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

FORM 10-Q

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

For Quarterly Period Ended September 30, 2013

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 1-12658

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

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

Indicate by check mark 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 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 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 ☒

Number of shares of common stock, $.01 par value, outstanding as of October 9, 2013: 81,399,291

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

ALBEMARLE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net sales	$ 648,638	$ 661,226	$ 1,924,460	$ 2,057,824
Cost of goods sold	436,989	443,476	1,316,582	1,339,806
Gross profit	211,649	217,750	607,878	718,018
Selling, general and administrative expenses	62,543	53,404	190,193	189,143
Research and development expenses	19,441	19,831	60,959	59,791
Restructuring and other charges, net (Note 13)	—	—	—	94,703
Operating profit	129,665	144,515	356,726	374,381
Interest and financing expenses	(9,496)	(7,914)	(22,335)	(25,134)
Other (expenses) income, net	(389)	2,370	(6,295)	1,564
Income before income taxes and equity in net income of unconsolidated investments	119,780	138,971	328,096	350,811
Income tax expense	27,274	32,472	74,916	93,382
Income before equity in net income of unconsolidated investments	92,506	106,499	253,180	257,429
Equity in net income of unconsolidated investments (net of tax)	5,338	7,935	25,308	29,233
Net income	97,844	114,434	278,488	286,662
Net income attributable to noncontrolling interests	(7,332)	(4,975)	(21,250)	(12,852)
Net income attributable to Albemarle Corporation	$ 90,512	$ 109,459	$ 257,238	$ 273,810
Basic earnings per share	$ 1.11	$ 1.23	$ 3.04	$ 3.07
Diluted earnings per share	$ 1.11	$ 1.22	$ 3.02	$ 3.04
Weighted-average common shares outstanding – basic	81,385	89,327	84,711	89,246
Weighted-average common shares outstanding – diluted	81,852	89,879	85,192	89,959
Cash dividends declared per share of common stock	$ 0.24	$ 0.20	$ 0.72	$ 0.60

See accompanying Notes to the Condensed Consolidated Financial Statements.

ALBEMARLE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	**2012**	**2013**	**2012**
Net income	$ 97,844	$ 114,434	$ 278,488	$ 286,662
Other comprehensive income (loss), net of tax:				
Foreign currency translation	40,613	29,165	11,945	2,295
Pension and postretirement benefits	(201)	(168)	(605)	(502)
Other	38	29	99	95
Total other comprehensive income, net of tax	40,450	29,026	11,439	1,888
Comprehensive income	138,294	143,460	289,927	288,550
Comprehensive income attributable to non-controlling interests	(7,669)	(4,975)	(21,658)	(13,007)
Comprehensive income attributable to Albemarle Corporation	$ 130,625	$ 138,485	$ 268,269	$ 275,543

See accompanying Notes to the Condensed Consolidated Financial Statements.

ALBEMARLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)
(Unaudited)

	September 30, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 401,427	$ 477,696
Trade accounts receivable, less allowance for doubtful accounts (2013 – $1,537; 2012 – $1,641)	409,206	378,973
Other accounts receivable	37,507	43,844
Inventories	485,804	428,145
Other current assets	60,762	78,655
Total current assets	1,394,706	1,407,313
Property, plant and equipment, at cost	2,934,613	2,818,604
Less accumulated depreciation and amortization	1,585,637	1,522,033
Net property, plant and equipment	1,348,976	1,296,571
Investments	208,077	207,141
Other assets	149,076	154,836
Goodwill	279,668	276,966
Other intangibles, net of amortization	89,562	94,464
Total assets	$ 3,470,065	$ 3,437,291
Liabilities And Equity		
Current liabilities:		
Accounts payable	$ 192,897	$ 172,866
Accrued expenses	160,025	177,546
Current portion of long-term debt	19,602	12,700
Dividends payable	19,185	17,471
Income taxes payable	19,128	4,426
Total current liabilities	410,837	385,009
Long-term debt	1,060,282	686,588
Postretirement benefits	59,730	60,815
Pension benefits	192,374	195,481
Other noncurrent liabilities	100,925	114,022
Deferred income taxes	68,768	63,368
Commitments and contingencies (Note 8)		
Equity:		
Albemarle Corporation shareholders' equity:		
Common stock, $.01 par value, issued and outstanding – 81,396 in 2013 and 88,899 in 2012	814	889
Additional paid-in capital	6,016	2,761
Accumulated other comprehensive income	96,295	85,264
Retained earnings	1,363,970	1,744,684
Total Albemarle Corporation shareholders' equity	1,467,095	1,833,598
Noncontrolling interests	110,054	98,410
Total equity	1,577,149	1,932,008
Total liabilities and equity	$ 3,470,065	$ 3,437,291

See accompanying Notes to the Condensed Consolidated Financial Statements.

ALBEMARLE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

(In Thousands, Except Share Data)	Common Stock Shares	Common Stock Amounts	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Albemarle Shareholders' Equity	Non-controlling Interests	Total Equity
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					257,238	257,238	21,250	278,488
Other comprehensive income				11,031		11,031	408	11,439
Cash dividends declared					(60,288)	(60,288)	(10,014)	(70,302)
Stock-based compensation and other			6,324			6,324		6,324
Exercise of stock options	152,739	1	4,509			4,510		4,510
Shares repurchased	(7,814,045)	(78)	(4,556)		(577,664)	(582,298)		(582,298)
Tax benefit related to stock plans			3,078			3,078		3,078
Issuance of common stock, net	254,334	3	(3)			—		—
Shares withheld for withholding taxes associated with common stock issuances	(96,080)	(1)	(6,097)			(6,098)		(6,098)
Balance at September 30, 2013	**81,396,157**	**$ 814**	**$ 6,016**	**$ 96,295**	**$ 1,363,970**	**$ 1,467,095**	**$ 110,054**	**$ 1,577,149**
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					273,810	273,810	12,852	286,662
Other comprehensive income				1,733		1,733	155	1,888
Cash dividends declared					(53,567)	(53,567)	(7,628)	(61,195)
Stock-based compensation and other			10,294			10,294		10,294
Exercise of stock options	897,069	9	19,968			19,977		19,977
Shares repurchased	(680,000)	(7)	(40,463)			(40,470)		(40,470)
Tax benefit related to stock plans			14,424			14,424		14,424
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 September 30, 2012	**89,259,875**	**$ 893**	**$ 10,290**	**$ 62,062**	**$ 1,735,109**	**$ 1,808,354**	**$ 92,929**	**$ 1,901,283**

See accompanying Notes to the Condensed Consolidated Financial Statements.

ALBEMARLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2013	**2012**
Cash and cash equivalents at beginning of year	$ 477,696	$ 469,416
Cash flows from operating activities:		
Net income	278,488	286,662
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	79,477	74,428
Non-cash charges associated with restructuring and other, net	—	70,587
Stock-based compensation	7,036	10,808
Excess tax benefits realized from stock-based compensation arrangements	(3,078)	(14,424)
Equity in net income of unconsolidated investments (net of tax)	(25,308)	(29,233)
Dividends received from unconsolidated investments and nonmarketable securities	18,889	23,244
Pension and postretirement expense (benefit)	4,730	(10,117)
Pension and postretirement contributions	(9,892)	(19,705)
Unrealized gain on investments in marketable securities	(1,924)	(1,412)
Deferred income taxes	7,115	14,442
Working capital changes	(39,353)	(106,492)
Other, net	1,341	7,694
Net cash provided by operating activities	317,521	306,482
Cash flows from investing activities:		
Capital expenditures	(135,028)	(218,708)
Cash payments related to acquisitions and other	(250)	(2,488)
Sales of (investments in) marketable securities, net	1,214	(1,137)
Long-term advances to joint venture	—	(22,500)
Net cash used in investing activities	(134,064)	(244,833)
Cash flows from financing activities:		
Repayments of long-term debt	(93,913)	(11,701)
Proceeds from borrowings of long-term debt	117,000	—
Other borrowings (repayments), net	357,379	(37,542)
Dividends paid to shareholders	(58,574)	(51,287)
Dividends paid to noncontrolling interests	(10,014)	(7,628)
Repurchases of common stock	(582,298)	(40,470)
Proceeds from exercise of stock options	4,510	19,977
Excess tax benefits realized from stock-based compensation arrangements	3,078	14,424
Withholding taxes paid on stock-based compensation award distributions	(6,098)	(9,124)
Debt financing costs	(108)	—
Net cash used in financing activities	(269,038)	(123,351)
Net effect of foreign exchange on cash and cash equivalents	9,312	(5,072)
Decrease in cash and cash equivalents	(76,269)	(66,774)
Cash and cash equivalents at end of period	$ 401,427	$ 402,642

See accompanying Notes to the Condensed Consolidated Financial Statements.

ALBEMARLE CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1—Basis of Presentation:

In the opinion of management, the accompanying unaudited condensed consolidated financial statements of Albemarle Corporation and our wholly-owned, majority-owned and controlled subsidiaries (collectively, “Albemarle,” “we,” “us,” “our” or “the Company”) contain all adjustments necessary for a fair statement, in all material respects, of our condensed consolidated balance sheets as of September 30, 2013 and December 31, 2012, our consolidated statements of income and consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2013 and 2012 and our condensed consolidated statements of cash flows and consolidated statements of changes in equity for the nine-month periods ended September 30, 2013 and 2012. All adjustments are of a normal and recurring nature. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2012, which was filed with the Securities and Exchange Commission (SEC) on February 15, 2013. The December 31, 2012 consolidated balance sheet data herein was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles (GAAP) in the United States (U.S.). The results of operations for the three-month and nine-month periods ended September 30, 2013 are not necessarily indicative of the results to be expected for the full year. Certain reclassifications have been made to the accompanying consolidated financial statements and the notes thereto to conform to the current presentation.

Change in accounting principle regarding pension and other postretirement benefits

During 2012, we elected to change our method of accounting for actuarial gains and losses relating to our global pension and other postretirement benefit (OPEB) plans. Previously, we recognized actuarial gains and losses from our pension and OPEB plans in our consolidated balance sheets as Accumulated other comprehensive income (loss) within shareholders’ equity, with amortization of these gains and losses that exceeded ten percent of the greater of plan assets or projected benefit obligations recognized each quarter in our consolidated statements of income over the average future service period of active employees. Under the new method of accounting, referred to as mark-to-market accounting, these gains and losses will be 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, will be recorded on a quarterly basis. The gain/loss subject to amortization and expected return on assets components of our pension expense has historically been calculated using a five-year smoothing of asset gains and losses referred to as the market-related value. Under mark-to-market accounting, the market-related value of assets will equal the actual market value as of the date of measurement. While our historical policy of recognizing pension and OPEB plan expense is considered acceptable under U.S. GAAP, we believe that the new policy is preferable as it eliminates the delay in recognizing gains and losses within operating results. This change will also improve transparency within our operating results by immediately recognizing the effects of economic and interest rate trends on plan investments and assumptions in the year these gains and losses are actually incurred. This change in accounting principle has been applied retrospectively, adjusting all prior periods presented. In the second quarter of 2013, we identified that our consolidated statement of income for the nine-month period ended September 30, 2012 included a correction of $10.3 million for pension and OPEB 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.

ALBEMARLE CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements - (Continued)
(Unaudited)

The impact of this accounting policy change on Albemarle's consolidated financial statements for the three-month and nine-month periods ended September 30, 2012 is summarized below:

Consolidated Statements of Income

Three Months Ended September 30, 2012 *(In Thousands, Except Per Share Amounts)*	As Previously Reported	Effect of Accounting Change	As Adjusted
Net sales	$ 661,226	$ —	$ 661,226
Cost of goods sold	446,469	(2,993)	443,476
Gross profit	214,757	2,993	217,750
Selling, general and administrative expenses	59,982	(6,578)	53,404
Research and development expenses	19,831	—	19,831
Restructuring and other charges, net	6,508	(6,508)	—
Operating profit	128,436	16,079	144,515
Interest and financing expenses	(7,914)	—	(7,914)
Other income, net	2,370	—	2,370
Income before income taxes and equity in net income of unconsolidated investments	122,892	16,079	138,971
Income tax expense	26,591	5,881	32,472
Income before equity in net income of unconsolidated investments	96,301	10,198	106,499
Equity in net income of unconsolidated investments (net of tax)	7,935	—	7,935
Net income	104,236	10,198	114,434
Net income attributable to noncontrolling interests	(4,975)	—	(4,975)
Net income attributable to Albemarle Corporation	$ 99,261	$ 10,198	$ 109,459
Basic earnings per share	$ 1.11	$ 0.12	$ 1.23
Diluted earnings per share	$ 1.10	$ 0.12	$ 1.22
Weighted-average common shares outstanding – basic	89,327	—	89,327
Weighted-average common shares outstanding – diluted	89,879	—	89,879
Cash dividends declared per share of common stock	$ 0.20	$ —	$ 0.20

ALBEMARLE CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements - (Continued)
(Unaudited)

Nine Months Ended September 30, 2012 *(In Thousands, Except Per Share Amounts)*	As Previously Reported	Effect of Accounting Change	As Adjusted
Net sales	$ 2,057,824	$ —	$ 2,057,824
Cost of goods sold	1,352,495	(12,689)	1,339,806
Gross profit	705,329	12,689	718,018
Selling, general and administrative expenses	215,298	(26,155)	189,143
Research and development expenses	59,791	—	59,791
Restructuring and other charges, net	101,211	(6,508)	94,703
Operating profit	329,029	45,352	374,381
Interest and financing expenses	(25,134)	—	(25,134)
Other income, net	1,564	—	1,564
Income before income taxes and equity in net income of unconsolidated investments	305,459	45,352	350,811
Income tax expense	76,804	16,578	93,382
Income before equity in net income of unconsolidated investments	228,655	28,774	257,429
Equity in net income of unconsolidated investments (net of tax)	29,233	—	29,233
Net income	257,888	28,774	286,662
Net income attributable to noncontrolling interests	(12,852)	—	(12,852)
Net income attributable to Albemarle Corporation	$ 245,036	$ 28,774	$ 273,810
Basic earnings per share	$ 2.75	$ 0.32	$ 3.07
Diluted earnings per share	$ 2.72	$ 0.32	$ 3.04
Weighted-average common shares outstanding – basic	89,246	—	89,246
Weighted-average common shares outstanding – diluted	89,959	—	89,959
Cash dividends declared per share of common stock	$ 0.60	$ —	$ 0.60

