fair market value of the Principal Property so sold and leased back at the time of entering into such arrangement.

Notwithstanding the preceding paragraph of this Paragraph 7(b), the Issuer and its Restricted Subsidiaries, or any of them, may enter into a Sale and Leaseback Transaction that would otherwise be prohibited as set forth in the preceding paragraph of this Paragraph 7(b), if either:

(1) such transaction involves the transfer of property to a governmental body, authority or corporation, such as a development authority, and is entered into primarily for the purpose of obtaining economic incentives and does not involve a third-party lender or investor; or

(2) at the time of and giving effect to the transaction, the amount equal to the sum of:

- the aggregate amount of the Attributable Debt in respect of all Sale and Leaseback Transactions existing at the time that could not have been entered into except in reliance on this paragraph of this Paragraph 7(b), *plus*

- the aggregate amount of outstanding Indebtedness secured by Liens in reliance on the second paragraph of Paragraph 7(a),

does not at the time exceed 15% of the Issuer's Consolidated Net Tangible Assets.

Funded Debt means: (a) all Indebtedness maturing one year or more from the date of its creation, (b) all Indebtedness directly or indirectly renewable or extendable, at the option of the debtor, by its terms or by the terms of the instrument or agreement relating thereto, to a date one year or more from the date of its creation, and (c) all Indebtedness under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more.

(c) *Offer to Repurchase Upon Change of Control Triggering Event*. Upon the occurrence of a Change of Control Triggering Event with respect to the Notes, unless the Issuer has exercised its right to redeem the Notes pursuant to Paragraph 6(b) by giving irrevocable written notice to the

Fiscal Agent in accordance with the Fiscal Agency Agreement, each Holder of Notes shall have the right to require the Issuer to purchase all or a portion of such Holder's Notes pursuant to the offer set forth below (the **Change of Control Offer**), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, up to but not including the date of purchase (the **Change of Control Payment**).

Unless the Issuer has exercised its right to redeem the Notes, within 30 days following the date upon which the Change of Control Triggering Event occurs or, at the Issuer's option, prior to any Change of Control but after the public announcement of the pending Change of Control, the Issuer shall be required to publish notice to Holders of Note in accordance with Paragraph 11, which notice shall govern the terms of the Change of Control Offer. Such notice shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the **Change of Control Payment Date**). The notice, if published prior to the date of consummation of the Change of Control, shall state that the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date.

On the Change of Control Payment Date, the Issuer shall, to the extent lawful:

- accept or cause a third party to accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

- deposit or cause a third party to deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

- deliver or cause to be delivered to the Fiscal Agent the Notes properly accepted together with an officer's certificate stating the aggregate principal amount of Notes or portions of Notes being repurchased.

The Issuer shall not be required to make a Change of Control Offer with respect to the Notes if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by the Issuer and such third party purchases all the Notes properly tendered and not withdrawn under its offer. In addition, the Issuer will not repurchase any Notes if there has occurred and is continuing on the Change of Control Payment Date an event of default under the Fiscal Agency Agreement or the Notes, other than a default in the payment of the Change of Control Payment on the Change of Control Payment Date.

If applicable, the Issuer shall comply in all material respects with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Offer provisions of the Notes, the Issuer shall be required to comply with those securities laws and regulations and shall not be deemed to have breached our obligations under the Change of Control Offer provisions of the Notes by virtue of any such conflict.

For purposes of the foregoing provisions of this Paragraph 7(c) regarding a Change of Control Offer, the following definitions are applicable:

Change of Control means the occurrence of any of the following after the date of issuance of the Notes:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the Issuer's assets and the assets of its subsidiaries taken as a whole to any "person" or "group" (as those terms are used in Section 13(d)(3) of the Exchange Act) other than to the Issuer or one of its subsidiaries;

(2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" or "group" (as those terms are used in Section 13(d)(3) of the Exchange Act) (other than the Issuer or one of its subsidiaries) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of the Issuer's Voting Stock representing a majority of the voting power of its outstanding Voting Stock;

(3) the Issuer consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, us, in any such event pursuant to a transaction in which any of the Issuer's outstanding Voting Stock or Voting Stock of such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Issuer's Voting Stock outstanding immediately prior to such transaction constitutes, or is converted into or exchanged for, Voting Stock representing a majority of the voting power of the Voting Stock of the surviving Person immediately after giving effect to such transaction; or

(4) the adoption by the Issuer's stockholders of a plan relating to its liquidation or dissolution.

Notwithstanding the foregoing, a transaction (or series of related transactions) shall not be deemed to involve a Change of Control under subclause (2) above if (i) the Issuer becomes a direct or indirect wholly-owned subsidiary of a holding company and (ii) (A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Issuer's Voting Stock immediately prior to that transaction or (B) immediately following that transaction no person (as that term is used in Section 13(d)(3) of the Exchange Act) (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

Change of Control Triggering Event means, with respect to the Notes, (i) the rating of the Notes is lowered by each of the Rating Agencies on any date during the period (the **Trigger Period**) commencing on the earlier of (a) the occurrence of a Change of Control and (b) the first public announcement by the Issuer of any Change of Control (or pending Change of Control), and ending 60 days following consummation of such Change of Control (which Trigger Period shall be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings change), and (ii) the Notes are rated below Investment Grade by each of the Rating Agencies on any day during the Trigger Period; *provided* that a Change of Control Trigger Event shall not be deemed to have occurred in respect of a particular Change of Control if each Rating Agency making the reduction in rating does not publicly announce or confirm or inform the Fiscal Agent at the Issuer's or its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the Change of Control.

Notwithstanding the foregoing, no Change of Control Triggering Event shall be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

Investment Grade means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating category of Moody's) and a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P), and the equivalent investment grade credit rating from any replacement rating agency or rating agencies selected by the Issuer under the circumstances permitting us to select a replacement rating agency and in the manner for selecting a replacement rating agency, in each case as set forth in the definition of "Rating Agency."

Moody's means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors.

Person means any individual, corporation, partnership, limited liability company, business trust, association, joint-stock company, joint venture, trust, incorporated or unincorporated organization or government or any agency or political subdivision thereof.

Rating Agency means each of Moody's and S&P; *provided*, that if either Moody's or S&P ceases to provide rating services to issuers or investors, the Issuer may appoint another "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act as a replacement for such Rating Agency; *provided* that the Issuer shall give written notice of such appointment to the Fiscal Agent.

S&P means Standard & Poor's Ratings Services, a division of McGraw Hill Financial, Inc., and its successors.

Voting Stock of any specified Person as of any date means the capital stock of such Person that is at the time entitled to vote generally in the election of the board of directors of such Person.

8. (a) The Holders of 25% in aggregate principal amount of Notes may give written notice to the Issuer declaring that the outstanding Notes are, and they shall accordingly forthwith become, immediately due and repayable at their respective principal amounts, together with interest

accrued and unpaid through the date of declaration, if any of the following events shall have occurred and be continuing:

(i) default for 30 days in payment of any interest on the Notes when it becomes due and payable; or

(ii) default in payment of principal of or any premium on the Notes upon redemption, repayment or otherwise when the same becomes due and payable; or

(iii) default by the Issuer in the performance of any other covenant contained in the terms of the Notes or the Fiscal Agency Agreement for the benefit of the Notes that has not been remedied by the end of a period of 60 days following the service by the holders of at least 25% in principal amount of all outstanding Notes on the Issuer of notice requiring the same to be remedied; or

(iv) default in the payment of principal or an acceleration of other indebtedness for borrowed money of the Issuer, the Guarantors or any Significant Subsidiary where the aggregate principal amount with respect to which the default or acceleration has occurred exceeds $100 million and such acceleration has not been rescinded or annulled or such indebtedness repaid within a period of 30 days after written notice to the Issuer by the Fiscal Agent or to the Issuer and the Fiscal Agent by the holders of at least 25% in principal amount of all outstanding Notes, provided that if any such default is cured, waived, rescinded or annulled, then the Event of Default by reason thereof would be deemed not to have occurred.

(b) If any of the following events occurs and is continuing, then the principal amount of all Notes outstanding, together with any accrued interest through the occurrence of such event, shall become and be due and payable immediately, without any declaration or other act by any Noteholder or the Fiscal Agent:

(i) the Issuer or a Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law: (a) commences a voluntary case or proceeding; (b) consents to the entry of a judgment, decree or order for relief against it in an involuntary case or proceeding; (c) consents to the appointment of a Custodian of it or for any substantial part of its property; (d) makes a general assignment for the benefit of its creditors; (e) consents to or acquiesces in the institution of a bankruptcy or an insolvency proceeding against it; (f) takes any corporate action to authorize or effect any of the foregoing; or (g) takes any comparable action under any foreign laws relating to insolvency; or

(ii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (a) is for relief in an involuntary case against the Issuer or a Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law; (b) appoints a Custodian for all or substantially all of the property of the Issuer or a Significant Subsidiary; or (c) orders the winding up or liquidation of the Issuer or a Significant Subsidiary; and in each case, the order, decree or relief remains unstayed and in effect for 60 days.

(e) The events described in paragraphs 8(a)(i)-(iv), inclusive, and 8(b)(i)-(ii), inclusive, are together referred to as **Events of Default**.

For the purposes of this Paragraph 8, **Bankruptcy Law** means Title 11, United States Code, or any similar federal or state law for the relief of debtors, **Significant Subsidiary** means any of the Issuer's subsidiaries that would be a "Significant Subsidiary" of the Issuer within the meaning of Rule 1-02 under Regulation S-X promulgated by the U.S. Securities and Exchange Commission and **Custodian** means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

9. At any time after a declaration of acceleration with respect to any Notes has been made and before a judgment or decree for payment of the money due has been obtained, the holders of a majority in aggregate principal amount of the Notes outstanding may, by written notice to the Issuer, rescind and annul such declaration and its consequences if:

(a) the Issuer has paid to the holders a sum sufficient to pay in euro:

(i) all overdue interest, if any, on all Notes outstanding,

(ii) all unpaid principal of (and premium, if any, on) any Notes outstanding which has become due otherwise than by such a declaration of acceleration, and interest on such unpaid principal (or premium) at the rate borne by the Notes during the period of such default, and

(iii) to the extent that payment of such interest is enforceable under applicable law, interest upon overdue interest to the date of such payment or deposit at the rate borne by the Notes during the period of such default; and

(b) all Events of Default with respect to the Notes, other than the non-payment of the principal of (or premium, if any, on) or interest on the Notes which have become due solely by such an acceleration, have been cured or waived as provided in Paragraph 10.

10. Subject to Paragraph 9, the holders of a majority in principal amount of Notes outstanding may on behalf of the holders of all the Notes waive any past Event of Default with respect to the Notes except a default in respect of the payment of the principal of or any premium or interest on the Notes and any default in respect of a covenant or provision of the Notes or the Fiscal Agency Agreement which pursuant to its terms cannot be modified or amended by the holders

of a majority in principal amount of Notes outstanding (in which case, the holders of such higher percentage in principal amount of Notes outstanding may waive such Event of Default).

Upon any such waiver, any such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose under the terms of the Notes and the Fiscal Agency Agreement, and the Issuer and the Noteholders shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

11. All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar or published through the newswire service of Bloomberg or, if Bloomberg does not then operate, any similar agency. The Issuer shall ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

12. The Fiscal Agency Agreement provides for meetings of the holders of Notes regarding any matter affecting their interests, including the modification by Extraordinary Resolution of the terms of the Notes or any provisions of the Fiscal Agency Agreement. A quorum of holders of Notes representing more than 50% in principal amount of the Notes outstanding is required for a meeting to pass an Extraordinary Resolution (or for any adjourned meeting one or more holders of Notes will constitute a quorum, whatever the principal amounts of the Notes held or represented), except when the Extraordinary Resolutions propose to modify certain terms of the Notes for which case a quorum of holders of Notes representing at least two-thirds in principal amount of the Notes outstanding is required (or for any adjourned meeting holders of Notes representing at least one-third of the principal amount of the Notes outstanding constitutes a quorum). An Extraordinary Resolution passed at any meeting of the holders of Notes will be binding on all holders of Notes, whether or not they are present at the meeting.

13. The Notes and the Fiscal Agency Agreement are governed by, and shall be construed in accordance with, the laws of the State of New York. Any legal action in connection with the Notes or the Fiscal Agency Agreement may be brought in a competent court of the State of New York.

14. Subject to Paragraph 15 hereof, the Issuer hereby certifies and declares that all acts, conditions and things required to be done and performed and to have happened precedent to the creation and issuance of this Global Note, and to constitute the same the valid obligation of the Issuer, have been done and performed and have happened in due compliance with all applicable laws.

15. This Global Note shall not be valid or obligatory for any purpose unless and until this Global Note has been authenticated by HSBC Bank plc or a successor Registrar.

16. (a) _Guarantee_. (1) Each Guarantor hereby fully and unconditionally guarantees, on a joint and several basis, to each Holder, the due and punctual payment of the principal of (and premium, if any, on) and interest (including, in case of default, interest on principal and, to the extent permitted by applicable law, on overdue interest and including any additional interest required to be paid according to the terms of the Notes), if any, on each Note, when and as the same shall become due and payable, whether at the Maturity Date, upon redemption, upon acceleration, upon tender for repayment at the option of any Holder or otherwise, according to the terms of this Note and of the Fiscal Agency Agreement (the **Guarantor Obligations**). In case of the failure of the Issuer or any successor thereto punctually to pay any such principal, premium or interest payment, each Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the Maturity Date, upon redemption, upon declaration of acceleration, upon tender for repayment at the option of any Holder or otherwise, as if such payment were made by the Issuer.

(2) Each Guarantor hereby agrees that its Guarantor Obligations hereunder shall be as if it were principal debtor and not merely surety and shall be absolute and unconditional, irrespective of the identity of the Issuer, the validity, regularity or enforceability of any such Note or the Fiscal Agency Agreement, the absence of any action to enforce the same, any waiver or consent by the Holder with respect to any provisions thereof, the recovery of any judgment against the Issuer or any action to enforce the same, or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever and covenants that its Guarantee will not be discharged except by complete performance of its obligations contained in the Notes and in this Guarantee.

(3) Each Guarantor hereby agrees that, in the event of a default in payment of principal or premium, if any, or interest on any Note, whether at its Maturity Date, by acceleration, purchase or otherwise, legal proceedings may be instituted by the Holder of any Note, subject to the terms and conditions set forth in this Note and the Fiscal Agency Agreement, directly against each such Guarantor to enforce its Guarantee without first proceeding against the Issuer.

(4) If any Holder, the Fiscal Agent or any Paying Agent is required by any court or otherwise to return to the Issuer or any Guarantor, or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuer or any Guarantor, any amount paid in respect of a Note by any of them to the Fiscal Agent, any Paying Agent or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(5) This Guarantee shall remain in full force and effect and continue to be effective should any petition be filed by or against the Issuer for liquidation, reorganization, should the Issuer become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the Issuer's assets, and shall, to the fullest extent permitted by law, continue to be effective or be reinstated, as the case may be, if at any time payment and performance of any Note are, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee on any Note, whether as a "voidable

preference", "fraudulent transfer" or otherwise, all as though such payment or performance had not been made. In the event that any payment or any part thereof is rescinded, reduced, restored or returned, any Note shall, to the fullest extent permitted by law, be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

(b) *Severability*. In case any provision of this Guarantee shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(c) *Priority of Guarantee*. This Guarantee shall be an unsecured and unsubordinated obligation of each Guarantor, ranking pari passu with all other existing and future unsubordinated and unsecured indebtedness of the Issuer and each such Guarantor, respectively.

(d) *Limitation of Guarantors' Liability*. Each Guarantor and by its acceptance hereof each Holder confirms that it is the intention of all such parties that this Guarantee does not constitute a fraudulent transfer or conveyance for purposes of the Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law or the provisions of its local law relating to fraudulent transfer or conveyance. To effectuate the foregoing intention, the Holders and each Guarantor hereby irrevocably agree that the obligations of each such Guarantor under this Guarantee shall be limited to the maximum amount that will not, after giving effect to all other contingent and fixed liabilities of each such Guarantor, result in the obligations of such Guarantor under this Guarantee constituting such fraudulent transfer or conveyance.

(e) *Subrogation*. Each Guarantor shall be subrogated to all rights of Holders against the Issuer in respect of any amounts paid by any such Guarantor on account of the Notes or the Fiscal Agency Agreement; *provided*, *however*, that, if an Event of Default has occurred and is continuing, each Guarantor shall not be entitled to enforce or receive any payments arising out of, or based upon, such right of subrogation until all amounts then due and payable by the Issuer under the Fiscal Agency Agreement or the Notes shall have been paid in full.

(f) *Reinstatement*. Each Guarantor hereby agrees that its Guarantee provided for in Paragraph 16(a) shall continue to be effective or be reinstated, as the case may be, if at any time, payment, or any part thereof, of any obligations or interest thereon is rescinded or must otherwise be restored by a Holder to the Issuer upon the bankruptcy or insolvency of the Issuer or such Guarantor. Subject to the preceding sentence, once released in accordance with its terms, a Guarantee shall not be required to be reinstated for any reason.

(g) *Release of Guarantor*. (1) So long as no Event of Default exists or upon the occurrence of the following events, with notice or lapse of time or both, would exist, this Guarantee and any Liens securing this Guarantee shall be automatically and unconditionally released and discharged:

(i) upon any sale, exchange or transfer to any Person that is not an affiliate of the Issuer of all of the Issuer's capital stock in a Guarantor, which transaction is otherwise in compliance with the Fiscal Agency Agreement and this Note;

(ii) upon any consolidation or merger of a Guarantor with or into the Issuer or another Guarantor, which transaction is otherwise in compliance with the Fiscal Agency Agreement and this Note; or

(iii) upon the redemption, defeasance, retirement or any other discharge in full of the 4.625% Senior Notes due 2020 issued by Rockwood's wholly owned subsidiary, Rockwood Specialties Group, Inc.

(2) Upon written instruction from the Issuer, the Fiscal Agent shall execute and deliver any documents, instructions or instruments evidencing any release of a Guarantee.