Consolidated Statements of Comprehensive Income

Three Months Ended September 30, 2012 *(In Thousands)*	As Previously Reported	Effect of Accounting Change	As Adjusted
Net income	$ 104,236	$ 10,198	$ 114,434
Other comprehensive income (loss), net of tax:			
Foreign currency translation	29,165	—	29,165
Pension and postretirement benefits	10,030	(10,198)	(168)
Other	29	—	29
Total other comprehensive income, net of tax	39,224	(10,198)	29,026
Comprehensive income	143,460	—	143,460
Comprehensive income attributable to non-controlling interests	(4,975)	—	(4,975)
Comprehensive income attributable to Albemarle Corporation	$ 138,485	$ —	$ 138,485

ALBEMARLE CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements - (Continued)
(Unaudited)

Nine Months Ended September 30, 2012 *(In Thousands)*	As Previously Reported	Effect of Accounting Change	As Adjusted
Net income	$ 257,888	$ 28,774	$ 286,662
Other comprehensive income (loss), net of tax:			
Foreign currency translation	2,295	—	2,295
Pension and postretirement benefits	28,272	(28,774)	(502)
Other	95	—	95
Total other comprehensive income, net of tax	30,662	(28,774)	1,888
Comprehensive income	288,550	—	288,550
Comprehensive income attributable to non-controlling interests	(13,007)	—	(13,007)
Comprehensive income attributable to Albemarle Corporation	$ 275,543	$ —	$ 275,543

Consolidated Statements of Changes In Equity

Nine Months Ended September 30, 2012 *(In Thousands)*	As Previously Reported	Effect of Accounting Change	As Adjusted
Accumulated other comprehensive (loss) income:			
Balance at January 1, 2012	$ (222,922)	$ 283,251	$ 60,329
Other comprehensive income	30,507	(28,774)	1,733
Balance at September 30, 2012	$ (192,415)	$ 254,477	$ 62,062
Retained earnings:			
Balance at January 1, 2012	$ 1,798,117	$ (283,251)	$ 1,514,866
Net income	245,036	28,774	273,810
Cash dividends declared	(53,567)	—	(53,567)
Balance at September 30, 2012	$ 1,989,586	$ (254,477)	$ 1,735,109

Consolidated Statements of Cash Flows

Nine Months Ended September 30, 2012 *(In Thousands)*	As Previously Reported	Effect of Accounting Change	As Adjusted
Cash flows from operating activities:			
Net income	$ 257,888	$ 28,774	$ 286,662
Non-cash charges associated with restructuring and other, net	77,095	(6,508)	70,587
Pension and postretirement expense (benefit)	28,727	(38,844)	(10,117)
Deferred income taxes	(2,136)	16,578	14,442

ALBEMARLE CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements - (Continued)
(Unaudited)

NOTE 2—Foreign Exchange:

Our consolidated statements of income include foreign exchange transaction (losses) gains of $(2.0) million and $(9.1) million for the three-month and nine-month periods ended September 30, 2013, respectively, and $0.9 million and $(2.5) million for the three-month and nine-month periods ended September 30, 2012, respectively.

NOTE 3—Income Taxes:

The effective income tax rate for the three-month and nine-month periods ended September 30, 2013 was 22.8% , compared to 23.4% and 26.6% for the three-month and nine-month periods ended September 30, 2012, respectively. The Company's effective income tax rate fluctuates based on, among other factors, our level and location of income. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for the 2013 and 2012 periods is mainly due to the impact of earnings from outside the U.S. Our effective income tax rate for the nine-month period ended September 30, 2012 was also impacted by $94.7 million in pre-tax charges ($73.6 million after income taxes) associated with our exit of the phosphorus flame retardants business (see Note 13).

NOTE 4—Earnings Per Share:

Basic and diluted earnings per share for the three-month and nine-month periods ended September 30, 2013 and 2012 are calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In thousands, except per share amounts)			
Basic earnings per share				
Numerator:				
Net income attributable to Albemarle Corporation	$ 90,512	$ 109,459	$ 257,238	$ 273,810
Denominator:				
Weighted-average common shares for basic earnings per share	81,385	89,327	84,711	89,246
Basic earnings per share	$ 1.11	$ 1.23	$ 3.04	$ 3.07
Diluted earnings per share				
Numerator:				
Net income attributable to Albemarle Corporation	$ 90,512	$ 109,459	$ 257,238	$ 273,810
Denominator:				
Weighted-average common shares for basic earnings per share	81,385	89,327	84,711	89,246
Incremental shares under stock compensation plans	467	552	481	713
Total shares	81,852	89,879	85,192	89,959
Diluted earnings per share	$ 1.11	$ 1.22	$ 3.02	$ 3.04

On February 12, 2013, the Company increased the regular quarterly dividend by 20% to $0.24 per share. On July 10, 2013, the Company declared a cash dividend of $0.24 per share, which was paid on October 1, 2013 to shareholders of record at the close of business as of September 13, 2013. On October 7, 2013, the Company declared a cash dividend of $0.24 per share, which is payable on January 2, 2014 to shareholders of record at the close of business as of December 13, 2013.

On February 12, 2013, Albemarle's Board of Directors authorized an 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 15 million shares, including those shares previously authorized but not yet repurchased.

Under the existing Board authorized share repurchase program, on May 9, 2013, the Company entered into an agreement (the ASR Agreement) with J.P. Morgan Securities LLC (JPMorgan) relating to a fixed-dollar, uncollared accelerated share repurchase program (the ASR Program). Pursuant to the terms of the ASR 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.

ALBEMARLE CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements - (Continued)
(Unaudited)

The Company has determined that the ASR Agreement meets the criteria to be accounted for as a forward contract indexed to its stock and is therefore being treated as an equity instrument. Although the ASR Agreement can be settled, at the Company's option, in cash or in shares of common stock, the Company intends to settle in shares of common stock.

The initial delivery of 5,680,921 shares reduced the Company's weighted average shares outstanding for purposes of calculating basic and diluted earnings per share for the three-month and nine-month periods ended September 30, 2013. The total number of shares to ultimately be purchased by the Company under the ASR Program will be based on the Rule 10b-18 volume-weighted average price of the Company's common stock during the term of the ASR Agreement, less a forward price adjustment amount of approximately $1.01.

The Company evaluated the ASR Agreement for its potential dilution of earnings per share and has determined that, based on the Rule 10b-18 volume-weighted average price calculated as of September 30, 2013, additional shares expected to be received upon final settlement (approximately 1.5 million shares) would have an anti-dilutive impact on earnings per share and therefore were not included in the Company's diluted earnings per share calculation for the three-month and nine-month periods ended September 30, 2013. The final settlement amount may increase or decrease depending upon the Rule 10b-18 volume-weighted average price of the Company's common stock during the remaining term of the ASR Agreement. The ASR Program will be completed no later than the end of 2013 and is expected to result in a decrease to the Company's issued and outstanding shares upon completion.

During the nine-month period ended September 30, 2013, the Company repurchased 7,814,045 shares of its common stock pursuant to the terms of its share repurchase program and the ASR Program. As of September 30, 2013, there were 7,185,955 remaining shares available for repurchase under the Company's authorized share repurchase program.

NOTE 5—Inventories:

The following table provides a breakdown of inventories at September 30, 2013 and December 31, 2012:

	September 30, 2013	December 31, 2012
	(In thousands)	
Finished goods	$ 382,298	$ 325,762
Raw materials	57,086	57,245
Stores, supplies and other	46,420	45,138
Total inventories	$ 485,804	$ 428,145

NOTE 6—Investments:

The carrying value of our unconsolidated investment in Stannica LLC, a variable interest entity for which we are not the primary beneficiary, was $5.5 million and $6.6 million at September 30, 2013 and December 31, 2012, respectively. Our maximum exposure to loss in connection with our continuing involvement with Stannica LLC is limited to our investment carrying value.

Additionally, during the nine-month period ended September 30, 2012, we and our joint venture partner each advanced $22.5 million to our 50%-owned joint venture, SOCC, pursuant to a long-term loan arrangement.

NOTE 7—Long-Term Debt:

Long-term debt at September 30, 2013 and December 31, 2012 consisted of the following:

	September 30, 2013	December 31, 2012
	(In thousands)	
5.10% Senior notes, net of unamortized discount of $45 at September 30, 2013 and $70 at December 31, 2012	$ 324,955	$ 324,930
4.50% Senior notes, net of unamortized discount of $2,264 at September 30, 2013 and $2,500 at December 31, 2012	347,736	347,500
Commercial paper notes	363,000	—
Fixed-rate foreign borrowings	10,728	19,458
Variable-rate foreign bank loans	33,168	7,006
Miscellaneous	297	394
Total long-term debt	1,079,884	699,288
Less amounts due within one year	19,602	12,700
Long-term debt, less current portion	$ 1,060,282	$ 686,588

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 “Notes”) from time-to-time up to a maximum aggregate principal amount outstanding at any time of $750 million. The proceeds from the issuance of the Notes are expected to be used for general corporate purposes, including the repayment of other debt of the Company. Our September 2011 credit agreement is available to repay the Notes, if necessary. Aggregate borrowings outstanding under the September 2011 credit agreement and the commercial paper program will not exceed the $750 million current maximum amount available under the September 2011 credit agreement. The 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 the issuance of the Notes. The maturities of the Notes will vary but may not exceed 397 days from the date of issue. The definitive documents relating to the Program contain customary representations, warranties, default and indemnification provisions.

At September 30, 2013, we had $363.0 million of Notes outstanding bearing a weighted-average interest rate of approximately 0.32% and a weighted-average maturity of 41 days. While the outstanding Notes generally have short-term maturities, we classify the Notes as long-term based on our ability and intent to refinance the Notes on a long-term basis through the issuance of additional Notes or borrowings under the September 2011 credit agreement.

NOTE 8—Commitments and Contingencies:

We had the following activity in our recorded environmental liabilities for the nine months ended September 30, 2013, as follows (in thousands):

Beginning balance at December 31, 2012	$ 20,322
Expenditures	(2,248)
Changes in estimates recorded to earnings and other	(902)
Foreign currency translation	(147)
Ending balance at September 30, 2013	17,025
Less amounts reported in Accrued expenses	7,984
Amounts reported in Other noncurrent liabilities	$ 9,041

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 $17 million before income taxes.

Approximately $7.3 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 $6.0 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. We are in the process of reviewing our investigation and remediation plans with local government authorities. Based on current information about site conditions, we anticipate this investigation and remediation program will be substantially completed during 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.

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 plant in Orangeburg, South Carolina. The alleged violations involve (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. We intend to vigorously defend this action. Any settlement or finding adverse to us could result in the payment by us of fines, penalties, capital expenditures or some combination thereof. At this time, it is not possible to predict with any certainty the outcome of this litigation or the financial impact which may result therefrom. However, we do not expect any financial impact to have a material adverse effect on the Company’s results of operations, financial condition or cash flows.

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 as estimated by our general counsel for such proceedings. We also maintain insurance to mitigate certain of such risks. Costs for legal services are generally expensed as incurred.

We have contracts with certain of our customers, which serve as guarantees on product delivery and performance according to customer specifications that can cover both shipments on an individual basis as well as blanket coverage of multiple shipments under customer supply contracts that are executed through certain financial institutions. The financial coverage provided by these guarantees is typically based on a percentage of net sales value.

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NOTE 9—Operating Segments:

Segment income represents operating profit (adjusted for significant non-recurring items) 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 table. Corporate & other includes corporate-related items not allocated to the reportable segments.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Net sales:				
Polymer Solutions	$ 224,320	$ 216,992	$ 663,410	$ 692,139
Catalysts	226,042	251,201	695,433	773,867
Fine Chemistry	198,276	193,033	565,617	591,818
Total net sales	$ 648,638	$ 661,226	$ 1,924,460	$ 2,057,824
Segment operating profit:				
Polymer Solutions	$ 40,678	$ 44,694	$ 128,169	$ 162,648
Catalysts	53,878	55,093	146,536	189,104
Fine Chemistry	43,894	48,336	120,349	142,403
Total segment operating profit	138,450	148,123	395,054	494,155
Equity in net income of unconsolidated investments:				
Polymer Solutions	1,735	1,199	6,371	4,957
Catalysts	3,603	6,736	18,937	24,276
Fine Chemistry	—	—	—	—
Corporate & other	—	—	—	—
Total equity in net income of unconsolidated investments	5,338	7,935	25,308	29,233
Net income attributable to noncontrolling interests:				
Polymer Solutions	(916)	(602)	(4,118)	(1,255)
Catalysts	—	—	—	—
Fine Chemistry	(6,416)	(4,373)	(17,132)	(11,577)
Corporate & other	—	—	—	(20)
Total net income attributable to noncontrolling interests	(7,332)	(4,975)	(21,250)	(12,852)
Segment income:				
Polymer Solutions	41,497	45,291	130,422	166,350
Catalysts	57,481	61,829	165,473	213,380
Fine Chemistry	37,478	43,963	103,217	130,826
Total segment income	136,456	151,083	399,112	510,556
Corporate & other	(8,785)	(3,608)	(38,328)	(25,091)
Restructuring and other charges, net(1)	—	—	—	(94,703)
Interest and financing expenses	(9,496)	(7,914)	(22,335)	(25,134)
Other (expenses) income, net	(389)	2,370	(6,295)	1,564
Income tax expense	(27,274)	(32,472)	(74,916)	(93,382)
Net income attributable to Albemarle Corporation	$ 90,512	$ 109,459	$ 257,238	$ 273,810

(1) See Note 13, “Restructuring and Other.”

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Effective January 1, 2014, the Company's assets and businesses will be realigned under two operating segments. The Performance Chemicals segment will include Fire Safety Solutions, Specialty Chemicals and Fine Chemistry Services, and the Catalyst Solutions segment will include Refinery Catalyst Solutions, Performance Catalyst Solutions and Antioxidants.