(h) *Benefits Acknowledged*. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Fiscal Agency Agreement and the Notes and that its guarantee and waivers pursuant to the Guarantee are knowingly made in contemplation of such benefits.

All terms used in this Global Note that are defined in the Fiscal Agency Agreement shall have the meanings assigned to them therein.

[*Signature Page Follows*]

IN WITNESS whereof the Issuer has caused this Global Note to be duly executed on its behalf.

Dated:

ALBEMARLE CORPORATION

By: ____________________________
Name:
Title:

Attest: ____________________________
Name:
Title:

Authenticated without recourse, warranty or liability by
HSBC BANK plc
By:
Dated:

Albemarle Holdings Corporation, a Delaware corporation, and Albemarle Holdings II Corporation, a Delaware corporation (together, the **Guarantors**), which term includes any successor person under the Fiscal Agency Agreement dated as of December 8, 2014 (the **Fiscal Agency Agreement**), among Albemarle Corporation, as issuer (the **Issuer**), the Guarantors and HSBC Bank plc, as Fiscal Agent, Principal Paying Agent, Paying Agent, Registrar and Transfer Agent pursuant to which this Note (together with any other such 1.875% Notes due 2021 of the same series of the Issuer, the **Notes**) was issued by the Issuer, unconditionally guarantee, to the extent set forth in the Notes and subject to the provisions of the Notes and the Fiscal Agency Agreement, the due and punctual payment of the principal of, any premium and interest on the Notes, when and as the same shall become due and payable, whether at maturity, redemption, repayment or otherwise, all in accordance with the terms set forth in this Note.

The obligations of the undersigned to the Holders of the Notes pursuant to these Guarantees are expressly set forth in this Note and reference is hereby made to the terms of this Note for the precise terms of the Guarantees and all of the other provisions of this Note and the Fiscal Agency Agreement to which these Guarantees relate.

[*Signature Page Follows*]

IN WITNESS WHEREOF, each of the Guarantors has caused this Note to be duly executed.

Dated:

ALBEMARLE HOLDINGS CORPORATION
ALBEMARLE HOLDINGS II CORPORATION

By: ___________________________
Name:
Title:

Attest: ___________________________
Name:
Title:

Exhibit 10.13

ALBEMARLE CORPORATION

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

As Amended and Restated
Effective January 1, 2005

Albemarle Corporation
Supplemental Executive Retirement Plan
As Amended and Restated Effective January 1, 2005

INTRODUCTION

Albemarle Corporation adopted the Albemarle Corporation Supplemental Executive Retirement Plan (the "Plan") effective April 26, 2000. This Plan represents an amendment and restatement of the Albemarle Corporation Excess Benefit Plan and the Albemarle Corporation Supplemental Retirement Plan which were originally adopted by the Board on February 8, 1994. The Excess Benefit Plan and the Supplemental Retirement Plan were amended effective April 26, 2000, to simplify the Plans' administration with respect to the calculation of benefits and to clarify the benefits provided to certain employees. In addition, effective as of April 26, 2000 the Excess Benefit Plan and the Supplemental Plan were merged. The resulting plan was renamed the Albemarle Corporation Supplemental Executive Retirement Plan.

The Board believes that the adoption of the Plan will assist it in attracting and retaining those employees, whose judgment, abilities and experience will contribute to the Company's success.

The Plan is intended to be a plan that is unfunded and maintained primarily for the purpose of providing supplemental retirement benefits for a "select group of management or highly compensated employees" (as such phrase is used in the Employee Retirement Income Security Act of 1974, as amended). The Plan must be administered and construed in a manner that is consistent with that intent. The Plan is intended to comply with the provisions of Section 409A of the Code, and any and all rules and regulations promulgated thereunder.

The Plan provides the following benefits:

1. The difference between (i) the employee's accrued benefit under the Company's tax-qualified defined benefit pension plan in light of the benefit limitations provided under Code section 415, and (ii) the full value of the benefits such employee would otherwise have received under such plan but for such limitation;

2. The difference between (i) the employee's accrued benefits under the Company's tax-qualified defined benefit pension plan in light of the compensation cap provided under Code section 401(a)(17), and (ii) the full value of the benefits such employee would otherwise have received under such plan but for such limitation;

3. Certain benefits lost as a result of deferrals under the Executive Deferred Compensation Plan.

4. The Board also approved the provision of supplemental executive retirement benefits to designated executives whose relatively short service with the Company or an Affiliate would otherwise limit their career retirement benefits. To the extent an individual is specifically designated as entitled to these supplemental retirement benefits, those benefits are provided under this Plan.

Albemarle Corporation
Supplemental Executive Retirement Plan
As Amended and Restated Effective January 1, 2005

ARTICLE I

DEFINITIONS

1.01 **Actuarial Equivalent** means a benefit of equivalent value based on the factors and assumptions employed in determining actuarial equivalencies to the normal form of benefit under the Retirement Plan.

1.02 **Affiliate** means any entity that is a member of a controlled group of corporations as defined in Code section 1563(a), determined without regard to Code sections 1563(a)(4) and 1563(e)(3)(c), of which the Corporation is a member according to Code section 414(b), and which has, with the approval of the Board, adopted the Plan by action of its board.

1.03 **Annuity Starting Date** means the first day of the first month for which a benefit is payable under the Plan.

1.04 **Beneficiary** means the person or persons who are designated by a Participant on a form provided by the Company for such purpose, to receive any benefits that may become payable under the Plan after the death of the Participant. In the absence of a designation of a Beneficiary or in the event a Participant's designated Beneficiary predeceases him or her, the Participant's Beneficiary shall be his or her spouse, or if there is no spouse, the Participant's estate.

1.05 **Benefit** means a Participant's Excess Benefit, Short Service Benefit, and/or Supplemental Benefit, as applicable, under the Plan.

1.06 **Board** means the Board of Directors of Albemarle Corporation.

1.07 **Code** means the Internal Revenue Code of 1986, as amended.

1.08 **Committee** means the Employee Relations Committee of the Company or any successor committee, which shall, in accordance with the provisions of Article IX hereof, be responsible for the management and administration of the Plan.

1.09 **Company** or **Corporation** means Albemarle Corporation.

1.10 **Change in Control** is defined in Appendix II attached hereto.

1.11 **Disability** or **Disabled** shall mean a Participant's inability to engage in any substantial gainful activity because of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of twelve (12) months or longer.

1.12 **Eligible Employee** means an individual employed by the Company or an Affiliate who is in a select group of management or is a highly compensated employee of the Company and its Affiliates. An individual shall remain an Eligible Employee only so long as the individual remains in such select management group or continues to be highly compensated.

1.13 **Excess Benefit** means the benefit, if any, that a Participant becomes entitled to pursuant to Section 3.01(a) of this Plan.

1.14 **Executive Deferred Compensation Plan** or **EDCP** means the Albemarle Corporation Executive Deferred Compensation Plan, as amended from time to time.

1.15 **Participant** means, so long as he remains so designated or to the extent he has accrued a vested benefit under the Plan, an Eligible Employee who becomes a participant in the Plan in accordance with Article II.

1.16 **Plan** means this Plan which restates and amends the Albemarle Corporation Supplemental Executive Retirement Plan, originally established as a result of the April 26, 2000 merger of the Albemarle Corporation Supplemental Retirement Plan and the Albemarle Corporation Excess Benefit Plan, as amended from time to time.

1.17 **Retirement** and **Retire** mean separation from service with the Company or an Affiliate at or after (a) attaining age 65 or (b) attaining age 55 and either (i) having completed 10 years of service with the Company, or (ii) having qualified for benefits under the Company's long-term disability plan. A year of service for this purpose means a calendar year during which the individual has completed 1,000 hours of service.

1.18 **Retirement Plan** means the Albemarle Corporation Pension Plan, as amended from time to time.

1.19 **Section 409A** means Section 409A of the Code and any and all rules and regulations promulgated thereunder.

1.20 **Short Service Benefit** means the benefit, if any, that a Participant becomes entitled to pursuant to the provisions of Section 3.01(b) of this Plan.

1.21 **Supplemental Benefit** means the benefit, if any, that a Participant becomes entitled to pursuant to the provisions of Section 3.01(c) of the Plan.

1.22 **Survivor Annuity** means a benefit in the form of a life and 100% survivor annuity with 60 monthly payments guaranteed.

ARTICLE II

PARTICIPATION

Each Eligible Employee shall automatically become a Participant in the Plan, with respect to the Excess Benefits provided under Plan section 3.01(a), as of the date such Employee's benefit under the Retirement Plan is first limited by Code section 401(a)(17) and/or 415 or, if earlier, the Eligible Employee makes a deferral under the EDCP. An Eligible Employee recommended by the Company's Executive Committee and approved by the Executive Compensation Committee shall become a Participant in the Plan, with respect to the Short Service Benefit provided under Plan section 3.01(b) or the Supplemental Benefit provided under Plan Section 3.01(c), as of the effective date designated by the Company's Executive

Committee. An Eligible Employee who becomes a Participant with respect to a benefit under Plan section 3.01(b) or 3.01(c), shall continue to participate in the Plan with respect to such benefit until such date as the Company's Executive Committee may declare the individual in question no longer eligible to participate.

ARTICLE III

BENEFITS

3.01 **Amount of Benefit**.

Subject to the limitations set forth in Articles IV (Vesting), V (Guarantees) and VI (Termination, Amendment, or Modification of Plan), the benefits of a Participant and his Beneficiary shall be as follows:

(a) Excess Benefits. A Participant shall be entitled to Excess Benefits under this Plan as follows:

(i) A Participant shall be entitled to a benefit equal to the difference between (A) the benefits that accrue to the Participant under the Retirement Plan and (B) the benefits the Participant would have accrued under the Retirement Plan but for the application of Code section 415 *(the annual limit on benefits under the Retirement Plan ($170,000 for 2005, $175,000 for 2006, $180,000 for 2007, and $185,000 for 2008)).*

(ii) A Participant shall be entitled to a benefit equal to the difference between (A) the benefits the Participant would have accrued under the Retirement Plan but for (i) the application of the limits set forth in Code section 401(a)(17) *(the annual limit on compensation taken into account under the Retirement Plan ($210,000 for 2005, $220,000 for 2006, $225,000 for 2007, and $230,000 for 2008))* and (ii) any deferrals made by the Participant under the EDCP, and Code section 415, as applicable, and (B) the benefits that accrue to the Participant under the Retirement Plan.

(iii) In no event shall a Participant accrue a duplicate benefit attributable to the same service or compensation under paragraphs (i) and (ii).

(iv) To the extent a Participant's Excess Benefit becomes payable prior to the time his benefit payable pursuant to the Retirement Plan commences, the amount of his Excess Benefit under this Plan shall be determined as if his Retirement Plan benefit were commencing at the same time as his Excess Benefit.

(b) Short Service Benefits. A Participant shall be entitled to a Short Service Benefit under this Plan as follows:

(i) Participants who have completed five years of service with the Company or an Affiliate (including service with Ethyl Corporation or one of its affiliates) and who are specifically designated for this purpose, in accordance with Article II shall also accrue an additional benefit hereunder equal to (A) minus (B) below, where:

(A) is a benefit equal to the product of 4% times the Participant's total years of service with the Company or an Affiliate (up to a maximum of fifteen years) payable as a life annuity and 5 year certain form of benefit, expressed in years and fractions of years and measured in cumulative monthly increments from the Participant's initial date of employment, excluding any intervening period during which the Participant was not in the employ of the Company or an Affiliate, times the Participant's Final Average Compensation; and

(B) is the sum of the Actuarial Equivalents as of the time benefits are paid, of:

(I) the Participant's employer-provided Retirement Plan benefit, not including any Temporary Supplementary Early Retirement Allowance;

(II) 100% of the Participant's Primary Social Security Benefit payable at his Social Security Retirement Age, as determined under the provisions of the Social Security Act in effect at the date of the occurrence triggering the determination, assuming that the Participant had continued in the employ of the Company at the annual base salary he was earning at the time such event occurred until what would have been his Social Security Retirement Age;

(III) the benefit accrued by the Participant under Plan Section 3.01(a)(i); and

(IV) the benefit accrued by the Participant under Plan Section 3.01(a)(ii).

(C) Notwithstanding the foregoing provisions of this Section 3.01(b), in the event a Participant's employment is terminated in connection with a Change in Control, the Participant's Short Service Benefit under this Section 3.01(b) shall be calculated without regard to the offsets set forth in paragraph (B)(II) hereof.

(ii) A Participant's Short Service Benefit under this Section 3.01(b) shall be subject to reduction for early commencement as follows:

(A) where a Participant commences the Short Service Benefit at a time at which he would be eligible to commence an Early Retirement Allowance (as defined in the Retirement Plan) under the Retirement Plan, the Short Service Benefit shall be reduced for payment prior to the Participant's attainment of age 60; the amount of the reduction shall be determined using the same reduction factors as are used for determining a Participant's Early Retirement Allowance (as defined in the Retirement Plan) under the Retirement Plan, and

(B) where a Participant commences the Short Service Benefit at a time where he has not satisfied the requirements for an Early Retirement Allowance (as defined in the Retirement Plan) under the Retirement Plan, the Short Service Benefit shall be reduced for payment prior to the Participant's attainment of age 65; the amount of the reduction shall be determined using the same reduction factors as are used for determining a Participant's deferred Vested Allowance (as defined in the Retirement Plan) benefit under the Retirement Plan.

(c) Supplemental Benefits

For any Participant who is specifically designated by the Company, such Participant shall be entitled to a Supplemental Benefit under this Plan as follows:

(i) The Participant's Supplemental Benefit shall be calculated under Plan Sections 3.01(a)(i) and (ii) based on the formula under the Retirement Plan, and using the Participant's service and compensation with Ethyl Corporation and the Company.

(ii) Except as otherwise provided on Appendix I, benefits payable under this Section 3.01(c) shall be offset by any benefits payable under the qualified retirement plans sponsored by Ethyl Corporation and the Company and any benefits payable under non-qualified retirement plans sponsored by Ethyl Corporation and the Company.

(iii) With regard to the Participant indicated on Appendix I whose benefit was frozen, the benefit determined under this paragraph (c) shall be frozen as of December 31, 2002, provided, however, the frozen benefit shall (A) include an additional three years of service, and (B) be actuarially increased by a factor, the numerator of which is the Participant's life expectancy as of December 31, 2002 and the denominator of which is the Participant's life expectancy as of December 31, 2005, which adjustment under this clause (B) is made to reflect the delay in the commencement of benefits from December 31, 2002.

(d) Special Rules on *Final Average Compensation*.

(i) For purposes of determining a Participant's benefit under Plan Section 3.01(b), *Final Average Compensation* means, effective April 26, 2000, for a Participant as of any date, one-third of the sum of (i) the Participant's annual base salary and (ii) 100% of any annual cash bonus paid pursuant to the Albemarle Corporation 1998 Incentive Plan (or any successor Plan) and (iii) the value (as of January 31, 2002) of any vested Restricted Incentive Units awarded pursuant to the Restricted Incentive Unit Award Agreement between the Company and the Participant dated January 31, 2002 ("1/31/02 Agreement"), which salary and bonus are received by the Participant and which vested Restricted Incentive Units were granted, during the three consecutive highest paid calendar years of employment by the Company or an Affiliate during the ten consecutive calendar years or the total period of employment, if less, immediately preceding the date of the event the occurrence of which triggers the determination.

(ii) Effective December 31, 2010, for Participants who retire on or after December 31, 2010, for purposes of determining such Participants' benefits under this Plan, the amount of each Participant's *Final Average Compensation* shall be frozen as of December 31, 2010; *provided, however, that,* for Participants who retire on or after December 31, 2015, such Participants' *Final Average Compensation* shall be determined as of December 31, 2012, and for Participants who retire on or after December 31, 2020, such Participants' *Final Average Compensatio*n shall be determined as of December 31, 2014. For purposes of determining Short Service Benefits under Section 3.01(b), to the extent a Participant's *Final Average Compensation* is frozen under this paragraph (ii), such Participant's Primary Social Security Benefit shall also be frozen for purposes of determining the offset under Section 3.01(b)(i)(B)(II).

(iii) For purposes of determining Excess Benefits under Section 3.01(a), for Participants whose *Final Average Compensation* is limited under the provisions of Code Section 401(a)(17), *Final Average Compensation* as of December 31, 2010, December 31, 2012 or December 31, 2014, as applicable, shall be determined based on the applicable Code Section 401(a)(17) limit in effect on the relevant benefit determination date, but not in excess of the Participant's total compensation (without regard to the Code Section 401(a)(17) limit) as of December 31, 2010, December 31, 2012 or December 31, 2014, as applicable.

(e) For purposes of determining a Participant's accrued benefits under this Plan section 3.01:

(i) compensation and benefits shall be calculated without regard to any elections by a Participant to defer any amount under the Executive

Deferred Compensation Plan that otherwise would have been paid to the Participant for the relevant period in the absence of such an election.

(ii) compensation used in the calculation of benefits that the Participant would have accrued under the Retirement Plan but for the limitations of Sections 401(a)(17) and 415 of the Code, shall include (a) the income recognized on account of a bonus (whether in the form of cash or other property) granted to such Participant on April 24, 1996, who was a full-time employee of the Company on such date, and any cash payment made by the Company to reimburse the Participant for the federal and state income taxes resulting from such income recognition, and (b) fifty percent (50%) of the value of any vested Restricted Incentive Units awarded pursuant to the 1/31/02 Agreement, provided that the value of such vested Restricted Incentive Units shall be determined and included as compensation for purposes of this paragraph (d) for the year in which such Units were granted.

(f) A Participant shall accrue benefits under this Plan section 3.01, as applicable, from the effective date of his eligibility to participate in the Plan through the date of his death, Disability or Retirement or other separation from service or the date he is notified by the Company's Executive Committee that he is no longer eligible to participate.

(g) For Participants whose employment was terminated and Plan benefits commenced prior to 2005, such Participants' benefits have been calculated under the terms of the Plan as in effect when they terminated employment.