NOTE 10—Pension Plans and Other Postretirement Benefits:

The following information is provided for domestic and foreign pension and postretirement defined benefit plans:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Net Periodic Pension Benefit Cost (Credit):				
Service cost	$ 3,488	$ 3,174	$ 10,462	$ 9,391
Interest cost	7,470	8,076	22,403	24,269
Expected return on assets	(9,848)	(11,634)	(29,541)	(34,913)
Actuarial gain[(a)]	—	—	—	(5,840)
Amortization of prior service benefit	(173)	(245)	(517)	(731)
Total net periodic pension benefit cost (credit)	$ 937	$ (629)	$ 2,807	$ (7,824)
Net Periodic Postretirement Benefit Cost (Credit):				
Service cost	$ 78	$ 69	$ 232	$ 206
Interest cost	691	793	2,073	2,379
Expected return on assets	(104)	(122)	(310)	(366)
Actuarial gain[(a)]	—	—	—	(4,439)
Amortization of prior service benefit	(24)	(25)	(72)	(73)
Total net periodic postretirement benefit cost (credit)	$ 641	$ 715	$ 1,923	$ (2,293)
Total net periodic pension and postretirement benefit cost (credit)	$ 1,578	$ 86	$ 4,730	$ (10,117)

(a) In the second quarter of 2013, we identified that our consolidated statement of income for the nine-month period ended September 30, 2012 included a correction of $10.3 million for pension and OPEB 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.

During the three-month and nine-month periods ended September 30, 2013, we made contributions of $4.8 million and $6.8 million, respectively, to our qualified and nonqualified pension plans. During the three-month and nine-month periods ended September 30, 2012, we made contributions of $0.3 million and $3.0 million, respectively, to our qualified and nonqualified pension plans, and we also made a contribution of $14.1 million to our SERP in connection with the retirement of our former CEO and executive chairman.

We paid $0.9 million and $3.1 million in premiums to the U.S. postretirement benefit plan during the three-month and nine-month periods ended September 30, 2013, respectively. Also, we paid $0.7 million and $2.6 million in premiums to the U.S. postretirement benefit plan during the three-month and nine-month periods ended September 30, 2012, respectively.

NOTE 11—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 condensed 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.

	September 30, 2013		December 31, 2012	
	Recorded Amount	Fair Value	Recorded Amount	Fair Value
	(In thousands)			
Long-term debt	$ 1,079,884	$ 1,111,458	$ 699,288	$ 764,784

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 September 30, 2013 and December 31, 2012, we had outstanding foreign currency forward contracts with notional values totaling $255.9 million and $274.0 million, respectively. At September 30, 2013, $0.1 million was included in Other accounts receivable and $0.1 million was included in Accrued expenses associated with the fair value of our foreign currency forward contracts. At December 31, 2012, $0.3 million was included in Other accounts receivable and $0.8 million was included in Accrued expenses 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 intended to offset the changes in the value of the underlying exposures being hedged. For the three-month and nine-month periods ended September 30, 2013, we recognized gains (losses) of $0.4 million and $(1.8) 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. For the three-month and nine-month periods ended September 30, 2012, we recognized gains (losses) of $3.0 million and $(1.1) 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 intended to offset changes in the value of the underlying exposures being hedged which are also reported in Other (expenses) income, net. Also, for the nine-month periods ended September 30, 2013 and 2012, we recorded $1.8 million and $1.1 million, respectively, related to the change in the fair value of our foreign currency forward contracts, and cash settlements of $(2.2) million and $(1.6) million, respectively, in Other, net in our condensed consolidated statements of cash flows.

NOTE 12—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 nine-month period ended September 30, 2013. The following tables

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set forth our financial assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2013 and December 31, 2012 (in thousands):

	September 30, 2013	Quoted Prices in Active Markets for Identical Items (Level 1)	Quoted Prices in Active Markets for Similar Items (Level 2)
Assets:			
Investments under executive deferred compensation plan[(a)]	$ 20,976	$ 20,976	$ —
Equity securities[(b)]	$ 23	$ 23	$ —
Foreign currency forward contracts[(c)]	$ 56	$ —	$ 56
Liabilities:			
Obligations under executive deferred compensation plan[(a)]	$ 20,976	$ 20,976	$ —
Foreign currency forward contracts[(c)]	$ 130	$ —	$ 130

	December 31, 2012	Quoted Prices in Active Markets for Identical Items (Level 1)	Quoted Prices in Active Markets for Similar Items (Level 2)
Assets:			
Investments under executive deferred compensation plan[(a)]	$ 20,265	$ 20,265	$ —
Equity securities[(b)]	$ 25	$ 25	$ —
Foreign currency forward contracts[(c)]	$ 262	$ —	$ 262
Liabilities:			
Obligations under executive deferred compensation plan[(a)]	$ 20,265	$ 20,265	$ —
Foreign currency forward contracts[(c)]	$ 771	$ —	$ 771

(a) 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. As such, these assets and obligations are classified within Level 1.

(b) Our investments in equity securities are classified as available-for-sale and are reported in Investments in the condensed consolidated balance sheets. The changes in fair value are reported in Other in our consolidated statements of comprehensive income. These securities are classified within Level 1.

(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 derivative financial instruments. 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.

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NOTE 13—Restructuring and Other

We had the following activity in our recorded workforce reduction liabilities for the nine months ended September 30, 2013 (in thousands):

Beginning balance at December 31, 2012	$	15,898
Workforce reduction charges		—
Payments		(6,214)
Amount reversed to income		(991)
Foreign currency translation		(138)
Ending balance at September 30, 2013		8,555
Less amounts reported in Accrued expenses		8,084
Amounts reported in Other noncurrent liabilities	$	471

The nine-month period ended September 30, 2012 included net charges amounting to $94.7 million ($73.6 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 were 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 cash costs associated with related severance programs of approximately $13 million, estimated site remediation costs of approximately $9 million and other estimated exit costs of approximately $4 million. Payments under this restructuring plan are expected to occur through 2014.

The nine months ended September 30, 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 resolved 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 nine months ended September 30, 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 nine months ended September 30, 2012.

In the fourth quarter of 2012, we revised our presentation of Restructuring and other charges in our consolidated statements of cash flows. The corrected presentation is reflected in Non-cash charges associated with restructuring and other, net, to report the non-cash portion of such charges separately from the portion which affects working capital. We believe this presentation better reflects the impacts of restructuring events in our financial statements. The change in presentation had no impact on Net cash provided by operating activities, Net cash used in investing activities or Net cash used in financing activities for the year ended December 31, 2012 or any interim periods within that year.

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NOTE 14—Accumulated Other Comprehensive Income:

The components and activity in Accumulated other comprehensive income (net of deferred income taxes) consisted of the following during the three and nine months ended September 30, 2013 (in thousands):

	Foreign Currency Translation	Pension and Post-Retirement Benefits[a]	Other	Total
Three months ended September 30, 2013				
Balance at June 30, 2013	$ 56,378	$ 585	$ (781)	$ 56,182
Other comprehensive income before reclassifications	40,613	—	4	40,617
Amounts reclassified from accumulated other comprehensive income	—	(201)	34	(167)
Other comprehensive income (loss), net of tax	40,613	(201)	38	40,450
Other comprehensive income attributable to noncontrolling interests	(337)	—	—	(337)
Balance at September 30, 2013	$ 96,654	$ 384	$ (743)	$ 96,295
Nine months ended September 30, 2013				
Balance at December 31, 2012	$ 85,117	$ 989	$ (842)	$ 85,264
Other comprehensive income (loss) before reclassifications	11,945	—	(1)	11,944
Amounts reclassified from accumulated other comprehensive income	—	(605)	100	(505)
Other comprehensive income (loss), net of tax	11,945	(605)	99	11,439
Other comprehensive income attributable to noncontrolling interests	(408)	—	—	(408)
Balance at September 30, 2013	$ 96,654	$ 384	$ (743)	$ 96,295

(a) Amounts reclassified from accumulated other comprehensive income consist of amortization of prior service benefit. See Note 10, "Pension Plans and Other Postretirement Benefits."