(h) In addition to any Excess Benefit, Supplemental Benefit and/or Short Service Benefit, to which a Participant is entitled, the Plan shall also be deemed to include any additional non-qualified retirement benefits resulting from individual agreements entered into between the Company and the Participant. Appendix III hereof reflects the special rules that apply to Participants' benefits under such individual agreements.

3.02 **<u>Death Benefits</u>**

(a) With respect to the vested Excess Benefits accrued by a Participant under Plan section 3.01(a), if a Participant dies prior to payment of his Excess Benefit hereunder, the Participant's surviving spouse, if any, shall be entitled to a benefit equal to 50% of the single life annuity benefit the Participant would have received at his earliest retirement date, calculated using the actuarial assumptions and methods set forth in the Retirement Plan. Benefits payable under this paragraph (a) shall be paid to the surviving spouse in a lump sum payment on the date the Participant would have attained age 55, *provided, however*, that if, at the time of death, the Participant had not yet completed ten years of service with the Company, then the benefit hereunder shall be paid on the date the Participant would have attained age 65. In the event a Participant subject to this paragraph (a) has no surviving spouse, no death benefit shall be paid under this paragraph.

(b) With respect to a Participant's vested Short Service Benefits and Supplemental Benefits accrued under Plan sections 3.01(b) and 3.01(c), if such Participant dies prior to payment of his Benefit hereunder, the Participant's surviving spouse, if any, shall be paid a benefit that is equal to a 100% survivor's annuity based on the Participant's accrued benefit under the Plan as of his date of death calculated using the actuarial assumptions and methods set forth in the Retirement Plan. Short Service and Supplemental Benefits payable under this paragraph (b) shall be paid in a lump sum on the date the Participant would have attained age 55, *provided, however*, that if, at the time of death, the Participant had not yet completed ten years of service with the Company (and/or, for the Supplemental Benefit, Ethyl Corporation), then the benefit hereunder shall be paid on the date the Participant would have attained age 65. In the event a Participant subject to this paragraph (b) has no surviving spouse, no death benefit shall be paid under this paragraph.

(c) In the event of a Participant's death after his Annuity Starting Date the following rules shall apply: (i) with respect to Supplemental Benefits being paid in the form of a Survivor Annuity, benefits shall be paid to the individual (designated at the time benefits commence) to receive the 100% survivor annuity, and upon the death of the survivor annuitant, or in the event such annuitant does not survive the Participant, no additional benefit shall be paid unless the Participant (and survivor annuitant) had not yet received payments for the guaranteed 60 months of payments, in which latter event payments for the remainder of the 60 month period shall be made to the Participant's Beneficiary, and (ii) any Benefits that should have been paid to the Participant but had not been paid as of the date of the Participant's death shall be paid in a lump sum to the Participant's personal representative, determined in accordance with state law.

(d) For purposes of this Section 3.02, a lump sum shall be calculated using (i) a discount rate equal to the discount rate used by the Company for pension expense purposes for the year in which the lump sum is being calculated, and (ii) the mortality table used for pension expense purposes for such year.

3.03 **<u>Timing and Form of Payment</u>**

(a) <u>All Benefits</u>. Subject to paragraph (b) hereof, vested Excess Benefits, Short Service Benefits and Supplemental Benefits under this Plan shall be paid in a lump sum on the later of (i) the first day of the month coincident with or next following the Participant's fifty-fifth birthday (*provided, however*, that if the Participant has not completed 10 years of service for the Company, then the Participant's sixty-fifth birthday), and (ii) the first day of the month following the Participant's "separation from service" within the meaning of Section 409A, *provided, however,* that if the Participant is a "specified employee" (as such term is defined within the meaning of Section 409A) at the time of such separation from service, Benefits shall in no event be paid prior to six months after the Participant's separation from service (referred to herein as the "Six-Month Rule"). Notwithstanding the preceding sentence, with regard to a Participant for whom the payment of Benefits has been delayed due to the Participant's status as a specified employee: (a) a portion of such Participant's Benefit equal to the employment taxes due on such Benefit, shall be paid out at the time the Participant's Benefit would have been paid but for the required six-months delay; and (b) for the period from when such Benefit would have been paid but for the required six-months delay, until the time of payment to the Participant, the balance of the Benefit shall be credited with interest on such balance calculated at the same rate as the discount rate used for calculating a lump sum under paragraph (e) of this Section 3.03.

(b) Special Payment Rules. Notwithstanding the provisions of paragraph (a), (i) prior to February 1, 2006, Excess Benefits shall be paid in the same form and for the same period as benefits are paid under the Retirement Plan, (ii) effective February 1, 2006, Excess Benefits (other than those for which payment has already commenced) shall be paid in a lump sum, (iii) Supplemental Benefits, with respect to Participants designated on Appendix I, shall be paid as a Survivor Annuity, and (iv) for the Participant designated on Appendix IV, Excess Benefits and Short Service Benefits shall be paid at the time and in the form set forth in Appendix IV.

(c) Change in Control. Notwithstanding any of the foregoing, in the event there is a Change in Control and a Participant's employment is terminated within 24 months after the Change in Control, the Participant's Benefits shall be paid in a lump sum payment upon the termination of employment, subject to the Six-Month Rule (as described in paragraph (a) above).

(d) Disability. Notwithstanding any of the foregoing, in the event a Participant has a Disability, the Participant's Short Service Benefits shall be paid in a lump sum payment upon the Disability.

(e) Lump Sums. For purposes of this Section 3.03, a lump sum shall be calculated using (i) a discount rate equal to the discount rate used by the Company for pension expense purposes for the year in which the lump sum is being calculated, and (ii) the mortality table used for pension expense purposes for such year.

ARTICLE IV

VESTING

4.01 **Vesting of Benefits**

A Participant shall vest in his benefits under this Plan as follows:

(a) Excess and Supplemental Benefits. A Participant's right to receive an Excess Benefit under Plan section 3.01(a) and a Supplemental Benefit under Plan Section 3.01(c), exists only if his employment terminates at a time or as a result of an event that would have caused such benefit to vest under the terms of the Retirement Plan, while the Plan is in effect and the Participant remains designated as a Participant at the time of such termination.

(b) Short Service Benefits. No Short Service Benefits under Plan section 3.01(b) shall be vested unless and until the Participant has completed five years of service with the Company.

(c) Death. In the event a Participant dies prior to vesting in his Excess, Short Service or Supplemental Benefits under this Plan, no benefits shall be payable under this Plan.

(d) Forfeitures for Inappropriate Conduct. Notwithstanding any of the foregoing, a Participant shall forfeit all benefits from the Plan if the Committee determines, in its sole discretion, that his employment is terminated as a result of fraud, dishonesty, conviction of or pleading guilty to a felony, or embezzlement from the Company or an Affiliate. Further, in the event the Committee determines, in its sole discretion, that a Participant who has separated from service for any reason is guilty of fraud, or dishonesty against the Company or an Affiliate or is convicted of or pleads guilty to a felony against or embezzlement from the Company or an Affiliate shall forfeit his entitlement to any further payments or benefits under the Plan.

(e) Change in Control. Notwithstanding any of the foregoing, in the event of a Change in Control, all Benefits shall be fully vested.

ARTICLE V

GUARANTEES

Albemarle Corporation and any Affiliate participating in the Plan has only a contractual obligation to pay the benefits described in Article III. All benefits are to be satisfied solely out of the general corporate assets of the Company or the appropriate Affiliate which shall remain subject to the claims of its creditors. No assets of the Company or a participating Affiliate will be segregated or committed to the satisfaction of its obligations to any Participant or Beneficiary under this Plan. If the Company in its sole discretion, elects to purchase life insurance on the life of a Participant in connection with the Plan, the Participant must submit to a physical examination, if required by the insurer, and otherwise cooperate in the issuance of such policy or his rights under the Plan will be forfeited.

ARTICLE VI

TERMINATION, AMENDMENT OR MODIFICATION OF PLAN

6.01 **Plan Termination**

Except as otherwise specifically provided, the Company reserves the right to terminate, amend or modify this Plan, wholly or partially, at any time and from time to time. Any such termination, amendment or change may not affect or alter the benefits paid or obligations to any employee who died, became Disabled or Retired before the termination, amendment, or change or whose benefits vested in accordance with Article IV. Such right to terminate, amend or modify the Plan shall be exercised for the Company either by its Board or Executive Compensation Committee. In addition, the Employee Relations Committee has the authority to amend or modify the Plan (i) to the extent such amendment is required by law, (ii) if the amendment constitutes minor administrative changes necessary for the administration of the Plan; or (iii) if such amendment is of general applicability to Participants and does not create an incremental cost in excess of $250,000 per year.

6.02 **Notice Requirement**

(a) Plan section 6.01 notwithstanding, no action to terminate the Plan shall be taken except upon written notice to each Participant to be affected thereby.

(b) Any notice which shall be or may be given under the Plan shall be in writing and shall be mailed by United States mail, postage prepaid. If notice is to be given to the Company, such notice shall be addressed to it at 451 Florida Street, Baton Rouge, LA 70801; addressed to the attention of the Corporate Secretary. If notice is to be given to a Participant, such notice shall be addressed to the Participant's last known address.

6.03 **Effect of Plan Termination**

Except as provided in Plan section 6.01 and subject to the distribution of all vested benefits under the Plan, upon the termination of this Plan by the Board or Executive Compensation Committee, the Plan shall no longer be of any further force or effect, and, except as provided in Plan section 6.01 and subject to the distribution of all vested benefits under the Plan, neither the Company nor any Participant shall have any further obligation or right under this Plan. Likewise, except to the same extent protected in the event of termination, amendment or modification of the Plan, the rights of any individual who was a Participant and who is declared by the Committee to be no longer eligible shall cease upon such action.

Upon termination of the Plan, all vested Accounts shall be paid in a lump sum, only upon the occurrence of the earliest of the following events:

1. Termination and liquidation of the Plan within 12 months of a qualifying corporate dissolution or bankruptcy;

2. Termination and liquidation of the Plan pursuant to irrevocable action of the Company within 30 days before, or 12 months after, a Change in Control;

3. A termination and liquidation of the Plan (i) that does not occur proximate to a downturn in the Company's financial condition; (ii) where all plans required to be aggregated with the Plan are terminated; (iii) where no liquidation payments are made for at least 12 months after the Plan is terminated; (iv) where all payments are made by 24 months after the Plan is terminated; and (v) where the Company does not adopt a new plan of the same type, for at least three years after the Plan is terminated; or

4. The applicable time or event under Section 3.03 of the Plan.

ARTICLE VII

OTHER BENEFITS AND AGREEMENTS

The benefits provided for a Participant and his Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program of the Company or a participating Affiliate for its employees, and, except as may otherwise be expressly provided for, the Plan shall supplement and shall not supersede, modify or amend any other plan or program of the Company or a participating Affiliate in which a Participant is participating.

ARTICLE VIII

RESTRICTIONS ON TRANSFER OF BENEFITS

No right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void. No right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities, or torts of the person entitled to such benefit. If any Participant or Beneficiary under the Plan should become bankrupt or attempt to anticipate, alienate, sell, assign, pledge, encumber or charge any right to a benefit hereunder, then such right or benefit, in the discretion of the Committee, shall cease and terminate, and, in such event, the Committee may hold or apply the same or any part thereof for the benefit of such Participant or Beneficiary, his or her spouse, children, or other dependents, or any of them, in such manner and in such portion as the Committee may deem proper.

ARTICLE IX

ADMINISTRATION OF THE PLAN

9.01 **The Committee**

The Plan shall be administered by the Committee. Subject to the provisions of the Plan, the Committee may adopt such rules and regulations as may be necessary to carry out the purposes hereof. The Committee's interpretation and construction of any provision of the Plan shall be final and conclusive.

9.02 **Indemnification of the Committee**

The Company shall indemnify and save harmless each member of the Committee against any and all expenses and liabilities arising out of his membership on the Committee, excepting only expenses and liabilities arising out of his own willful misconduct. Expenses against which a member of the Committee shall be indemnified hereunder shall include without limitation, the amount of any settlement or judgment, costs, counsel fees, and related charges reasonably incurred in connection with a claim asserted, or a proceeding brought or settlement thereof. The foregoing right of indemnification shall be in addition to any other rights to which any such member may be entitled.

9.03 **Powers of the Committee**

In addition to the powers hereinabove specified, the Committee shall have the power to compute and certify the amount and kind of benefits from time to time payable to Participants, and Beneficiaries under the Plan, and to authorize all disbursements for such purposes.

9.04 **Information**

To enable the Committee to perform its functions, the Company and any participating Affiliate shall supply full and timely information to the Committee on all matters relating to the compensation of all Participants, their retirement, death or other cause for termination of employment, and such other pertinent facts as the Committee may require.

9.05 **<u>Claims Review Procedures</u>**

The benefit claims review procedure set forth in the Retirement Plan, as amended from time to time, is incorporated herein by reference and made applicable to the Plan.

ARTICLE X

MISCELLANEOUS

10.01 **<u>No Guarantee of Employment</u>**

The Plan does not in any way limit the right of the Company or any participating Affiliate at any time and for any reason to terminate the employment of a Participant in its employ. In no event shall the Plan, by its terms or by implication, constitute an employment contract of any nature whatsoever between the Company and a Participant.

10.02 **<u>Binding Nature</u>**

The Plan shall be binding upon the Company, any participating Affiliate and successors and assigns, and, subject to the powers set forth in Article VI, upon a Participant's, his Beneficiary's or any of their assigns, heirs, executors and administrators.

10.03 **<u>Governing Law</u>**

To the extent not preempted by federal law, the Plan shall be governed and construed under the laws of the Commonwealth of Virginia (including its choice-of-law rules, except to the extent those laws would require the application of the law of a state other than Virginia) as in effect from time to time.

10.04 **<u>Masculine and Feminine; Singular and Plural</u>**

Masculine pronouns wherever used shall include feminine pronouns and the use of the singular shall include the plural.

10.05 **<u>Section 409A</u>**

(a) Notwithstanding any other provision of this Plan, it is intended that all post-2004 benefits under this Plan satisfy the provisions of Section 409A and this Plan shall be interpreted and administered, as necessary, to comply with such provisions.

(b) With regard to benefits under this Plan that were earned and vested as of December 31, 2004, such benefits are intended to be grandfathered pursuant to the special grandfathering provision under Code section 409A, as described in IRS Notice 2005-1, Q&A 16.

ARTICLE XI

ADOPTION

The Company has adopted this Plan pursuant to action taken by the Board. With the approval of the Board, any Affiliate may adopt this Plan by action of its board of directors.

As evidence of its adoption of the Plan, Albemarle Corporation has caused this document to be signed by its duly authorized officer, this 30th day of December, 2008, and made effective as of January 1, 2005.

ALBEMARLE CORPORATION

By: /s/ Darian Rich

APPENDIX I

PARTICIPANTS DESIGNATED FOR PLAN SECTIONS 3.01(b)(i) and 3.01(c)

Plan Section	Name	Service Date
3.01(b)(i)	Mark C. Rohr	3/22/1999
3.01(b)(i)	Jack P. Harsh	11/16/1998
*3.01(c)	Floyd D. Gottwald	3/1/1996
**3.01(c)	William M. Gottwald	9/1/1996
3.01(b)(i)	John M. Steitz	7/1/2000
3.01(b)(i)	George P. Manson, Jr.	5/1/2001
3.01(b)(i)	Scott A. Martin	7/1/2001
3.01(b)(i)	Paul F. Rocheleau	6/17/2002
3.01(b)(i)	Luther C. Kissam, IV	10/1/2003

(Last amended per action of the Executive Compensation Committee effective 10/1/2003.)

*Floyd D. Gottwald's benefit was frozen in accordance with Section 3.01(c)(iii) of the Plan; when payable, his benefit shall be paid in the form of a Survivor Annuity.

**William M. Gottwald's benefit shall not be offset by his benefit under any of the Ethyl Corporation plans, nor shall his benefit be frozen in accordance with Section 3.01(c)(iii) of the Plan.

APPENDIX II

Albemarle Corporation
Change In Control Provision

(a) Change in Control means the occurrence of any of the following events that also constitutes a "change in the ownership or effective control" of the Company or a "change in the ownership of a substantial portion of assets" of the Company, in each case, within the meaning of Section 409A:

(i) any Person, or "group" as defined in section 13(d)(3) of the Securities Exchange Act of 1934, becomes, directly or indirectly, the Beneficial Owner of 20% or more of the combined voting power of the then outstanding securities of the Company that are entitled to vote generally for the election of the Company's directors (the "Voting Securities") (other than as a result of an issuance of securities by the Company approved by Continuing Directors, or open market purchases approved by Continuing Directors at the time the purchases are made). However, if any such Person or "group" becomes the Beneficial Owner of 20% or more, and less than 30%, of the Voting Securities, the Continuing Directors may determine, by a vote of at least two-thirds of the Continuing Directors, that the same does not constitute a Change in Control;

(ii) as the direct or indirect result of, or in connection with, a reorganization, merger, share exchange or consolidation (a "Business Combination"), a contested election of directors, or any combination of these transactions, Continuing Directors cease to constitute a majority of the Company's board of directors, or any successor's board of directors, within two years of the last of such transactions;

(iii) the shareholders of the Company approve a Business Combination, unless immediately following such Business Combination, (1) all or substantially all of the Persons who were the Beneficial Owners of the Voting Securities outstanding immediately prior to such Business Combination Beneficially Own more than 60% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Company resulting from such Business Combination (including, without limitation, a company which as a result of such transaction owns the Company through one or more Subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Voting Securities, (ii) no Person (excluding any employee benefit plan or related trust of the Company or the Company resulting from such Business Combination) Beneficially Owns 30% or more of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Company resulting from such Business Combination, and (iii) at least a majority of the members of the board of directors of the Company resulting from such Business Combination are Continuing Directors.

For purposes of this Appendix II and other provisions of this Plan, the following terms shall have the meanings set forth below:

(A) Affiliate and Associate shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended and as in effect on the date of this Agreement (the "Exchange Act").