The amount of income tax benefit (expense) allocated to each component of Other comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2013 and 2012 is provided in the following (in thousands):

	Three Months Ended September 30,					
	2013			2012		
	Foreign Currency Translation	Pension and Post-retirement Benefits	Other	Foreign Currency Translation	Pension and Post-retirement Benefits	Other
Other comprehensive income (loss), before tax	$ 40,436	$ (197)	$ 58	$ 29,445	$ (268)	$ 49
Income tax benefit (expense)	177	(4)	(20)	(280)	100	(20)
Other comprehensive income (loss), net of tax	$ 40,613	$ (201)	$ 38	$ 29,165	$ (168)	$ 29

	Nine Months Ended September 30,					
	2013			2012		
	Foreign Currency Translation	Pension and Post-retirement Benefits	Other	Foreign Currency Translation	Pension and Post-retirement Benefits	Other
Other comprehensive income (loss), before tax	$ 10,654	$ (589)	$ 159	$ 743	$ (798)	$ 155
Income tax benefit (expense)	1,291	(16)	(60)	1,552	296	(60)
Other comprehensive income (loss), net of tax	$ 11,945	$ (605)	$ 99	$ 2,295	$ (502)	$ 95

NOTE 15—Recently Issued Accounting Pronouncements:

In December 2011, the Financial Accounting Standards Board (FASB) issued accounting guidance that requires entities to disclose information about financial instruments (including derivatives) and transactions eligible for offset in the statement of financial position or subject to an agreement similar to a master netting arrangement. In January 2013, the FASB issued additional guidance that limits the scope of these new requirements to certain derivatives, repurchase agreements and reverse repurchase agreements and securities borrowing and lending transactions. These amendments became effective on January 1, 2013 and had no impact on our consolidated financial statements.

In February 2013, the FASB issued accounting guidance that requires companies to present either in a single note or on the face of the financial statements the effect of significant amounts reclassified from each component of accumulated other comprehensive income, and the income statement line items affected by the reclassification. If a component is not required to be reclassified to net income in its entirety, companies instead cross reference to the related footnote for additional information. These amendments became effective for us beginning with the first quarter of 2013 and did not have a material impact on our consolidated financial statements.

In February 2013, the 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. This accounting guidance will become effective for fiscal years, and interim periods within those years, beginning after December 15, 2013 and should be applied retrospectively to all prior periods presented for obligations that exist at the beginning of an entity's fiscal year of adoption. We are assessing the impact of these new requirements on our 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. This accounting guidance will become effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, and should be applied prospectively to derecognition events occurring after the effective date. We are assessing the impact of these new requirements on our financial statements.

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 become effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. We do not expect this new guidance to have a material effect on our consolidated financial statements.

NOTE 16—Subsequent Events:

Restructuring

In connection with the announced realignment of our operating segments, in October 2013, we initiated a voluntary separation program available to salaried employees in the U.S. At this time, we cannot reasonably estimate the total restructuring charge that will be incurred in the fourth quarter of 2013, as not all of our restructuring initiatives have been finalized, but as of this filing we expect the charge to be no more than $20 million.

Acquisition

On October 1, 2013, we acquired Cambridge Chemical Company, Ltd. for approximately $3.6 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following is a discussion and analysis of our financial condition and results of operations since December 31, 2012. A discussion of consolidated financial condition and sources of additional capital is included under a separate heading "Financial Condition and Liquidity" on page 36.

Forward-looking Statements

Some of the information presented in this Quarterly Report on Form 10-Q, 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;
- 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;
- acquisitions and divestitures, and changes in performance of acquired companies;
- 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;
- 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 substantial 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; 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 Quarterly Report on Form 10-Q.

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, plastics/packaging, 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 three 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.

Third Quarter 2013

During the third quarter of 2013:

- We achieved quarterly earnings of $1.11 per share (on a diluted basis), a decrease of 9% from third quarter 2012 results.
- Our net sales for the quarter were $648.6 million, down 2% from net sales of $661.2 million in the third quarter of 2012.
- Our board of directors declared a quarterly dividend of $0.24 per share on July 10, 2013, which was paid on October 1, 2013 to shareholders of record at the close of business as of September 13, 2013.
- We announced the successful start-up of a new catalyst manufacturing plant at our facility in Yeosu, South Korea. The plant will produce commercial quantities of single site metallocene catalysts, including grades enhanced by our proprietary ActivCat® activation technology, as well as catalyst components such as methylaluminoxane.
- We announced that we will realign our operating segments, effective January 1, 2014. The Performance Chemicals segment will include Fire Safety Solutions, Specialty Chemicals and Fine Chemistry Services, consolidating our bromine, mineral and custom manufacturing assets under one business unit. The Catalyst Solutions segment will include Refinery Catalyst Solutions, Performance Catalyst Solutions and Antioxidants. Each segment will have a dedicated team of sales, research and development, process engineering, manufacturing and sourcing, and business strategy personnel that will have full accountability for improving execution through greater asset and market focus, agility and responsiveness. The new structure will also facilitate the continued standardization of business processes across the organization as part of our ongoing One Albemarle strategy.
- We expanded our presence in the electronic materials market with the acquisition of Cambridge Chemical Company, Ltd., 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, OLED and now Laser. Albemarle will also benefit from a number of R&D and distribution synergies resulting from the acquisition.

Outlook

As we expected, current dynamics in both the global economy and in select businesses have resulted in continued headwinds during the first nine months of 2013, and could potentially continue to impact our results, although we have seen a slight upturn in our overall business results in the second half of 2013. We believe our business fundamentals are sound and that we are strategically well-positioned as we remain focused on increasing sales volumes, managing costs and delivering value to our customers. We believe that when the end markets we serve begin to stabilize and resume growth, our businesses will respond quickly to the improved market conditions and new business opportunities. Further, we believe the recently announced reorganization into Performance Chemicals and Catalysts Solutions will enhance our ability to generate sustainable growth in our bromine and catalyst businesses.

Polymer Solutions: Sales volumes in many of our core products were favorable in the first nine months of 2013 compared to the prior year, more than offset by lower prices in our Flame Retardants, Additives and Curatives businesses. Overall, year-over-year segment revenue was down, driven mainly by our exit of the phosphorus flame retardants business in the second quarter of 2012. We closely monitor customer order patterns and other key indicators in our business, some of which show trends that indicate the current pace of business, which is still below our historical norms, could continue. These trends, should they continue, could have adverse impacts on our net sales and profitability, including impacts from operating our production assets below optimum levels.

Despite these current trends and concerns, we believe that the combination of solid, long-term business fundamentals with our competitive position, product innovations and effective management of raw material inflation will enable our business to manage through periods of end market challenges and to capitalize on opportunities that will come with a sustained economic recovery.

On a long-term basis, we continue to believe that improving global standards of living and the potential for increasingly stringent fire safety regulations in developing markets are likely to drive continued demand for fire safety products. Further, we continue to focus on globalization in this segment, with our antioxidants facilities and planned mineral flame retardants joint venture in China positioning us well for growth in the Asia region. We remain well-positioned to meet future demand as global economic growth and global bromine supply/demand dynamics improve.

Catalysts: Lower metals surcharges in Refinery Catalyst Solutions, and lower sales volumes and pricing in Performance Catalyst Solutions, have resulted in overall lower year-over-year net sales for our Catalysts segment during the first nine months of 2013. On a longer term basis, we believe increased global demand for transportation fuels 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 Catalysts 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. With the recent acquisition of Cambridge Chemicals, we enhanced our strategic positioning in the rapidly growing LED market, which is driven by global demand for greater energy efficiencies in lighting and related applications.

New market penetration and introduction of innovative cost-effective products for the refining and polyolefins industries continue to provide benefits. We believe our focus on advanced product development in Catalysts positions us well for commercial success, and we have introduced new value-added refining solutions and technologies that enable refiners to increase yields, a critical advantage for refiners, as well as offering advanced polyolefin catalyst technologies to lower cost-in-use and increase flexibility for our customers. Our marketing and research groups are tightly aligned, enabling us to continue to bring innovative technologies to the market.

We expect to leverage our existing positions in the Middle East and Asia to capitalize on growth opportunities and further develop our leading position in those emerging markets. Our joint venture in Saudi Arabia with SABIC, which is now operational, positions us to lead in the fast-growing Middle East polyolefins catalysts market. Construction at our
Yeosu, South Korea site is complete for our metallocene/single site catalyst production facility and we are currently in the process of customer qualification. Construction at Yeosu continues for our Pure Growth line of products for the LED and electronics industry.

Fine Chemistry: In our Fine Chemistry segment, during the first nine months of 2013 we saw favorable year-over-year sales volumes in our bromine portfolio, partly offsetting lower pricing in some regions. Fine Chemistry Services continues to benefit from the rapid pace of innovation and the introduction of new products, coupled with the movement by companies to outsource certain research, product development and manufacturing functions. We believe we can sustain healthy margins with continued focus on the two strategic areas in our Fine Chemistry segment – maximizing our bromine franchise value in the Performance Chemicals sector and continued growth of our Fine Chemistry Services business.

On a longer term basis, 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 gap between global supply and demand will continue to tighten as demand for existing and new uses of bromine expands.

Our Fine Chemistry Services businesses continue to deliver strong net sales and profitability, and opportunities are expanding in the renewables, life sciences and electronic materials markets. Our pharmaceutical and crop protection businesses continue to deliver solid results. We expect product development opportunities to continue, especially in the pharmaceutical and electronic materials space where our product pipeline is growing.

Our technical expertise, manufacturing capabilities and speed to market allow us to develop a preferred outsourcing position serving leading chemical, renewable and life science innovators in diverse industries. We believe we will continue to generate growth in profitable niche products leveraged from this service business.

Corporate and Other: We continue to focus on cash generation, working capital management and process efficiencies. We expect our global effective tax rate for 2013 to be approximately 22.8%; 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.

In the first quarter of 2013, we increased our quarterly dividend payout to $0.24 per share. During the nine months ended September 30, 2013, we repurchased approximately 7.8 million shares of our common stock with a fair market value of $492.3 million under our existing share repurchase program and the ASR Program, and we may periodically repurchase shares in the future on an opportunistic basis.

In connection with the announced realignment of our operating segments, in October 2013, we initiated a voluntary separation program available to salaried employees in the U.S. At this time, we cannot reasonably estimate the total restructuring charge that will be incurred in the fourth quarter of 2013, as not all of our restructuring initiatives have been finalized, but as of this filing we expect the charge to be no more than $20 million.

We expect that our fourth quarter 2013 mark-to-market adjustment related to our defined benefit pension and OPEB plans will likely be material. Based on market conditions and interest rate levels as of September 30, 2013, the mark-to-market adjustment would result in an actuarial gain of approximately $100 million.

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. Results for 2012 have been retrospectively adjusted to reflect our election to change our method of accounting for actuarial gains and losses relating to our global pension and OPEB plans in 2012 (see Note 1, "Basis of Presentation" to the condensed consolidated financial statements included in this report).

Third Quarter 2013 Compared to Third Quarter 2012

Selected Financial Data (Unaudited)

	Three Months Ended September 30,		Percentage Change
	2013	2012	2013 vs. 2012
	(In thousands, except percentages and per share amounts)		
NET SALES	$ 648,638	$ 661,226	(2)%
Cost of goods sold	436,989	443,476	(1)%
GROSS PROFIT	211,649	217,750	(3)%
GROSS PROFIT MARGIN	32.6%	32.9%	
Selling, general and administrative expenses	62,543	53,404	17 %
Research and development expenses	19,441	19,831	(2)%
OPERATING PROFIT	129,665	144,515	(10)%
OPERATING PROFIT MARGIN	20.0%	21.9%	
Interest and financing expenses	(9,496)	(7,914)	20 %
Other (expenses) income, net	(389)	2,370	(116)%
INCOME BEFORE INCOME TAXES AND EQUITY IN NET INCOME OF UNCONSOLIDATED INVESTMENTS	119,780	138,971	(14)%
Income tax expense	27,274	32,472	(16)%
Effective tax rate	22.8%	23.4%	
INCOME BEFORE EQUITY IN NET INCOME OF UNCONSOLIDATED INVESTMENTS	92,506	106,499	(13)%
Equity in net income of unconsolidated investments (net of tax)	5,338	7,935	(33)%
NET INCOME	97,844	114,434	(14)%
Net income attributable to noncontrolling interests	(7,332)	(4,975)	47 %
NET INCOME ATTRIBUTABLE TO ALBEMARLE CORPORATION	$ 90,512	$ 109,459	(17)%
PERCENTAGE OF NET SALES	14.0%	16.6%	
Basic earnings per share	$ 1.11	$ 1.23	(10)%
Diluted earnings per share	$ 1.11	$ 1.22	(9)%

Net Sales

For the three-month period ended September 30, 2013, we recorded net sales of $648.6 million, a decrease of 2% compared to net sales of $661.2 million for the three-month period ended September 30, 2012. This decrease was due primarily to unfavorable pricing impacts of 4% (mainly lower pass through metals surcharges in Refinery Catalyst Solutions and lower flame retardant pricing), partly offset by favorable volume impacts of 2% (mainly in Flame Retardants).

Gross Profit

For the three-month period ended September 30, 2013, our gross profit decreased $6.1 million, or 3%, from the corresponding 2012 period due mainly to overall unfavorable pricing impacts and higher manufacturing costs, partly offset by favorable volume impacts, primarily in Flame Retardants and FCC Catalysts. Overall, these factors contributed to a lower gross profit margin for the three-month period ended September 30, 2013 of 32.6%, down from 32.9% for the corresponding period in 2012.

Selling, General and Administrative Expenses

For the three-month period ended September 30, 2013, our selling, general and administrative (SG&A) expenses increased $9.1 million, or 17%, from the three-month period ended September 30, 2012. This increase was primarily due to higher personnel-related costs and outside services costs. As a percentage of net sales, SG&A expenses were 9.6% for the three-month period ended September 30, 2013, compared to 8.1% for the corresponding period in 2012.

Research and Development Expenses

For the three-month period ended September 30, 2013, our research and development (R&D) expenses decreased $0.4 million, or 2%, from the three-month period ended September 30, 2012, as a result of lower spending. As a percentage of net sales, R&D expenses were 3.0% for the three-month periods ended September 30, 2013 and 2012.