(B) Beneficial Owner means that a Person shall be deemed the "Beneficial Owner" and shall be deemed to "beneficially own," any securities:

(i) that such Person or any of such Person's Affiliates or Associates owns, directly or indirectly;

(ii) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that, a Person shall not be deemed to be the "Beneficial Owner" of, or to "beneficially own," securities tendered pursuant to a tender or exchange offer made by such Person or any such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange;

(iii) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote, including pursuant to any agreement, arrangement or understanding, whether or not in writing; provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," any security under this subsection as a result of an agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding: (1) arises solely from a revocable proxy given in response to a public proxy solicitation made pursuant to, and in accordance with the applicable provisions of the General Rules and Regulations under the Exchange Act and (2) is not also then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(iv) that are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associates thereof) with which such Person (or any of such Person's Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing), for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in ‘the proviso to subsection (iii) of this definition) or disposing of any voting securities of the Company provided, however, that notwithstanding any provision of this definition, any Person engaged in business as an underwriter of securities who acquires any securities of the Company through such Person’s participation in good faith in a firm commitment underwriting registered under the Securities Act of 1933, shall not be deemed the “Beneficial Owner” of, or to “beneficially own,” such securities until the expiration of forty days after the date of acquisition; and provided, further, that in no case shall an officer or director of the Company be deemed (1) the beneficial owner of any securities beneficially owned by another officer or director of the Company solely by reason of actions undertaken by such persons in their capacity as officers or directors of the Company; or (2) the beneficial owner of securities held of record by the trustee of any employee benefit plan of the Company or any Subsidiary of the Company for the benefit of any employee of the Company or any Subsidiary of the Company, other than the officer or director, by reason of any influences that such officer or director may have over the voting of the securities held in the trust.

(C) Continuing Directors means any member of the Company’s Board, while a member of that Board, and (i) who was a member of the Company’s Board prior to December 15, 2006, or (ii) whose subsequent nomination for election or election to the Company’s Board was recommended or approved by a majority of the Continuing Directors.

(D) Person means any individual, firm, company, partnership or other entity.

(E) Subsidiary means, with references to any Person, any company or other entity of which an amount of voting securities sufficient to elect a majority of the directors or Persons having similar authority of such company or other entity is beneficially owned, directly or indirectly, by such Person, or otherwise controlled by such Person.

APPENDIX III

PROVISIONS FOR INDIVIDUAL AGREEMENTS
UNDER PLAN SECTION 3.01(h)

(1) For benefits payable pursuant to the Agreement dated October 24, 2000, between the Company and J. Robert Greenwood, Mr. Greenwood's Plan benefits, which are grandfathered pursuant to Section 10.05(b) of the Plan and have been in pay status since January 1, 2001, shall continue to be paid in the same form and frequencies as his benefits have been paid since January 1, 2001.

(2) For benefits payable pursuant to the Agreement dated September 30, 2000, between the Company and John S. Narcisse, Mr. Narcisse's Plan benefits, which are grandfathered pursuant to Section 10.05(b) of the Plan, shall be paid at the same time and in the same form as his benefits that are paid under the Retirement Plan.

(3) For benefits payable pursuant to the Agreement dated January 15, 2000, between the Company and Vincent Gatto, Mr. Gatto's Plan benefits shall be paid at the same time and in the same form as provided for under Section 3.03 and other relavant provisions of the Plan.

APPENDIX IV

SPECIAL PAYMENT PROVISIONS UNDER
PLAN SECTION 3.03(b)(iv)

George Manson	Excess Benefits to be paid upon attainment of age 65 and Short Service Benefits to be paid as of January 1, 2009.

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Exhibit 10.14

FIRST AMENDMENT TO THE
ALBEMARLE CORPORATION
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

In accordance with Section 7.01 of the Albemarle Corporation Supplemental Executive Retirement Plan (the “Plan”), the Plan is hereby amended as follows:

1. Section 3.01(d) of the Plan is amended to change all references therein to “December 31, 2010” to read “December 31, 2011” instead.

2. This First Amendment shall be effective as of December 1, 2010.

IN WITNESS WHEREOF, the Corporation by its duly authorized officer and with its seal affixed, has caused these presents to be signed as of December 1, 2010.

ALBEMARLE CORPORATION

By: /s/ Darian Rich

Exhibit 10.15

SECOND AMENDMENT TO THE
ALBEMARLE CORPORATION
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

In accordance with Section 7.01 of the Albemarle Corporation Supplemental Executive Retirement Plan (the "Plan"), the Plan is hereby amended as follows:

1. Sections 3.01(d)(ii) and (iii) of the Plan are amended in their entirety to read as follows:

> "(ii) Effective December 31, 2012, for Participants who retire on or after December 31, 2012, for purposes of determining such Participants' benefits under this Plan, the amount of each Participant's *Final Average Compensation* shall be frozen as of December 31, 2012, and for Participants who retire on or after December 31, 2020, such Participants' *Final Average Compensation* shall be determined as of December 31, 2014. For purposes of determining Short Service Benefits under Section 3.01(b), to the extent a Participant's *Final Average Compensation* is frozen under this paragraph (ii), such Participant's Primary Social Security Benefit shall also be frozen for purposes of determining the offset under Section 3.01(b)(i)(B)(II).
>
> (iii) For purposes of determining Excess Benefits under Section 3.01(a), for Participants whose *Final Average Compensation* is limited under the provisions of Code Section 401(a)(17), *Final Average Compensation* as of December 31, 2012 or December 31, 2014, as applicable, shall be determined based on the applicable Code Section 401(a)(17) limit in effect on the relevant benefit determination date, but not in excess of the Participant's total compensation (without regard to the Code Section 401(a)(17) limit) as of December 31, 2012 or December 31, 2014, as applicable."

2. This Second Amendment shall be effective as of October 20, 2011.

IN WITNESS WHEREOF, the Corporation by its duly authorized officer and with its seal affixed, has caused these presents to be signed as of December 18, 2011.

ALBEMARLE CORPORATION

By: /s/ Karen G. Narwold

Exhibit 10.16

THIRD AMENDMENT
TO THE
ALBEMARLE CORPORATION
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

In accordance with Section 7.01 of the Albemarle Corporation Supplemental Executive Retirement Plan (the "Plan"), the Plan is hereby amended as follows:

1. Article II of the Plan is amended to add the following at the end thereof:

   "Notwithstanding any other provision of this Plan, no new Participants shall be added to the Plan after December 31, 2014."

2. A new Section 3.01(a)(v) is added to the Plan to read as follows:

   "(v) Notwithstanding any other provision of the Plan, no additional Excess Benefits shall accrue after December 31, 2014, and all Excess Benefits shall be frozen as of such date."

3. A new Section 3.01(a)(vi) is added to the Plan to read as follows:

   "(vi) A Participant's Excess Benefit under this Section 3.01(a) shall be subject to reduction for early commencement as follows:

   (A) where a Participant commences the Excess Benefit at a time at which he would be eligible to commence an Early Retirement Allowance (as defined in the Retirement Plan) under the Retirement Plan, the Excess Benefit shall be reduced for payment prior to the Participant's attainment of age 60; the amount of the reduction shall be determined using the same reduction factors as are used for determining a Participant's Early Retirement Allowance (as defined in the Retirement Plan) under the Retirement Plan, and

   (B) where a Participant commences the Excess Benefit at a time where he has not satisfied the requirements for an Early Retirement Allowance (as defined in the Retirement Plan) under the Retirement Plan, the Excess Benefit shall be reduced for payment prior to the Participant's attainment of age 65; the amount of the reduction shall be determined using the same reduction factors as are used for determining a Participant's deferred Vested Allowance (as defined in the Retirement Plan) benefit under the Retirement Plan."

4. A new Section 3.01(b)(iii) is added to the Plan to read as follows:

   "(iii) Notwithstanding any other provision of the Plan, no additional Short Service Benefits shall accrue after December 31, 2014, and all Short Service Benefits shall be frozen as of such date."

5. A new Section 3.01(c)(iv) is added to the Plan to read as follows:

   "(iv) Notwithstanding any other provision of the Plan, no additional Supplemental Benefits shall accrue after December 31, 2014, and all Supplemental Benefits shall be frozen as of such date."

6. Effective October 1, 2012, Sections 3.01(d)(ii) and 3.01(d)(iii) are hereby deleted from the Plan.

7. Section 3.01(f) of the Plan is amended in its entirety to read as follows:

   "(f) Effective December 31, 2014, a Participant shall accrue benefits under this Plan section 3.01, as applicable, from the effective date of his eligibility to participate in the Plan through the earliest of (i) the date of his death, Disability, Retirement or other separation from service, (ii) the date he is notified by the Company's Executive Committee that he is no longer eligible to participate, or (iii) December 31, 2014."

8. Effective January 1, 2013, a new Section 3.01(i) is added to the Plan to read as follows:

   "(i) The special Benefit calculation rules of this Section 3.01(i) shall apply to Benefits accrued in 2013 and 2014.

   (i) In lieu of the amounts by which benefits under the Retirement Plan are offset in 2013 and 2014, the Benefit offset under this Plan ("Offset") shall be determined as follows:

   (A) <u>Offsets for Excess Benefits determined in 2013</u>.

   (1) The Offset Amount for 2013 provided for under Section 1.01A(b) of the Retirement Plan; plus

   (2) The amount of the special Discretionary Contribution provided for under Section 3A.2(c)(ii) of the EDCP; plus

   (3) The excess 2013 Defined Contribution Pension Benefit ("Excess DCPB") allocated under the EDCP determined solely

based on (i) the limits under Code Sections 415 and 401(a)(17), and (ii) 2013 EDCP deferrals, provided, however, that the 2013 Excess DCPB under this subparagraph (3) shall be adjusted to exclude from "Pay" as defined in the Albemarle Corporation Retirement Savings Plan, bonuses under the Cash Opportunity and Year-End Bonus Programs and amounts paid under the Sales Incentive Plan and Global Bonus Plan.

(B) Offsets for Excess Benefits determined in 2014.

(1) The Offset Amount for 2014 provided for under Section 1.01A(b) of the Retirement Plan; plus

(2) The amount of the special Discretionary Contribution provided for under Section 3A.2(c)(ii) of the EDCP; plus

(3) The 2013 and 2014 Excess DCPB allocated under the EDCP determined solely based on (i) the limits under Code Sections 415 and 401(a)(17), and (ii) 2013 and 2014 EDCP deferrals, provided, however, that the 2013 and 2014 Excess DCPB under this subparagraph (3) shall be adjusted to exclude from "Pay" as defined in the Albemarle Corporation Retirement Savings Plan, bonuses under the Cash Opportunity and Year-End Bonus Programs and amounts paid under the Sales Incentive Plan and Global Bonus Plan.

(ii) For Participants whose Retirement Plan benefits are subject to the special "career average benefit" ("CAB") formula, 2013 and 2014 Benefits under this Section 3.01 shall be determined as follows:

(a) Calculate the Participant's Benefit using the Final Average Pay ("FAP") formula, including the special higher accrual factors for 2013 and 2014 as defined in 1.01A(a) of the Retirement Plan;

(b) Calculate the Participant's Benefit using the CAB formula.

(c) Apply the Offset amount to the greater of (a) or (b).

(d) Determine the higher of (i) the Benefit under (c), or (ii) the higher of the Participant's 2012 Benefit using FAP or the CAB formula, as applicable.

(e) Reduce the Benefit under (d) by the Participant's Retirement Plan benefit."

9. Except as otherwise noted herein, this Third Amendment shall be effective as of October 1, 2012.

IN WITNESS WHEREOF, the Corporation by its duly authorized officer and with its seal affixed, has caused these presents to be signed as of December 2, 2013.

ALBEMARLE CORPORATION

By: /s/ Susan Kelliher

Exhibit 10.23

ALBEMARLE CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN

As Amended and Restated January 1, 2013

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ALBEMARLE CORPORATION

EXECUTIVE DEFERRED COMPENSATION PLAN

ARTICLE I

PURPOSE AND EFFECTIVE DATE

The purpose of this Executive Deferred Compensation Plan is to provide current tax planning opportunities as well as supplemental funds upon the retirement or death of certain employees of Employer. It is intended that the Plan will aid in attracting and retaining employees of exceptional ability by providing them with these benefits. The Plan was established effective January 1, 2002 and last restated effective January 1, 2005. This amendment and restatement of the Plan shall be effective as of January 1, 2013.

ARTICLE II

DEFINITIONS

For the purposes of this Plan, the following terms shall have the meanings indicated, unless the content clearly indicates otherwise:

2.1 Account

"Account" means the interest of a Participant in the Plan as represented by the hypothetical bookkeeping entries kept by the Employer for each Participant. Each Participant's interest may be divided into one or more separate Accounts which reflect, not only contributions into the Plan, but also gains and losses allocated thereto, as well as any distributions or other withdrawals. The value of these Accounts shall be determined as of the Valuation Date. The existence of an Account or bookkeeping entries for a Participant (or his Beneficiary) does not create, suggest or imply that a Participant, Beneficiary or other person claiming through them under this Plan has a beneficial interest in any asset of the Employer.

2.2 Administrative Committee

"Administrative Committee" means the Employee Relations Committee of the Company or any successor committee.

2.3 Beneficiary

"Beneficiary" means the person, persons or entity (including, without limitation, any trustee) last designated by a Participant to receive the benefits specified hereunder, in the event of the Participant's death.

2.4 Board

"Board" means the Board of Directors of the Company.

2.5 Bonus(es)

"Bonus(es)" for purposes of the Plan shall mean awards made under the Company's Annual Incentive Plan, the Global Bonus Plan, the Cash Opportunity and Year End Programs, and amounts paid under the Sales Incentive Plan. Bonuses shall not include any other award-type payment allowances including, but not limited to, Signing or Retention Bonuses or Special Recognition Awards, unless otherwise specified by the Company.

2.6 Company

"Company" means Albemarle Corporation or any successor to the business thereof.

2.7 Deferral Election

"Deferral Election" means a base salary and/or Bonus deferral commitment made by a Participant to establish Retirement/Termination Accounts and/or Scheduled Withdrawal Accounts pursuant to Article III and Sections 5.3 and 5.4 for which a Participation Agreement has been submitted by the Participant to the Administrative Committee.

2.8 Disability

"Disability" means a Participant's inability to engage in any substantial gainful activity because of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of twelve (12) months or longer. "Disabled" means a Participant has a Disability.

2.9 Elected Deferred Compensation

"Elected Deferred Compensation" means the amount of base salary and/or Bonus that a Participant elects to defer pursuant to a Deferral Election for a Plan Year.

2.10 Employer

"Employer" means the Company and any affiliated or subsidiary corporations designated by the Board. For purposes of determining if a Participant has had a Termination of Employment for purposes of the Plan, "Employer" shall include affiliates of the Company as referred to in Section 409A including any non-U.S. affiliates of the Company.

2.11 Financial Hardship

"Financial Hardship" means an unforeseeable emergency for purposes of Section 409A such that the hardship is an immediate and substantial financial need of the Participant or Beneficiary, resulting from an illness or accident of the Participant, the Participant's spouse or Beneficiary (or Participant's dependent), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstance arising as a result of events beyond the control of the Participant. Whether a "financial hardship" exists shall be determined by the Administrative Committee on the basis of written information supplied by the Participant, or Participant's spouse or Beneficiary in accordance with such standards as are, from time to time, established by the Administrative Committee or applicable law.

2.12 Grandfathered Benefit

"Grandfathered Benefit" means the accrued and vested benefits transferred to this Plan from the SERP effective December 31, 2004, which Benefit was intended to satisfy the special grandfather provision of Section 409A as described in IRS Notice 2005-1 Q&A 16.

2.13 Hardship Distribution

"Hardship Distribution" means a distribution pursuant to Section 7.7 to a Participant or a Beneficiary who has a Financial Hardship.

2.14 Participant

"Participant" means any individual who is participating in this Plan as provided in Article III.

2.15 Participation Agreement

"Participation Agreement" means the written agreement in the form prescribed by the Administrative Committee, to defer salary and/or Bonus awards submitted by a Participant to the Administrative Committee or its delegates.

2.16 Plan

"Plan" means this Albemarle Corporation Executive Deferred Compensation Plan as set forth in this document and as the same may be amended, administered or interpreted from time to time.

2.17 Plan Year

"Plan Year" means each calendar year beginning on January 1 and ending on December 31.

2.18 Retirement or Retirement Eligible

"Retirement" or "Retirement Eligible" means a Participant's Termination of Employment with an Employer, or death, on or after the Participant's attainment of age fifty-five (55) and completion of ten (10) years of service with the Company or any Employer.

2.19 Retirement/Termination Account

"Retirement/Termination Account" means an Account established pursuant to Section 5.3 to provide for distribution of benefits following Retirement or a Termination of Employment.

2.20 Savings Plan

"Savings Plan" means the Albemarle Corporation Retirement Savings Plan.

2.21 Scheduled Withdrawal

"Scheduled Withdrawal" means a distribution pursuant to Section 7.6 to be made on a Scheduled Withdrawal Date, which may be either prior to or after a Participant's Termination of Employment.

2.22 Scheduled Withdrawal Account

"Scheduled Withdrawal Account" means an Account which may be established pursuant to Section 5.4 to provide for the distribution of benefits on a Scheduled Withdrawal Date.

2.23 Scheduled Withdrawal Date

"Scheduled Withdrawal Date" means the date designated by a Participant for payment of a Scheduled Withdrawal Account, pursuant to Section 7.6 hereof.

2.24 Section 409A

"Section 409A" shall mean Section 409A of the Internal Revenue Code of 1986, as amended, and any and all rulings and regulations promulgated thereunder.

2.25 SERP

"SERP" means the Albemarle Corporation Supplemental Executive Retirement Plan.

2.26 Settlement Date

"Settlement Date" means the date on which a lump-sum payment shall be made or the date on which installment payments shall commence under the terms of the Plan.

2.27 Small Account

"Small Account" means an Account subject to payout pursuant to Sections 7.5 and 7.6(c) of the Plan.

2.28 Termination of Employment

"Termination of Employment" means a Participant's termination of employment with the Company and all Employers which termination constitutes a severance from service as defined under Section 409A of the Internal Revenue Code of 1986, as amended.

2.29 Valuation Date

"Valuation Date" means such dates as the Administrative Committee may determine, in its sole discretion, for the valuation of Participants' Accounts.

ARTICLE III

PARTICIPATION, DEFERRALS AND ADDITIONAL BENEFITS

3.1 Eligibility and Participation.

(a) Eligibility and Participation for Voluntary Compensation Deferrals.

(i) Eligibility. A salaried U.S. Employee shall be eligible to elect to defer his compensation in a Plan Year if (A) he was a Participant in the Plan as of December 31, 2012, or (B) his job classification is grade 15 or above.

(ii) Participation. An Employee who (A) meets the requirements of paragraph (i)(A) shall continue his Plan Participation on and after January 1, 2013, so long as he continues to be an Employee; and (B) meets the requirements of paragraph (i)(B) shall become a Participant for purposes of deferring his compensation in a Plan Year, as of the Plan Year following the Plan Year in which he becomes eligible, *provided, however*, that the Company may determine that an Employee under (i)(B) shall be eligible to participate under this Section 3.1(a) immediately upon such Employee's meeting the eligibility requirements of paragraph (i) above. An Employee who satisfies the requirements of this Section 3.1(a), may elect to make voluntary compensation deferrals into the Plan by submitting a Participation Agreement to the Administrative Committee pursuant to procedures adopted by the Administrative Committee.

(b) Eligibility and Participation for Employer Allocations.

(i) Eligibility. A U.S. Employee (or non-U.S. Employee specifically designated by the Company) shall be eligible for the Plan for purposes of receiving Employer allocations under Section 4.2 of the Plan, if he (A) exceeds IRS limits under the Savings Plan, and (B) otherwise qualifies as part of a "select group of management or highly compensated employees" of the Company as such term is defined under relevant law.

(ii) Participation. An Employee meeting the requirements of paragraph (i) shall become a Participant for purposes of this Section 3.1(b) immediately upon meeting the eligibility provisions of paragraph (i).

(c) <u>Special Rules</u>.

(i) For employees who are designated to participate in the Plan in their year of hire, such employees will be eligible for Employer allocations as of the Plan Year including their date of hire without regard to whether such employees have made a deferral for the year.

(ii) Employees not otherwise eligible to participate in the Plan shall be eligible if they otherwise qualify as "highly compensated or management employees" and the Company designates them to receive an Employer allocation or a discretionary allocation under the Plan.

ARTICLE IV

PLAN CONTRIBUTIONS

4.1 <u>Voluntary Deferrals of Compensation.</u>

Participants who qualify as Participants under Section 3.1(a) shall be subject to this Section 4.1.

(a) <u>Basic Forms of Compensation Deferral</u>

A Participant may file a Participation Agreement to defer up to fifty percent (50%) of his base salary and/or up to one hundred percent (100%) (net of FICA and Medicare taxes withheld, if any) of each Bonus paid in a Plan Year. The amount to be deferred shall be stated as a percentage of each source of deferral. With respect to the deferral of Bonuses, such deferral election must be made before the start of the year in which the Bonus is earned.

(b) <u>Commencement and Duration of Deferral Election</u>

(i) <u>Commencement</u>. A Deferral Election shall commence as of the first day of the Plan Year next following the date a Participation Agreement for such Deferral

Election is filed with the Administrative Committee; *provided, however,* that a newly eligible Participant may make such election at any time within the first 30 days of eligibility, at the discretion of the Administrative Committee or in accordance with rules or policies established by the Administrative Committee, with such election to apply to base salary and Bonuses earned in payroll periods after that election. The Participation Agreement shall specify the portion of the Elected Deferred Compensation to be credited to each Retirement/Termination Account and to each Scheduled Withdrawal Account.

(ii) Duration of Election. A Participant's Deferral Election shall terminate at the end of the Plan Year to which it applies and a Participant wishing to make a Deferral Election for a succeeding Plan Year must make a new Deferral Election by filing a new Participation Agreement with the Administrative Committee prior to the start of the applicable Plan Year. A Deferral Election shall terminate upon the earlier to occur of the following:

(A) The end of the Plan Year for which the Deferral Election is made; or

(B) When a Participant terminates employment for any reason or receives a Hardship Withdrawal.

(c) Modification of Deferral Elections

Notwithstanding the foregoing, a Participant may change, suspend or resume his Deferral Election for any succeeding Plan Year in accordance with rules established by the Administrative Committee, provided that the modification applies only to a salary and/or Bonus payment that is not yet earned.

4.2 Employer Allocations

Participants who qualify under Section 3.1(b) shall be subject to this Section 4.2 and the provisions of this Section 4.2 (and other applicable Plan provisions), shall apply only to such Participants.

(a) Supplemental Savings Benefit

(i) An Employer Allocation Participant's Retirement/Termination Account A shall be credited each Plan Year with a cash amount equal to the excess of (i) the Matching Contribution (as defined in the Savings Plan) which would have been available under the terms of the Savings Plan but for the application of (A) the limitations imposed under the Code, including, but not limited to, Sections 402(g), 401(a)(17) or 415, and/or (B) base salary and Bonus deferrals into this Plan, over (ii) the Matching Contribution made under the Savings Plan for such Plan Year. This credit shall occur on a per pay period basis with respect to Matching Contributions attributable to base salary, and one time per year with respect to Matching Contributions attributable to Bonus.

(ii) Effective December 31, 2004, a Grandfathered Benefit was established for each individual who was a Participant at that time whereby such Participant's Account was initially credited with the number of phantom shares of Albemarle Corporation Common Stock previously credited to the bookkeeping account maintained under Section 3.01(b)(ii) under the Albemarle SERP as in force on December 31, 2004, liability for which benefit was assumed by this Plan as of such date. This paragraph (ii) was intended to satisfy the special grandfather provision under Code section 409A for benefits accrued and vested as of December 31, 2004, as described in IRS Notice 2005-1, Q&A 16. Notwithstanding the foregoing, effective January 1, 2011, the provisions for payment of unpaid Grandfathered Benefits were revised to provide instead for payment at the times and in the forms specified in Appendix B hereto. Pursuant to the foregoing change, Grandfathered Benefits remaining unpaid as of January 1, 2011 no longer qualify for grandfathered status as described in Section 409A and such Benefits are subject to the Section 409A rules and restrictions on and after that date.

(b) Supplemental Pension Benefit

(i) For each Plan Year in which a Participant is eligible for Employer allocations, the Participant will receive a credit equal to five percent (5%) of base salary and Bonus in excess of the amounts which can be recognized by the Savings Plan because of (A) the limitations under the Code including, but not limited to, Sections 402(g), 401(a)(17) or 415, and (B) base salary and Bonus deferrals into this Plan. For the purposes of clause (A), base salary and Bonus shall be determined without reduction for any amounts contributed under Code sections 402(g) or 125. This credit shall occur on a per pay period basis with respect to the percentage of base salary, and one time per year with respect to the percentage of Bonus.

(ii) Amounts credited pursuant to this Section 4.2(b) shall be credited to the Participant's Retirement/Termination Account A.

(c) Discretionary Allocations

(i) The Administrative Committee may elect from time to time, to make Discretionary Allocations under the Plan in such amounts and for the benefit of selected Participants, and pursuant to such terms, all as the Administrative Committee, in its sole discretion, shall determine.

(ii) Effective January 1, 2012, the Savings Plan was amended to provide for a special one-time Discretionary Contribution (as described in that Plan) to be made in December, 2012, on behalf of the eligible Members under that Plan. To the extent any portion of the Discretionary Contribution could not be made to the Savings Plan due to IRS limits and restrictions on contributions to that Plan, such excess was credited to Participants' Retirement/Termination Account As under this Plan and subject to the additional provisions of Section 4.2(e).

(d) Benefits for Certain Employees in Jordan

(i) Eligibility. The following employees are eligible to receive the credit provided under paragraph (ii) of this Section 4.2(d):

(1) Ahmad Khalifeh

(2) Mohammad Sabri

(ii) Credit.

(A) A Participant who meets the eligibility requirements of paragraph (i) of this Section 4.2(d), will receive a credit under the Plan equal to a percentage of the Participant's base salary plus Bonus as follows: five percent (5%) for each of the first nine (9) years of service, six percent (6%) for each year of service from ten (10) to nineteen (19), and seven percent (7%) for each year of service thereafter. Years of service for purposes of this Section 4.2(d)(ii)(A) shall be measured each January 1st, with the January 1st following the Participant's date of hire considered to be his one year anniversary date. This credit shall occur on a per pay period basis with respect to the percentage of base salary piece, and one time per year with respect to the Bonus piece.

(B) In addition to the credit provided for under subparagraph (A) of this paragraph (ii), the Company may determine from time to time to make additional credits under the Plan on behalf of one or both of the Participants covered under this Section 4.2(d). The decision as to whether to make an additional credit and which of the Participants shall receive the additional credit, shall be determined solely at the discretion of the Company. The Company's decision to make a credit in one year, or to make a credit on behalf of a specific Participant, shall create no obligation to make a credit in subsequent years or on behalf of the other Participant covered under this Section 4.2(d).

(iii) Vesting. Any credit a Participant described in paragraph (i) receives pursuant to this Section 4.2(d) shall be immediately 100% vested.

(iv) Allocation to Accounts. Amounts credited pursuant to this Section 4.2(d) shall be credited to the Participant's Retirement/Termination Account A.

(e) Credits of Certain Benefits

With respect to amounts credited under this Section 4.2, a Participant who has a Termination of Employment during a Plan Year for any reason other than a Termination by the Employer for Cause, shall be entitled to Employer credits for the portion of the Plan Year prior to his Termination. "Cause" for purposes of this Section 4.2(e) shall have the same meaning as defined in the Albemarle Corporation 2008 Incentive Plan.

(f) Pension Credit for Former Akzo Nobel Employees (acquisition effective August 1, 2004)

(i) A Participant shall be eligible for the credit under this paragraph (f) if such Participant (a) became an employee of the Company or an Employer as a result of the Company's acquisition of the Catalysts business of Akzo Nobel and (b) was recommended for such eligibility by the Administrative Committee and approved by the Executive Compensation Committee of the Board.

(ii) A Participant who meets the eligibility requirements of subparagraph (i), above, will receive an additional credit under the Plan as of his date of employment by the Company or an Employer in an amount determined by the Administrative Committee and documented in the records of such Committee.

(iii) Amounts credited pursuant to this 4.2(f) shall be credited to the Participant's Retirement/Termination Account A.

(iv) A Participant who terminates employment before completing at least five years of service with the Company or an Employer (measured from date of hire to date of termination), shall forfeit the entire benefit provided under this Section 4.2(f). Notwithstanding the foregoing, if a Participant's employment is terminated as the result of death or disability, the Participants shall be fully vested in the benefit provided under this Section 4.2(f). In addition, if a Participant with less than five years of employment with the Company or an Employer terminates employment after attaining age 60, and after attaining a total of at least ten years of combined employment with the Company, an Employer or Akzo Nobel, such Participant will vest in a fraction of his benefit under this Section 4.2(f), where the numerator of such fraction is his completed total years of employment with the Company or an Employer and the denominator of such fraction is five.

ARTICLE V

COMPENSATION ACCOUNTS

5.1 Accounts

For recordkeeping purposes only, Employer shall maintain up to five (5) separate Accounts for each Participant. The Accounts shall be known as the Retirement/Termination Account A, Retirement/Termination Account B and up to three (3) separate Scheduled Withdrawal Accounts.

5.2 Crediting of Deferrals

Beginning January 1 of each Plan Year, a Participant's Elected Deferred Compensation which consists of deferred base salary shall be credited to the Participant's Accounts in accordance with the Participant's Deferral Election as soon as practicable after the date on which the corresponding nondeferred portion of the Participant's base salary is paid or would have been paid but for the Deferral Election. Beginning January 1 of each Plan Year, a Participant's Elected Deferred Compensation which consists of deferred Bonus shall be credited to the Participant's Accounts in accordance with the Participant's Deferral Election as soon as practicable after the date on which the Bonus is paid or would have been paid but for the Deferral Election.

5.3 Retirement/Termination Accounts

A Participant may have up to two Retirement/Termination Accounts under which such Participant will receive retirement benefits following Retirement or Termination of Employment. The two Retirement/Termination Accounts shall be designated as Retirement/Termination Account A and Retirement/Termination Account B, and shall be payable as described in Section 7.1. With respect to a Participant who is a "specified employee" within the meaning of Code section 409A and regulations thereunder, benefits from such Accounts shall commence six (6) months after Retirement or Termination in accordance with Section 7.1(c).

5.4 Scheduled Withdrawal Account

A Participant may establish up to three (3) Scheduled Withdrawal Accounts by filing a Participation Agreement to defer base salary and/or Bonus into the applicable Scheduled Withdrawal Accounts and designating the applicable percentages allocated to each Account. No deferrals may be made into the Participant's Scheduled Withdrawal Accounts during the Plan Year in which the Participant is receiving, or will receive, a Scheduled Withdrawal from any such Account and the Scheduled Withdrawal Date with respect to any deferrals made to a Scheduled Withdrawal Account may not be earlier than two years after the end of the Plan Year in which the deferral occurs. Scheduled Withdrawal Accounts shall be payable as described in Article VII hereof.

5.5 Vesting of Accounts

Each Participant shall be one hundred percent (100%) vested at all times in the amounts credited to such Participant under the Plan.

5.6 Statement of Accounts

From time to time, the Administrative Committee shall give to each Participant a benefit statement setting forth the balance of the Accounts maintained for the Participant.

5.7 Valuation of Accounts

A Participant's Account as of each Valuation Date shall consist of the balance of the Participant's Account as of the immediately preceding Valuation Date, plus the Participant's Elected Deferred Compensation, if any, as such Account may be adjusted for investment gains and losses and minus any distributions made from such Account since the immediately preceding Valuation Date.

ARTICLE VI

INVESTMENT AND EARNINGS

6.1 Plan Investments

A Participant shall complete a portfolio allocation form electing from among a series of hypothetical investment options designated by the Administrative Committee into which the Participant's Elected Deferred Compensation shall be credited. The performance of the Participant's Account(s) shall be measured based upon the investment options selected. The Participant's Elected Deferred Compensation shall be credited with such hypothetical crediting rates calculated after the investment managers' expenses have been deducted. Investment options may be changed at such times and in the form and manner prescribed by the Administrative Committee, by executing a form available from the Administrative Committee, or its designated agent. To the extent a Participant fails to make an election pursuant to this Section 6.1, the Participant shall be deemed to have elected that all Accounts be invested in the Merrill Lynch Retirement Reserves Money Fund investment option.

6.2 Crediting Investment Gains and Losses

Participant Accounts shall be credited daily with investment gains and losses as if Accounts were invested in one or more of the Plan's investment options, as selected by the Participant, less administrative charges applied against the particular investment options. Accounts shall be credited with investment gains and losses through the applicable Valuation Date with respect to a particular Settlement Date (or Dates) in anticipation of, and in connection with, a Plan distribution.

ARTICLE VII

PLAN BENEFITS

7.1 Retirement Benefit

(a) Time. If a Participant terminates employment due to Retirement, the Employer shall pay to the Participant a benefit equal to the balance in the Participant's Retirement/Termination Accounts within 30 days after such Retirement, *provided, however*, effective for new Accounts established on and after January 1, 2012, Accounts shall be paid on or about the January 15th or July 15th next following the Participant's Retirement instead, subject, however, to the special rules for installment payments under Section (b)(ii) hereof.

(b) Form. The Participant's Retirement/Termination Accounts shall be paid as follows:

(i) Retirement/Termination Account A shall be paid as a single lump-sum payment; and

(ii) Retirement/Termination Account B shall be paid as installment payments, which shall be annual payments for a period of up to fifteen (15) years, as elected by the Participant at the time of the deferral, commencing on the first day of the Plan Year next following the Participant's Retirement date, *provided, however,* that for new Accounts established on and after January 1, 2012, installment payments shall commence on or about the January 15th next following the Participant's Retirement date instead. The first payment shall equal the Participant's Account balance as of the most recent Valuation Date divided by the number of installments elected by the Participant. The amount of each succeeding payment shall be redetermined each Plan Year as of January 1 (January 15th for Accounts established on and after January 1, 2012) based on the remaining Account balance as of the most recent Valuation Date divided by the remaining number of installment payments. The Account shall be credited with earnings, gains and losses pursuant to Article VI. If the Participant has no valid election on file, payments from Retirement/Termination Account B shall be made in annual installments over a period of ten (10) years.

(c) <u>Timing for Specified Employees</u>. With respect to a Participant who is a "specified employee" subject to the restrictions on payments to specified employees under Section 409A, benefits from his Retirement/Termination Account(s) shall be paid or commence on the first pay date of the month following the month in which occurs the six month anniversary date of Termination of Employment due to Retirement (referred to hereunder as the "Six Month Delay Period").

7.2 Termination Benefit

(a) Time. If a Participant terminates employment for any reason other than Retirement or death, and prior to his Disability, the Employer shall pay to the Participant a benefit equal to the balance in the Participant's Retirement/Termination Accounts within 30 days following the Termination, *provided*, *however*, effective for new Accounts established on and after January 1, 2012, Accounts shall be paid on or about the January 15th or July 15th next following the Participant's Termination instead.

(b) Form. Upon a Participant's Termination of Employment, a Participant's Retirement/Termination Accounts due under Section 7.2(a) shall be paid in a single lump sum (notwithstanding a Participant's election of installment payments, if any).

(c) Timing for Specified Employees. With respect to a Participant who is a "specified employee" subject to the restrictions on payments to specified employees under Section 409A, benefits from his Retirement/Termination Account(s) shall be paid on the first pay date of the month following the month in which occurs the six month anniversary date of the Termination of Employment.

7.3 Death Benefit

(a) Preretirement Death Benefit. If a Participant dies prior to the commencement of Retirement payments, the balances in the Retirement/Termination Accounts and Scheduled Withdrawal Accounts, if any, shall be paid as soon as practicable to the Participant's Beneficiary in the form elected by the Participant with respect to his Retirement/Termination Accounts.

The Beneficiary shall be permitted to make investment elections and earnings shall continue to be credited pursuant to Article VI after the Participant's death, *provided,* *however,* that installments shall be made, as elected by the Participant, only if the Participant was Retirement-Eligible at the time of death, and with respect to Accounts established on and after January 1, 2012, payments to the Participant's Beneficiary shall be made in the form of a single lump sum on or about the January 15th or July 15th next following the date of death.

(b) Postretirement Death Benefit. If a Participant dies following the commencement of Retirement payments, the Employer shall pay to the Participant's Beneficiary any remaining installment payments that would have been paid to the Participant had the Participant survived at the same time such payments would have been made to the Participant. Notwithstanding the preceding sentence, with respect to Accounts established on and after January 1, 2012, upon a Participant's death following commencement of payment of his Accounts, payment of the remaining balance of the Account shall be made to the Participant's Beneficiary in the form of a single lump sum on or about the January 15th or July 15th next following the date of death.

7.4 Disability Benefit

(a) Time. If a Participant becomes Disabled, the Employer shall pay to the Participant a benefit equal to the balance in the Participant's Retirement/Termination Accounts.

(b) Form. For amounts credited to an Account as of December 31, 2011, a Participant was permitted to elect at the time of deferral the form in which benefits would be paid pursuant to Section 7.1(b) of the Plan in the event of a Disability. If no election was made regarding the form of payment upon Disability, and effective for all amounts credited on and after January 1, 2012, no special provisions apply to the form of payments made upon a Participant's Disability, and the form of payment of such Accounts shall be determined under the other provisions of this Article VII except that with respect to any amounts held in Retirement/Termination Account B, such amounts shall be paid in the elected form of installments without regard to whether the Participant qualifies as Retirement-Eligible.

7.5 Special Rules for Small Accounts

Notwithstanding any of the foregoing, if, on the date payments are to commence under Sections 7.1, 7.2, 7.3 or 7.4 of the Plan, the Participant’s Account balance is less than fifty thousand dollars ($50,000), such Account shall be paid in a single lump-sum payment to the Participant or Beneficiary, as applicable, within thirty (30) days. For all Accounts established on and after January 1, 2012, a payment date must be either a January 15th or July 15th.

7.6 Scheduled Withdrawal Accounts

(a) Time. Subject to paragraphs (c) and (d) hereof, the balance of a Scheduled Withdrawal Account shall be paid on the date or dates elected by the Participant at the time the applicable Account was established, *provided*, *however*, that effective for Accounts established on and after January 1, 2012, a payment date must be either a January 15th or July 15th and to the extent a Participant designates a Scheduled Withdrawal Date other than a January 15th or July 15th, payment shall be made on or about the January 15th or July 15th next following the date designated by the Participant. In no event shall the payment commencement date be prior to two years after the end of the Plan Year for which the applicable Deferral Election is made. A Deferral Election shall not be made with respect to a Scheduled Withdrawal Account for the Plan Year in which a payment will be made from such Account to the Participant.

(b) Form. Subject to paragraphs (c) and (d) hereof, Participants may elect, prior to establishment of the Account, to receive distributions from a Scheduled Withdrawal Account in the form of a single lump sum or in annual installments over a period not to exceed four (4) years, *provided*, *however*, that where a Participant has elected that his Scheduled Withdrawal Account be paid in the form of installments, but at the time payment is to commence, the Participant has terminated employment and is not Retirement-Eligible, payment of the Scheduled Withdrawal Account shall be made in a lump sum instead. Distribution in the form of annual installments shall be paid on or about the January 15th or July 15th designated by the Participant and valued in the method described in Section 7.1(b)(ii) (for Retirement/Termination Accounts paid in installments).

(c) Small Accounts. Notwithstanding the provisions of paragraphs (a) and (b) above, effective for Accounts established on and after January 1, 2012, if at the time of the earlier of a Participant's Scheduled Withdrawal Date or death (which earlier event is referred to herein as the "Payment Date"), the value of the Participant's Account is less than fifty thousand dollars ($50,000), payment of the Account shall be made in a lump sum within 30 days following the Payment Date, and with respect to Accounts established on and after January 1, 2012, such lump sum payment shall be made on or about the January 15th or July 15th on or after the Payment Date.

(d) Death. Notwithstanding the provisions of subparagraphs (a) and (b) of this Section 7.6, effective for Accounts established on and after January 1, 2012, upon a Participant's death prior to his Scheduled Withdrawal Date, payment of the Participant's Account(s) shall be made in a lump sum on or about the January 15th or July 15th corresponding to or next following the date of the Participant's death.

(e) Disability. Notwithstanding the provisions of subparagraphs (a) and (b) of this Section 7.6, upon a Participant's Disability prior to his Scheduled Withdrawal Date, payment of the Participant's Account shall be made or commence upon the Scheduled Withdrawal Date, in the form elected by the Participant.

(f) Termination of Employment Prior to Scheduled Withdrawal. If a Participant with a balance in a Scheduled Withdrawal Account(s) terminates his employment with an Employer prior to the applicable Scheduled Withdrawal Date, such Scheduled Withdrawal Account(s) shall be paid to the Participant pursuant to subparagraphs (a) and (b) above.

7.7 Hardship Distribution

Upon application by a Participant or Beneficiary who has suffered a Financial Hardship, the Administrative Committee may, in its sole discretion, authorize a Hardship Distribution from his Account prior to the time specified for payment of benefits under the Plan. The Hardship Distribution shall be made ratably from all Accounts. The amount of such Hardship Distribution shall be limited to the amount reasonably necessary to meet the Participant's, spouse's or Beneficiary's requirements during the Financial Hardship plus amounts necessary to pay applicable income taxes and penalties. Any amounts paid to a Participant pursuant to this Section 7.7 shall be treated as a distribution from the Participant's Accounts.

Following a complete distribution of the entire Account balance, a Participant and his Beneficiary shall be entitled to no further benefits under the Plan with respect to that Account.

Applications for Hardship Distributions and determinations thereon by the Administrative Committee shall be in writing, and a Participant or Beneficiary may be required to furnish written proof of the Financial Hardship.

Upon receiving a Hardship Distribution, a Participant’s Deferral Elections shall cease and such Participant shall not be eligible to make deferrals under the Plan until the next enrollment period following one (1) full year from the date of the Hardship Distribution.

7.8 Valuation and Settlement

With respect to a lump-sum payment, the Settlement Date for an Account shall be no more than thirty (30) days after the Valuation Date next following such event for which the Participant or Beneficiary becomes entitled to payments, *provided, however*, that with respect to Accounts established on and after January 1, 2012, the Settlement Date shall be on or about the January 15th or July 15th on or after the applicable event. With respect to benefits that will be paid in installments, the initial Settlement Date shall be (i) for other than Scheduled Withdrawal Accounts, the January 1st (January 15th for Accounts established on and after January 1, 2012) next following the Participant’s Retirement date, death (other than for Accounts established on and after January 1, 2012 which Accounts are paid in a lump sum upon death) or Disability, as applicable, and each January 1st (or January 15th) thereafter, and (ii) for Scheduled Withdrawal Accounts, the Scheduled Withdrawal Date (January 15th or July 15th designated or deemed designated for Accounts established on and after January 1, 2012), and the anniversary of the Scheduled Withdrawal Date (or January 15th or July 15th) thereafter, in both cases, until all installment payments are made.

To the extent not otherwise provided for in this Plan or in a Participant's Election Form(s), benefits hereunder shall be paid in a lump sum.

The Settlement Date for a Hardship Distribution shall be no more than sixty (60) days after the last day of the month in which the Administrative Committee delivers a finding that the Participant or Beneficiary has suffered a Financial Hardship.

7.9 Withholding and Payroll Taxes

The Employer shall withhold from Plan payments made hereunder any taxes required to be withheld from such payments under federal, state or local law. Any withholding of taxes or other amounts with respect to contributions through Elected Deferred Compensation or otherwise, that is required by federal, state or local law, including but not limited to FICA taxes (including both OASDI and Medicare taxes), shall be withheld from the Participant's nondeferred base salary and/or bonuses (which are not limited to the Participant's Bonuses for the year) to the maximum extent possible with any excess being withheld from the Participant's Elected Deferred Compensation. Each Participant shall bear the ultimate responsibility for payment of all taxes owed under this Plan.

7.10 Payment to Guardian

If a benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of his property, the Administrative Committee may direct payment of such benefit to the guardian, conservator, legal representative or person having the care and custody of such minor, incompetent or incapacitated person. The Administrative Committee may require proof of minority, incompetency, incapacity, conservatorship or guardianship as it may deem appropriate prior to distribution of the benefit. Such distribution shall completely discharge the Administrative Committee from all liability with respect to such benefit.

7.11 Change of Payment Form or Commencement Date

A Participant may make an election to change the time and/or the form in which Retirement/Termination or Scheduled Withdrawal Accounts are to be paid and such election will supersede his most prior election, *provided*, *however*, that (i) any such election must be made no later than twelve months before payments would otherwise have commenced, (ii) the election must provide that commencement of payments will be deferred for at least five years from the date they would otherwise have commenced, (iii) the election otherwise meets the requirements of this Article VII, and (iv) the election otherwise meets the requirements of Section 409A. Any election to change the time or form of a distribution that is filed with the Administrative Committee which does not satisfy the foregoing shall be null and void and the next preceding timely election filed by the Participant shall be controlling.

7.12 *De Minimis* Accounts

Notwithstanding any other provision of the Plan, effective January 1, 2012, the special "*de minimis*" Account payment rules under Section 409A shall apply. As such, an Account qualifying as *de minimis* under Section 409A, shall be paid on or about the January 15th or July 15th after the latest of the following events: (i) a Participant's Termination of Employment (including Retirement, death or Disability), (ii) written exercise of discretion by the Committee to pay the Account under this Section 7.12, and (iii) the determination that all *de minimis* payment requirements have been satisfied.

ARTICLE VIII

DESIGNATION

8.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate a Beneficiary (both primary as well as contingent) to whom benefits under this Plan shall be paid if a Participant dies prior to complete distribution to the Participant of the benefits due such Participant under the Plan. Each Beneficiary designation shall be in a written form prescribed by the Administrative Committee, and will be effective only when filed with the Administrative Committee during the Participant's lifetime.

8.2 Changing Beneficiary

Any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Administrative Committee. The filing of a new Beneficiary designation shall cancel all Beneficiary designations previously filed. If a Participant's Compensation is community property, any Beneficiary Designation shall be valid or effective only as permitted under applicable law.

8.3 No Beneficiary Designation

In the absence of an effective Beneficiary designation, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, the Participant's designated Beneficiary shall be deemed to be the Participant's estate.

8.4 Effect of Payment

Payment to the Beneficiary shall completely discharge Employer's obligations under this Plan.

ARTICLE IX

FORFEITURES TO COMPANY

9.1 Distribution of Participant's Interest When Company is Unable to Locate Distributees

If the Employer is unable, within three (3) years after a payment is due to a Participant or Beneficiary, to make such payment because it cannot ascertain, after making reasonable efforts, the whereabouts of the Participant or the identity or whereabouts of the Beneficiary, and neither Participant, his Beneficiary, nor his executor or administrator has made written claim therefor before the expiration of the aforesaid time limit, then in such case, the amount due shall be forfeited to the Employer.

ARTICLE X

ADMINISTRATION

10.1 Committee; Duties

The Administrative Committee shall have the authority to interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in such administration. A majority vote of the Administrative Committee members in office at the time of the vote shall control any decision. The required majority action may be taken either by a vote at a meeting or without a meeting by a signed memorandum. Meetings may be conducted by telephone conference call. The Administrative Committee may, by majority action, delegate to one or more of its members the authority to execute and deliver in the name of the Administrative Committee all communications and documents which the Administrative Committee is required or authorized to provide under this Plan. Any party shall accept and rely upon any document executed in the name of the Administrative Committee.

10.2 Agents

The Administrative Committee may employ agents and delegate to them such administrative duties as it sees fit, and may consult with counsel who may be counsel to the Company.

10.3 Binding Effect of Decisions

The decision or action of the Administrative Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

10.4 Indemnity of Committee

The Company shall indemnify and hold harmless the members of the Administrative Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such person's service on the Administrative Committee, except in the case of gross negligence or willful misconduct.

ARTICLE XI

CLAIMS PROCEDURE

11.1 Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan, shall present the request in writing to the Administrative Committee which shall respond in writing within thirty (30) days.

11.2 Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

(a) The reason for denial, with specific reference to the Plan provisions on which the denial is based.

(b) A description of any additional material or information required and an explanation of why it is necessary.

(b) An explanation of the Plan's claim review procedure.

11.3 Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Administrative Committee. Such notice must be received by the Administrative Committee within sixty (60) days following the end of the thirty (30) day review period. The claim or request shall be reviewed by the Administrative Committee who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

11.4 Final Decision

The decision on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reason and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE XII

AMENDMENT AND TERMINATION OF PLAN

12.1 Amendment

(a) The Executive Compensation Committee of the Board may at any time amend the Plan, in whole or in part, provided however that no amendment shall be effective to decrease or restrict the amount credited to any Account maintained under the Plan as of the adoption date or effective date of the amendment, whichever is later.

(b) The Administrative Committee may adopt any technical, clerical, conforming or clarifying amendment or other change, provided:

(i) The Administrative Committee deems it necessary or advisable to:

(A) Correct any defect, supply any omission or reconcile any inconsistency in order to carry out the intent and purposes of the Plan;

(B) Maintain the Plan's status as a "top-hat" plan for purposes of ERISA or maintain the Plan's status as complying with Code section 409A; or

(C) Facilitate the administration of the Plan;

(ii) The amendment or change does not, without the consent of the Executive Compensation Committee of the Board, materially increase the cost to the Employer of maintaining the Plan; and

(iii) Any formal amendment adopted by the Administrative Committee shall be in writing, signed by a member of the Committee and reported to the Executive Compensation Committee of the Board.

(c) Changes in Earnings Rate. If the Plan is amended so that a series of investment options is not used to calculate the Participants' investment gains and losses under the Plan, the rate of earnings to be credited to a Participant's Account shall not be less than the monthly equivalent of the average nominal annual yield on three (3) month Treasury bills for the applicable period.

12.2 Company's Right to Terminate

The Executive Compensation Committee of the Board may, at any time, partially or completely terminate the Plan.

(a) Partial Termination. The Executive Compensation Committee of the Board may partially terminate the Plan by instructing the Administrative Committee not to accept any additional deferrals into the Plan. If such a partial termination occurs, the Plan shall continue to operate and be effective with regard to deferrals made prior to the effective date of such partial termination.

(b) Complete Termination. The Executive Compensation Committee of the Board may completely terminate the Plan by instructing the Administrative Committee not to accept any additional deferrals, and by terminating all ongoing Deferral Elections. If such a complete termination occurs, the Plan shall cease to operate and Employer shall distribute each Account; provided, however, that such distribution shall be made in a lump sum, only upon the occurrence of the earliest of the following events:

1. Termination and liquidation of the Plan within 12 months of a qualifying corporate dissolution or bankruptcy;

2. Termination and liquidation of the Plan pursuant to irrevocable action of the Company within 30 days before, or 12 months after, a Change in Control (as defined in Appendix A hereto) provided such Change in Control constitutes a permissible payment event under Section 409A;

3. A termination and liquidation of the Plan (i) that does not occur proximate to a downturn in the Company's financial condition; (ii) where all plans required to be aggregated with the Plan are terminated; (iii) where no liquidation payments are made for at least 12 months after the Plan is terminated; (iv) where all payments are made by 24 months after the Plan is terminated; and (v) where the Company does not adopt a new plan of the same type, for at least three years after the Plan is terminated; or

4. The occurrence of an applicable distribution event pursuant to the other terms of the Plan.

Account distributions made under this Section 12.2(b), other than pursuant to paragraph 4 above, shall be paid in the form of a lump sum.

ARTICLE XIII

MISCELLANEOUS

13.1 Unfunded Plan/Compliance with Code

This Plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security

Act of 1974, as amended ("ERISA"), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. This Plan is intended to comply with Code Section 409A.

13.2 Unsecured General Creditor

Participants and Beneficiaries shall be unsecured general creditors, with no secured or preferential right to any assets of Employer or any other party for payment of benefits under this Plan. Any life insurance policies, annuity contracts or other property purchased by Employer in connection with this Plan shall remain its general, unpledged and unrestricted assets. Employer's obligation under the Plan shall be an unfunded and unsecured promise to pay money in the future.

13.3 Trust Fund

At its discretion, the Company may establish one or more trusts, with such trustees as the Company may approve, for the purpose of providing for the payment of benefits owed under the Plan. Although such a trust shall be irrevocable, its assets shall be held for payment to Employer's general creditors in the event of insolvency or bankruptcy. To the extent any benefits provided under the Plan with respect to an Employer's Participants are paid from any such trust, that Employer shall have no further obligation to pay them. If not paid from the trust, such benefits shall remain the obligation solely of that Employer.

13.4 Nonassignability

Except in connection with designating a Beneficiary as provided under Article VIII hereof, neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

13.5 Not a Contract of Employment

This Plan shall not constitute a contract of employment between Employer and the Participant. Nothing in this Plan shall give a Participant the right to be retained in the service of Employer or to interfere with the right of Employer to discipline or discharge a Participant at any time.

13.6 Protective Provisions

A Participant shall cooperate with Employer by furnishing any and all information requested by Employer in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as Employer may deem necessary and taking such other action as may be requested by Employer.

13.7 Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the Commonwealth of Virginia, except as preempted by federal law.

13.8 Validity

In case any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

13.9 Gender

The masculine gender shall include the feminine and the singular shall include the plural, except where the context expressly dictates otherwise.

13.10 Notice

Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed as given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Administrative Committee shall be directed to the Company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in Employer's records.

13.11 Successors

The provisions of this Plan shall bind and inure to the benefit of Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Employer, and successors of any such corporation or other business entity.

ALBEMARLE CORPORATION

By: /s/ Susan Kelliher

Name: Susan Kelliher

Title: Senior Vice President, Human Resources

Dated: December 28, 2013

APPENDIX A

Albemarle Corporation
Change In Control Provision

(a) Change in Control means the occurrence of any of the following events that also constitutes a “change in the ownership or effective control” of the Company or a “change in the ownership of a substantial portion of assets” of the Company, in each case, within the meaning of Section 409A:

(i) any Person, or “group” as defined in section 13(d)(3) of the Securities Exchange Act of 1934, becomes, directly or indirectly, the Beneficial Owner of 20% or more of the combined voting power of the then outstanding securities of the Company that are entitled to vote generally for the election of the Company’s directors (the “Voting Securities”) (other than as a result of an issuance of securities by the Company approved by Continuing Directors, or open market purchases approved by Continuing Directors at the time the purchases are made). However, if any such Person or “group” becomes the Beneficial Owner of 20% or more, and less than 30%, of the Voting Securities, the Continuing Directors may determine, by a vote of at least two-thirds of the Continuing Directors, that the same does not constitute a Change in Control;

(ii) as the direct or indirect result of, or in connection with, a reorganization, merger, share exchange or consolidation (a “Business Combination”), a contested election of directors, or any combination of these transactions, Continuing Directors cease to constitute a majority of the Company’s board of directors, or any successor’s board of directors, within two years of the last of such transactions;

(iii) the shareholders of the Company approve a Business Combination, unless immediately following such Business Combination, (1) all or substantially all of the Persons who were the Beneficial Owners of the Voting Securities outstanding immediately prior to such Business Combination Beneficially Own more than 60% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Company resulting from such Business Combination (including, without limitation, a company which as a result of such transaction owns the Company through one or more Subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Voting Securities, (ii) no Person (excluding any employee benefit plan or related trust of the Company or the Company resulting from such Business Combination) Beneficially Owns 30% or more of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Company resulting from such Business

Combination, and (iii) at least a majority of the members of the board of directors of the Company resulting from such Business Combination are Continuing Directors.

For purposes of this Appendix A and other provisions of this Plan, the following terms shall have the meanings set forth below:

(A) Affiliate and Associate shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended and as in effect on the date of this Agreement (the "Exchange Act").

(B) Beneficial Owner means that a Person shall be deemed the "Beneficial Owner" and shall be deemed to "beneficially own," any securities:

(i) that such Person or any of such Person's Affiliates or Associates owns, directly or indirectly;

(ii) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that, a Person shall not be deemed to be the "Beneficial Owner" of, or to "beneficially own," securities tendered pursuant to a tender or exchange offer made by such Person or any such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange;

(iii) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote, including pursuant to any agreement, arrangement or understanding, whether or not in writing; provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," any security under this subsection as a result of an agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding: (1) arises solely from a revocable proxy given in response to a public proxy solicitation made pursuant to, and in accordance with the applicable provisions of the General Rules and Regulations under the Exchange Act and (2) is not also then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(iv) that are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associates thereof) with which such Person (or any of such Person's Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing), for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in 'the proviso to subsection (iii) of this definition) or disposing of any voting securities of the Company provided, however, that notwithstanding any provision of this definition, any Person engaged in business as an underwriter of securities who acquires any securities of the Company through such Person's participation in good faith in a firm commitment underwriting registered under the Securities Act of 1933, shall not be deemed the "Beneficial Owner" of, or to "beneficially own," such securities until the expiration of forty days after the date of acquisition; and provided, further, that in no case shall an officer or director of the Company be deemed (1) the beneficial owner of any securities beneficially owned by another officer or director of the Company solely by reason of actions undertaken by such persons in their capacity as officers or directors of the Company; or (2) the beneficial owner of securities held of record by the trustee of any employee benefit plan of the Company or any Subsidiary of the Company for the benefit of any employee of the Company or any Subsidiary of the Company, other than the officer or director, by reason of any influences that such officer or director may have over the voting of the securities held in the trust.

(C) Continuing Directors means any member of the Company's Board, while a member of that Board, and (i) who was a member of the Company's Board prior to December 7, 2011, or (ii) whose subsequent nomination for election or election to the Company's Board was recommended or approved by a majority of the Continuing Directors.

(D) Person means any individual, firm, company, partnership or other entity.

(E) Subsidiary means, with references to any Person, any company or other entity of which an amount of voting securities sufficient to elect a majority of the directors or Persons having similar authority of such company or other entity is beneficially owned, directly or indirectly, by such Person, or otherwise controlled by such Person.

APPENDIX B

Terms of Payment of Formerly Grandfathered Benefits
on and after January 1, 2011, pursuant to Plan Section 4.2(a)(ii) of the Plan

Participant	New Time and Form of Payment
Dirk Betlem	Five Annual Installments beginning January, 2012
David Iddins	Lump Sum October 4, 2011
Paul Rocheleau	Lump Sum November, 2011
George Manson	Five Annual Installments beginning January, 2018
Lloyd Crasto	Lump Sum January, 2012
Mark Rohr	Lump Sum upon Retirement/Termination
John Steitz	Lump Sum upon Retirement/Termination
Luther Kissam IV	Lump Sum upon Retirement/Termination
John Nicols	Four Annual Installments beginning January, 2017
David Clary	Lump Sum upon Retirement/Termination
Mary Kay Devillier	Lump Sum upon Retirement/Termination
Scott Martin	Lump Sum upon Retirement/Termination
Ronald Zumstein	Lump Sum upon Retirement/Termination

Exhibit 10.24

**FIRST AMENDMENT
TO THE
ALBEMARLE CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN**

In accordance with Section 12.1 of the Albemarle Corporation Executive Deferred Compensation Plan, as Amended and Restated Effective January 1, 2013 (the "Plan"), the Plan is hereby amended as follows:

1. Section 3.1(a)(i) is amended effective January 1, 2015 to replace "(B) his job classification is grade 15 or above" with the following:

> "(B) his job classification is grade A 21 or above"

2. Section 4.1(b)(i) is amended by inserting the following sentence immediately before the last sentence:

> "Notwithstanding the forgoing, effective as of January 1, 2015, the deferral of base salary shall not take effect until the Participant has contributed the maximum pre-tax (including Roth) contributions to the Savings Plan for such year."

3. The provisions of this First Amendment shall be effective as of January 1, 2015.

IN WITNESS WHEREOF, the Corporation by its duly authorized officer has caused these presents to be signed this 14th day of November, 2014.

ALBEMARLE CORPORATION

By: /s/ Susan Kelliher

Exhibit 10.30

FIRST AMENDMENT TO CREDIT AGREEMENT (TERM LOAN)

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (TERM LOAN), dated as of December 22, 2014 (this "Amendment"), is entered into among ALBEMARLE CORPORATION, a Virginia corporation (the "Borrower"), the Lenders party hereto, and BANK OF AMERICA, N.A., as Administrative Agent for the Lenders (in such capacity, the "Administrative Agent"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Credit Agreement (as defined below and as amended by this Amendment).

RECITALS

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to that certain Credit Agreement, dated as of August 15, 2014 (the "Credit Agreement"); and

WHEREAS, the parties hereto have agreed to amend the Credit Agreement as provided herein.

NOW, THEREFORE, in consideration of the agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Amendments.

(a) Section 1.01.

(i) The following definition in Section 1.01 of the Credit Agreement is hereby amended to read as follows:

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Funded Debt as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters ending on such date. Notwithstanding anything to the contrary contained herein, for purposes of calculating the Consolidated Leverage Ratio for the fiscal quarter ending December 31, 2014, Consolidated Funded Debt shall be calculated net of unrestricted cash on the balance sheet of the Consolidated Group in an aggregate amount not to exceed the aggregate amount outstanding under this Agreement and the Cash Bridge Credit Agreement.

(ii) The following definition is hereby added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order to read as follows:

"Cash Bridge Credit Agreement" means that certain Cash Bridge Credit Agreement dated as of December 2, 2014 among the Borrower, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent.

2. Effectiveness; Conditions Precedent. This Amendment shall be and become effective as of date hereof when all of the conditions set forth in this Section 2 shall have been satisfied.

(a) Execution of Counterparts of Amendment. The Administrative Agent shall have received counterparts of this Amendment, which collectively shall have been duly executed on behalf of each of the Borrower, the Administrative Agent and the Required Lenders.

(b) Lender/Arranger Fees. The Borrower shall have paid (i) to the Administrative Agent, for the account of each Lender, all agreed upfront fees due and payable to such Persons on the date hereof and (ii) to the Administrative Agent and MLPFS, all fees due and payable to such Persons on the date hereof.

Without limiting the generality of the provisions of the last paragraph of Section 10.03 of the Credit Agreement, for purposes of determining compliance with the conditions specified in this Section 2, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required hereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the effectiveness of this Amendment specifying its objection thereto.

3. Expenses. The Borrower agrees to reimburse the Administrative Agent for all reasonable documented out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable documented fees and expenses of Moore & Van Allen, PLLC.

4. Ratification. The Borrower acknowledges and consents to the terms set forth herein and agrees that this Amendment does not impair, reduce or limit any of its obligations under the Loan Documents, as amended hereby. This Amendment is a Loan Document.

5. Authority/Enforceability. The Borrower represents and warrants as follows:

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by the Borrower and constitutes its legal, valid and binding obligations, enforceable in accordance with its terms, except as such enforceability may be subject to (i) applicable Debtor Relief Laws and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No material consent, approval, authorization or order of, or filing, registration or qualification with, any court or Governmental Authority or third party is required in connection with the execution, delivery or performance by the Borrower of this Amendment.

(d) The execution and delivery of this Amendment does not (i) violate, contravene or conflict with any provision of its Organization Documents or (ii) materially violate, contravene or conflict with any Laws applicable to it.

6. Representations and Warranties of the Borrower. The Borrower represents and warrants to the Lenders that after giving effect to this Amendment (a) the representations and warranties set forth in Article VI of the Credit Agreement are true and correct in all material respects as of the date hereof unless they specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and (b) no Default exists.

7. Counterparts/Telecopy. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of executed counterparts of this Amendment by telecopy or other secure electronic format (.pdf) shall be effective as an original.

8. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

9. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

10. Headings. The headings of the sections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Amendment.

11. Severability. If any provision of this Amendment is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Amendment shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

BORROWER:

ALBEMARLE CORPORATION,
a Virginia Corporation

By: /s/ Scott A. Tozier
Name: Scott A. Tozier
Title: Senior Vice President and Chief Financial Officer

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Robert Rittelmeyer
Name: Robert Rittelmeyer
Title: Vice President

LENDERS:

BANK OF AMERICA, N.A.,
as a Lender

By: /s/ Darren Bielawski
Name: Darren Bielawski
Title: Vice President

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /s/ Laura Woodward
Name: Laura Woodward
Title: Officer

BNP PARIBAS,
as a Lender

By: /s/ Michael Pearce
Name: Michael Pearce
Title: Managing Director

By: /s/ Mike Hoffman
Name: Mike Hoffman
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
as a Lender

By: /s/ Mark Campbell
Name: Mark Campbell
Title: Authorized Signatory

THE ROYAL BANK OF SCOTLAND PLC,
as a Lender

By: /s/ William McGinty
Name: William McGinty
Title: Director

WELLS FARGO BANK, N.A.,
as a Lender

By: /s/ Ashley Walsh
Name: Ashley Walsh
Title: Director

SUMITOMO MITSUI BANKING CORPORATION,
as a Lender

By: /s/ James D. Weinstein
Name: James D. Weinstein
Title: Managing Director

U.S. BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Steven Dixon
Name: Steven Dixon
Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION,
as a Lender

By: /s/ David A. Mandell
Name: David A. Mandell
Title: Managing Director

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Christian S. Brown
Name: Christian S. Brown
Title: Senior Vice President

THE NORTHERN TRUST COMPANY,
as a Lender

By: /s/ Sara Bravo McCaulay
Name: Sara Bravo McCaulay
Title: Vice President

WHITNEY BANK,
as a Lender

By: /s/ Mark R. Phillips
Name: Mark R. Phillips
Title: Senior Vice President

Exhibit 10.31

SECOND AMENDMENT TO CREDIT AGREEMENT AND INCREASE OF AGGREGATE COMMITMENTS

THIS SECOND AMENDMENT TO CREDIT AGREEMENT AND INCREASE OF AGGREGATE COMMITMENTS, dated as of December 22, 2014 (this "Amendment"), is entered into among ALBEMARLE CORPORATION, a Virginia corporation (the "Company"), ALBEMARLE GLOBAL FINANCE COMPANY SCA, a Belgian partnership limited by shares (" *société en commandite par actions*" – "*commanditaire vennootschap op aandelen*") (the "Belgian Borrower" and together with the Company, collectively, the "Borrowers"), the Lenders party hereto, and BANK OF AMERICA, N.A., as Administrative Agent for the Lenders (in such capacity, the "Administrative Agent"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Credit Agreement (as defined below and as amended by this Amendment).

RECITALS

WHEREAS, the Borrowers, the Lenders and the Administrative Agent are parties to that certain Credit Agreement, dated as of February 7, 2014 (as amended by that certain First Amendment to Credit Agreement dated as of August 15, 2014, the "Credit Agreement"); and

WHEREAS, the parties hereto have agreed to amend the Credit Agreement as provided herein.

NOW, THEREFORE, in consideration of the agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Increase of the Aggregate Commitments. Pursuant to Section 2.01(b) of the Credit Agreement (as in effect prior to giving effect to the amendments set forth in Section 2 below), the Aggregate Commitments are hereby increased by $250,000,000. Such increase in the Aggregate Commitments is reflected in Schedule 2.01 attached hereto.

2. Amendments.

(a) Section 1.01.

(i) The following definitions in Section 1.01 of the Credit Agreement are hereby amended to read as follows:

"Aggregate Commitments" means the aggregate amount of Commitments of all the Lenders. The amount of the Aggregate Commitment in effect on the Second Amendment Effective Date is ONE BILLION DOLLARS ($1,000,000,000).

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Funded Debt as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters ending on such date. Notwithstanding anything to the contrary contained herein, for purposes of calculating the Consolidated Leverage Ratio for the fiscal quarter ending December 31, 2014, Consolidated Funded Debt shall be calculated net of unrestricted cash on the balance sheet of the Consolidated Group in an aggregate amount not to exceed the aggregate amount outstanding under the Term Loan Credit Agreement and the Cash Bridge Credit Agreement.

(ii) The following definitions are hereby added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order to read as follows:

"Cash Bridge Credit Agreement" means that certain Cash Bridge Credit Agreement dated as of December 2, 2014 among the Company, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent.

"Second Amendment Effective Date" means December 22, 2014.

"Term Loan Credit Agreement" means that certain Credit Agreement dated as of August 15, 2014 among the Company, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent.

(b) Section 2.01. Section 2.01(b) of the Credit Agreement is hereby amended to read as follows:

(b) [reserved].

(c) Schedule 2.01. Schedule 2.01 of the Credit Agreement is hereby amended as set forth in Schedule 2.01 attached hereto.

3. Effectiveness; Conditions Precedent. This Amendment shall be and become effective as of date hereof when all of the conditions set forth in this Section 3 shall have been satisfied.

(a) Execution of Counterparts of Amendment. The Administrative Agent shall have received counterparts of this Amendment, which collectively shall have been duly executed on behalf of each of the Borrowers, the Administrative Agent, the Required Lenders and each Lender increasing its Commitment.

(b) Increase of the Aggregate Commitments.

(i) The Administrative Agent shall have received all documents (including resolutions of the board of directors of the Borrowers) it may reasonably request relating to the corporate or other necessary authority for and the validity of such increase in the Aggregate Commitments, and any other matters relevant thereto, all in form and substance reasonably satisfactory to the Administrative Agent.

(ii) If any Committed Loans are outstanding on the Second Amendment Effective Date, each Borrower shall, if applicable, prepay one or more of such Borrower's existing Committed Loans (such prepayment to be subject to Section 3.05 of the Credit Agreement) in an amount necessary such that after giving effect to the increase in the Aggregate Commitments, each Lender will hold its pro rata share (based on its Pro Rata Share of the increased Aggregate Commitments) of outstanding Committed Loans.

(c) Lender/Arranger Fees. The Company shall have paid (i) to the Administrative Agent, for the account of each Lender, all agreed upfront fees due and payable to such Persons on the date hereof and (ii) to the Administrative Agent and MLPFS, all fees due and payable to such Persons on the date hereof.

Without limiting the generality of the provisions of the last paragraph of Section 10.03 of the Credit Agreement, for purposes of determining compliance with the conditions specified in this Section 3, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required hereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the effectiveness of this Amendment specifying its objection thereto.

4. Expenses. The Borrowers agree to reimburse the Administrative Agent for all reasonable documented out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable documented fees and expenses of Moore & Van Allen, PLLC.

5. Ratification. Each Borrower acknowledges and consents to the terms set forth herein and agrees that this Amendment does not impair, reduce or limit any of its obligations under the Loan Documents, as amended hereby. This Amendment is a Loan Document.

6. Authority/Enforceability. Each Borrower represents and warrants as follows:

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by such Borrower and constitutes its legal, valid and binding obligations, enforceable in accordance with its terms, except as such enforceability may be subject to (i) applicable Debtor Relief Laws and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No material consent, approval, authorization or order of, or filing, registration or qualification with, any court or Governmental Authority or third party is required in connection with the execution, delivery or performance by such Borrower of this Amendment.

(d) The execution and delivery of this Amendment does not (i) violate, contravene or conflict with any provision of its Organization Documents or (ii) materially violate, contravene or conflict with any Laws applicable to it.

7. Representations and Warranties of the Borrowers. Each Borrower represents and warrants to the Lenders that after giving effect to this Amendment (a) the representations and warranties set forth in Article VI of the Credit Agreement are true and correct in all material respects as of the date hereof unless they specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and (b) no Default exists.

8. FATCA. For purposes of determining withholding Taxes imposed under FATCA, from and after the effective date of this Amendment, each Borrower and the Administrative Agent shall treat

(and the Lenders hereby authorize the Administrative Agent to treat) the Loans as not qualifying as a “grandfathered obligation” within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

9. Counterparts/Telecopy. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of executed counterparts of this Amendment by telecopy or other secure electronic format (.pdf) shall be effective as an original.

10. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

11. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

12. Headings. The headings of the sections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Amendment.

13. Severability. If any provision of this Amendment is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Amendment shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

COMPANY:	ALBEMARLE CORPORATION, a Virginia Corporation By: /s/ Scott A. Tozier Name: Scott A. Tozier Title: Senior Vice President and Chief Financial Officer
BELGIAN BORROWER:	ALBEMARLE GLOBAL FINANCE COMPANY SCA By: ALBEMARLE EUROPE SPRL, as unlimited partner By: /s/ Jan Vijverman Name: Jan Vijverman Title: Gérant
ADMINISTRATIVE AGENT:	BANK OF AMERICA, N.A., as Administrative Agent By: /s/ Robert Rittelmeyer Name: Robert Rittelmeyer Title: Vice President
LENDERS:	BANK OF AMERICA, N.A., as a Lender, L/C Issuer and Swing Line Lender By: /s/ Darren Bielawski Name: Darren Bielawski Title: Vice President JPMORGAN CHASE BANK, N.A., as a Lender By: /s/ Laura Woodward Name: Laura Woodward Title: Officer

BNP PARIBAS,
as a Lender

By: /s/ Michael Pearce
Name: Michael Pearce
Title: Managing Director

By: /s/ Mike Hoffman
Name: Mike Hoffman
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
as a Lender

By: /s/ Mark Campbell
Name: Mark Campbell
Title: Authorized Signatory

THE ROYAL BANK OF SCOTLAND PLC,
as a Lender

By: /s/ William McGinty
Name: William McGinty
Title: Director

WELLS FARGO BANK, N.A.,
as a Lender

By: /s/ Ashley Walsh
Name: Ashley Walsh
Title: Director

SUMITOMO MITSUI BANKING CORPORATION,
as a Lender

By: /s/ James D. Weinstein
Name: James D. Weinstein
Title: Managing Director

U.S. BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Steven Dixon
Name: Steven Dixon
Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION,
as a Lender

By: /s/ David A. Mandell
Name: David A. Mandell
Title: Managing Director

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Christian S. Brown
Name: Christian S. Brown
Title: Senior Vice President

THE NORTHERN TRUST COMPANY,
as a Lender

By: /s/ Sara Bravo McCaulay
Name: Sara Bravo McCaulay
Title: Vice President

WHITNEY BANK,
as a Lender

By: /s/ Mark R. Phillips
Name: Mark R. Phillips
Title: Senior Vice President

Schedule 2.01

Commitments and Pro Rata Shares

Lender	Commitment	Pro Rata Share
Bank of America, N.A.	$115,000,000.00	11.500000000%
JPMorgan Chase Bank, N.A.	$115,000,000.00	11.500000000%
BNP Paribas	$100,000,000.00	10.000000000%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	$100,000,000.00	10.000000000%
The Royal Bank of Scotland plc	$100,000,000.00	10.000000000%
Wells Fargo Bank, N.A.	$100,000,000.00	10.000000000%
Sumitomo Mitsui Banking Corporation	$80,000,000.00	8.000000000%
U.S. Bank, National Association	$80,000,000.00	8.000000000%
HSBC Bank USA, National Association	$60,000,000.00	6.000000000%
PNC Bank, National Association	$50,000,000.00	5.000000000%
The Northern Trust Company	$50,000,000.00	5.000000000%
Whitney Bank	$50,000,000.00	5.000000000%
Total	$1,000,000,000.00	100.000000000%

Exhibit 12.1

ALBEMARLE CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(In Thousands, Except for Ratios)

	Year Ended December 31,				
	2014	**2013**	**2012**	**2011**	**2010**
Earnings:					
Pre-tax income from continuing operations before adjustment for net income attributable to noncontrolling interests or equity in net income or losses of unconsolidated investments	$ 213,179	$ 538,442	$ 368,212	$ 482,531	$ 368,489
Fixed Charges:					
Interest expense (before capitalized interest)	43,774	37,701	38,777	39,992	26,624
Portion (1/3) of rents representing interest factor	10,641	10,241	11,028	10,298	9,669
Total fixed charges	54,415	47,942	49,805	50,290	36,293
Amortization of capitalized interest	2,163	1,987	1,527	1,242	1,214
Distributed income of unconsolidated investments	40,688	21,632	26,908	23,685	16,414
Interest capitalized	(2,416)	(6,142)	(5,977)	(2,418)	(1,091)
Net income attributable to noncontrolling interests (net of tax)	(27,590)	(26,663)	(18,591)	(28,083)	(13,639)
Pre-tax income from continuing operations before adjustment for net income attributable to noncontrolling interests or equity in net income or losses of unconsolidated investments plus fixed charges, amortization of capitalized interest, less interest capitalized and net income attributable to noncontrolling interests that have not incurred fixed charges	$ 280,439	$ 577,198	$ 421,884	$ 527,247	$ 407,680
Ratio of earnings to fixed charges	5.2	12.0	8.5	10.5	11.2

Exhibit 21.1

SUBSIDIARIES OF ALBEMARLE CORPORATION

NAME	PLACE OF FORMATION
Aachener Chemische Werke Gesellschaft für glastechnische Produkte und Verfahren mbH	Germany
ACI Cyprus, L.L.C.	Delaware
Albemarle Australia Pty Ltd.	Australia
Albemarle Avonmouth Works Limited	United Kingdom
Albemarle Brazil Holdings LTDA.	Brazil
Albemarle Cambridge Chemicals Limited	United Kingdom
Albemarle Catalysts Company B.V.	Netherlands
Albemarle Chemical Canada Ltd.	Canada
Albemarle Chemicals (Shanghai) Company Limited	China
Albemarle Chemicals Korea, Ltd.	Korea
Albemarle Chemicals Ltd.	Cyprus
Albemarle Chemicals Private Limited	India
Albemarle Chemicals S.A.S.	France
Albemarle Chemicals South Africa (PTY) Ltd.	South Africa
Albemarle Corporation	Virginia
Albemarle de Venezuela C.A.	Venezuela
Albemarle Deutschland GmbH	Germany
Albemarle Europe Sprl	Belgium
Albemarle Foundation	Virginia
Albemarle Global Finance Company SCA	Belgium
Albemarle Global Holdings Ltd	Seychelles
Albemarle Grundstucksholding GmbH & Co. KG	Germany
Albemarle Holdings Company Limited	Turks & Caicos Islands
Albemarle Holdings Limited	China
Albemarle Hungary Private Limited Liability Company	Hungary
Albemarle International Holdings CV	Netherlands
Albemarle Israel Limited	Israel
Albemarle Italy S.R.L.	Italy
Albemarle Japan Corporation	Japan
Albemarle Japan Holdings B.V.	Netherlands
Albemarle Korea Corporation	Korea
Albemarle Management (Shanghai) Co., Ltd.	China
Albemarle Medway U.K. Limited	United Kingdom
Albemarle Middle East FZE	United Arab Emirates
Albemarle Netherlands B.V.	Netherlands
Albemarle Netherlands Holdings, BV	Netherlands
Albemarle Netherlands Holdings, CV	Netherlands
Albemarle Overseas Employment Corporation	Virginia
Albemarle Quimica LTDA	Brazil
Albemarle Saudi Trading Company	Saudi Arabia
Albemarle Singapore PTE LTD	Singapore
Albemarle Spain S.L.U.	Spain
Albemarle Taiwan Corporation	Taiwan

NAME	PLACE OF FORMATION
Albemarle Virginia Corporation	Virginia
AM Craig Ltd.	United Kingdom
Ardrox Ltd.	United Kingdom
BCI Pensions Trustees Ltd.	United Kingdom
Bedec S.A.S.	France
Breitenau Holding GmbH	Austria
Brent Europe Ltd.	United Kingdom
Brent International B.V.	Netherlands
Caledonian Applied Technology Limited	United Kingdom
Changchun Chemetall Chemicals Co., Ltd.	China
Chemetall (Australasia) Pty. Ltd.	Australia
Chemetall (Proprietary) Ltd.	South Africa
Chemetall (Thailand) Co. Ltd.	Thailand
Chemetall AB	Sweden
Chemetall Asia Pte. Ltd.	Singapore
Chemetall B.V.	Netherlands
Chemetall Canada Ltd.	Canada
Chemetall Corporation	Delaware
Chemetall do Brasil Ltda.	Brazil
Chemetall GmbH	Germany
Chemetall Hong Kong Ltd.	China
Chemetall Hungária Vegyianyagokat Gyártó es Forgalmazó Kft	Hungary
Chemetall India Company Ltd.	United Kingdom
Chemetall India Private Limited	India
Chemetall Italia S.r.l.	Italy
Chemetall Ltd.	United Kingdom
Chemetall Mexicana, S.A. de C.V.	Mexico
Chemetall New Zealand Ltd.	New Zealand
Chemetall Philippines Co. Ltd., Inc.	Philippines
Chemetall ooo	Russia
Chemetall Polska Sp.z o.o.	Poland
Chemetall S.A.	Spain
Chemetall S.R.L.	Italy
Chemetall S.R.L.	Argentina
Chemetall Sanayi Kimyasallari Ticaret ve Sanayi A.S.	Turkey
Chemetall S.A.S.	France
Chemetall Surface Technologies China Co., Ltd.	China
Chemetall Surface Treatment Holding Co., Ltd.	Thailand
Chemetall US, Inc.	Delaware
Chemserve Ltd.	United Kingdom
ChemStore GmbH	Germany
Chillihurst Limited	United Kingdom
Chongqing Chemetall Chemicals Co., Ltd.	China
CM-Hilfe GmbH Unterstützungskasse	Germany
CSI Kemwood AB	Sweden

NAME	PLACE OF FORMATION
DICON Explosives Company Ltd.	Nigeria
DNVJ Vermögensverwaltung GmbH	Germany
Dynamit Nobel GmbH	Germany
Dynamit Nobel Unterstützungsfonds GmbH	Germany
Excalibur Realty Company	Delaware
Excalibur II Realty Company	Delaware
Foote Chile Holding Company	Delaware
Foote Minera e Inversiones Ltda.	Chile
Grundstucksgemeinschaft Bergheim GbR	Austria
Jordan Bromine Company Limited	Jordan
KENDELL S.r.l.	Italy
Knight Chimiques de Spécialité S.A.S.	France
Knight Lux 1 S.à r.l.	Luxembourg
Knight Lux 2 S.à r.l.	Luxembourg
Knight Lux 3 S.à r.l.	Luxembourg
Knight Lux 4 S.à r.l.	Luxembourg
Martinswerk GmbH	Germany
Metalon Environmental Management & Solutions GmbH	Germany
Nanjing Chemetall Surface Technologies Co., Ltd.	China
Nigerian Development and Construction Company Ltd.	Nigeria
Ningbo Jinhai Albemarle Chemical and Industry Co., Ltd.	China
Pool Spa Holdings, Inc.	Delaware
Process Ink Holdings Ltd.	United Kingdom
Process Inks And Coatings Ltd.	United Kingdom
RA Rohstoffallianz GmbH	Germany
Rockwood Lithium, Inc.	Delaware
Rockwood Lithium GmbH	Germany
Rockwood Lithium India Pvt. Ltd.	India
Rockwood Lithium Japan K.K.	Japan
Rockwood Lithium Korea LLC	South Korea
Rockwood Lithium Shanghai Co., Ltd.	China
Rockwood Lithium Taiwan Co., Ltd.	Taiwan
Rockwood Lithium (UK) Ltd.	United Kingdom
Rockwood Litio Limitada	Chile
Rockwood Specialties Consolidated, Inc.	Delaware
Rockwood Specialties GmbH	Germany
Rockwood Specialties Group GmbH	Germany
Rockwood Specialties Group Finance GmbH	Germany
Rockwood Specialties Group, Inc.	Delaware
Rockwood Specialties LLC	Delaware
Rockwood Specialties International, Inc.	Delaware
Rockwood Specialties Limited	United Kingdom
Rockwood Specialties Trust GmbH	Germany
Rockwood Vermögensverwaltung GmbH	Germany
Rockwood Vermögensverwaltung S.à r.l. & Co. KG	Germany

NAME	PLACE OF FORMATION
Rockwood Wafer Reclaim SAS	France
RT Lithium Limited	United Kingdom
RSG Immobilien GmbH	Germany
RSGG GmbH & Co. KG	Germany
Sales de Magnesio Ltda.	Chile
Shandong Sinobrom Albemarle Bromine Chemicals Company Limited	China
Shanghai Chemetall Chemicals Co., Ltd.	China
Stadeln Genehmigungshaltergesellschaft mbH	Germany
The Brent Manufacturing Company Ltd.	United Kingdom
Tribotecc GmbH	Austria
Troisdorf Genehmigungshaltergesellschaft mbH	Germany
Windfield Holdings Pty Ltd	Australia
Würgendorf Genehmigungshaltergesellschaft mbH	Germany

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-199110) and Forms S-8 (Nos. 33-75622, 333-108805, 333-150694, 333-166828 and 333-188599) of Albemarle Corporation of our report dated February 27, 2015 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
New Orleans, Louisiana
February 27, 2015

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Luther C. Kissam IV, certify that:

1. I have reviewed this Annual Report on Form 10-K of Albemarle Corporation for the period ended December 31, 2014;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2015

/s/ LUTHER C. KISSAM IV

Luther C. Kissam IV

President, Chief Executive Officer and Director

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Scott A. Tozier, certify that:

1. I have reviewed this Annual Report on Form 10-K of Albemarle Corporation for the period ended December 31, 2014;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2015

/s/ SCOTT A. TOZIER

Scott A. Tozier
Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Albemarle Corporation (the "Company") for the period ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Luther C. Kissam IV, Chief Executive Officer and Director of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ LUTHER C. KISSAM IV

Luther C. Kissam IV
President, Chief Executive Officer and Director
February 27, 2015

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Albemarle Corporation (the "Company") for the period ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott A. Tozier, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ SCOTT A. TOZIER

Scott A. Tozier
Senior Vice President and Chief Financial Officer
February 27, 2015

FIVE-YEAR SUMMARY

(In Thousands, Except for Per Share Amounts and Footnote Data)

Year Ended December 31	2014	2013	2012	2011	2010
Results of Operations					
Net sales	$ 2,445,548	$ 2,394,270	$ 2,519,154	$ 2,651,667	$ 2,170,500
Costs and expenses	2,174,250	1,817,595	2,119,371	2,131,919	1,779,266
Operating profit	271,298	576,675	399,783	519,748	391,234
Interest and financing expenses	(41,358)	(31,559)	(32,800)	(37,574)	(25,533)
Other (expenses) income, net	(16,761)	(6,674)	1,229	357	2,788
Income from continuing operations before income taxes and equity in net income of unconsolidated investments	213,179	538,442	368,212	482,531	368,489
Income tax expense	18,484	134,445	80,433	104,471	84,183
Income from continuing operations before equity in net income of unconsolidated investments	194,695	403,997	287,779	378,060	284,306
Equity in net income of unconsolidated investments (net of tax)	35,742	31,729	38,067	43,754	37,975
Net income from continuing operations	230,437	435,726	325,846	421,814	322,281
(Loss) income from discontinued operations (net of tax)	(69,531)	4,108	4,281	(1,617)	7,136
Net income	160,906	439,834	330,127	420,197	329,417
Net income attributable to noncontrolling interests	(27,590)	(26,663)	(18,591)	(28,083)	(13,639)
Net income attributable to Albemarle Corporation	$ 133,316	$ 413,171	$ 311,536	$ 392,114	$ 315,778
Financial Position and Other Data					
Total assets	$ 5,223,103	$ 3,584,797	$ 3,437,291	$ 3,203,824	$ 3,068,081
Operations:					
Working capital	$ 2,208,964	$ 1,046,552	$ 1,022,304	$ 954,442	$ 984,021
Current ratio	2.94	3.40	3.66	3.38	3.70
Depreciation and amortization	$ 103,572	$ 107,370	$ 99,020	$ 96,753	$ 95,578
Capital expenditures	$ 110,576	$ 155,346	$ 280,873	$ 190,574	$ 75,478
Investments in joint ventures	$ —	$ —	$ —	$ 10,868	$ 1,333
Acquisitions, net of cash acquired	$ —	$ 2,565	$ 3,360	$ 13,164	$ 11,978
Research and development expenses	$ 88,310	$ 82,246	$ 78,919	$ 77,083	$ 58,394
Gross profit as a % of net sales	31.5	35.5	35.7	35.9	33.5
Total long-term debt	$ 2,934,131	$ 1,078,864	$ 699,288	$ 763,673	$ 860,910
Total equity[a]	$ 1,488,635	$ 1,742,776	$ 1,932,008	$ 1,678,827	$ 1,475,746
Total long-term debt as a % of total capitalization	66.3	38.2	26.6	31.3	36.8
Net debt as a % of total capitalization[b]	22.6	25.2	9.6	13.9	17.1
Common Stock					
Basic earnings (loss) per share					
Continuing operations	$ 2.57	$ 4.88	$ 3.44	$ 4.35	$ 3.38
Discontinued operations	$ (0.88)	$ 0.05	$ 0.05	$ (0.02)	$ 0.08

Shares used to compute basic earnings per share		78,696		83,839		89,189		90,522		91,393
Diluted earnings (loss) per share										
Continuing operations	$	2.57	$	4.85	$	3.42	$	4.30	$	3.35
Discontinued operations	$	(0.88)	$	0.05	$	0.05	$	(0.02)	$	0.08
Shares used to compute diluted earnings per share		79,102		84,322		89,884		91,522		92,184
Cash dividends declared per share	$	1.10	$	0.96	$	0.80	$	0.67	$	0.56
Total equity per share[(a)]	$	19.08	$	21.77	$	21.73	$	18.90	$	16.11
Return on average total equity		8.3%		22.5%		17.3%		24.9%		23.1%

Footnotes:

(a) Equity reflects the repurchase of common shares amounting to: 2014—2,190,254; 2013—9,198,056; 2012—1,092,767; 2011—3,000,000; and 2010—400,356.

(b) We define net debt as total debt plus the portion of outstanding joint venture indebtedness guaranteed by us (or less the portion of outstanding joint venture indebtedness consolidated but not guaranteed by us), less cash and cash equivalents.