Interest and Financing Expenses

Interest and financing expenses for the three-month period ended September 30, 2013 increased $1.6 million to $9.5 million from the corresponding 2012 period, due mainly to decreases in interest capitalized on lower average construction work in progress balances in the 2013 period.

Other (Expenses) Income, Net

Other (expenses) income, net for the three-month period ended September 30, 2013 was $(0.4) million versus $2.4 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 the third quarter of 2013 was 22.8% compared to 23.4% for the third quarter of 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.

Equity in Net Income of Unconsolidated Investments

Equity in net income of unconsolidated investments was $5.3 million for the three-month period ended September 30, 2013 compared to $7.9 million in the same period last year. This decrease was due primarily to lower equity income amounts reported from our Catalysts segment joint ventures Nippon Ketjen Company Limited, Eurecat, and Fábrica Carioca de Catalisadores SA.

Net Income Attributable to Noncontrolling Interests

For the three-month period ended September 30, 2013, net income attributable to noncontrolling interests was $7.3 million compared to $5.0 million in the same period last year. This increase of $2.3 million was due primarily to the 2013 change in profit sharing allocations between the shareholders of our Jordan Bromine Company joint venture.

Net Income Attributable to Albemarle Corporation

Net income attributable to Albemarle Corporation decreased to $90.5 million in the three-month period ended September 30, 2013, from $109.5 million in the three-month period ended September 30, 2012 primarily due to unfavorable pricing in Flame Retardants and Catalysts on lower pass through metals surcharges, higher manufacturing costs, lower equity in net income of unconsolidated investments, and higher net income attributable to noncontrolling interests, partly offset by favorable volumes, primarily in Flame Retardants.

Segment Information Overview. We have identified three 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 key decision maker, our Chief Executive Officer, in accordance with current accounting guidance. Our Polymer Solutions segment is comprised of the flame retardants and stabilizers and curatives product areas. Our Catalysts segment is comprised of the Refinery Catalyst Solutions and Performance Catalyst Solutions product areas. Our Fine Chemistry segment is comprised of the Performance Chemicals and Fine Chemistry Services product areas. Segment income represents operating profit (adjusted for significant non-recurring items) 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.

	Three Months Ended September 30,				Percentage Change
	2013	% of net sales	2012	% of net sales	2013 vs. 2012
	(In thousands, except percentages)				
Net sales:					
Polymer Solutions	$ 224,320	34.6%	$ 216,992	32.8%	3 %
Catalysts	226,042	34.8%	251,201	38.0%	(10)%
Fine Chemistry	198,276	30.6%	193,033	29.2%	3 %
Total net sales	$ 648,638	100.0%	$ 661,226	100.0%	(2)%
Segment operating profit:					
Polymer Solutions	$ 40,678	18.1%	$ 44,694	20.6%	(9)%
Catalysts	53,878	23.8%	55,093	21.9%	(2)%
Fine Chemistry	43,894	22.1%	48,336	25.0%	(9)%
Total segment operating profit	138,450		148,123		(7)%
Equity in net income of unconsolidated investments:					
Polymer Solutions	1,735		1,199		45 %
Catalysts	3,603		6,736		(47)%
Fine Chemistry	—		—		— %
Corporate & other	—		—		— %
Total equity in net income of unconsolidated investments	5,338		7,935		(33)%
Net income attributable to noncontrolling interests:					
Polymer Solutions	(916)		(602)		52 %
Catalysts	—		—		— %
Fine Chemistry	(6,416)		(4,373)		47 %
Corporate & other	—		—		— %
Total net income attributable to noncontrolling interests	(7,332)		(4,975)		47 %
Segment income:					
Polymer Solutions	41,497	18.5%	45,291	20.9%	(8)%
Catalysts	57,481	25.4%	61,829	24.6%	(7)%
Fine Chemistry	37,478	18.9%	43,963	22.8%	(15)%
Total segment income	136,456		151,083		(10)%
Corporate & other	(8,785)		(3,608)		143 %
Interest and financing expenses	(9,496)		(7,914)		20 %
Other (expenses) income, net	(389)		2,370		(116)%
Income tax expense	(27,274)		(32,472)		(16)%
Net income attributable to Albemarle Corporation	$ 90,512		$ 109,459		(17)%

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.

	Three Months Ended September 30,	
	2013	2012
	(In thousands)	
Total segment operating profit	$ 138,450	$ 148,123
Add (less):		
Corporate & other	(8,785)	(3,608)
GAAP Operating profit	$ 129,665	$ 144,515
Total segment income	$ 136,456	$ 151,083
Add (less):		
Corporate & other	(8,785)	(3,608)
Interest and financing expenses	(9,496)	(7,914)
Other (expenses) income, net	(389)	2,370
Income tax expense	(27,274)	(32,472)
GAAP Net income attributable to Albemarle Corporation	$ 90,512	$ 109,459

Polymer Solutions

Polymer Solutions segment net sales for the three-month period ended September 30, 2013 were $224.3 million, up $7.3 million, or 3%, in comparison to the same period in 2012. The increase was driven mainly by favorable volumes (net of the unfavorable impact of our exit of the phosphorus flame retardants business), partly offset by lower pricing in Flame Retardants. Segment income for Polymer Solutions was down 8%, or $3.8 million, to $41.5 million for the three-month period ended September 30, 2013, compared to the same period in 2012, as a result of lower pricing mainly in Flame Retardants and higher manufacturing costs, partly offset by favorable volumes, mainly in Flame Retardants and Additives.

Catalysts

Catalysts segment net sales for the three-month period ended September 30, 2013 were $226.0 million, a decrease of $25.2 million, or 10%, compared to the three-month period ended September 30, 2012. This decrease was due mainly to unfavorable pricing on lower pass through metals surcharges and lower volumes in Refinery Catalyst Solutions, and unfavorable pricing and volumes in Performance Catalyst Solutions. Catalysts segment income decreased 7%, or $4.3 million, to $57.5 million for the three-month period ended September 30, 2013 in comparison to the corresponding period of 2012. This decrease was due primarily to higher manufacturing costs, unfavorable pricing in Performance Catalysts Solutions and lower equity in net income of unconsolidated investments.

Fine Chemistry

Fine Chemistry segment net sales for the three-month period ended September 30, 2013 were $198.3 million, an increase of $5.2 million, or 3%, versus the three-month period ended September 30, 2012. This increase was primarily attributable to favorable volumes in our Fine Chemistry Services businesses. Segment income for the three-month period ended September 30, 2013 was $37.5 million, down 15% from the corresponding period in 2012. The decrease was due to higher manufacturing costs and higher net income attributable to noncontrolling interests associated with a change in profit sharing allocations at our Jordan Bromine Company joint venture. These were partly offset by favorable volumes in our Fine Chemistry Services businesses.

Corporate and other

For the three-month period ended September 30, 2013, our Corporate and other expense was $8.8 million compared to $3.6 million for the corresponding period in 2012. This increase was primarily due to unfavorable personnel costs.

Nine Months 2013 Compared to Nine Months 2012

Selected Financial Data (Unaudited)

	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	Percentage Change 2013 vs. 2012
	(In thousands, except percentages and per share amounts)		
NET SALES	$ 1,924,460	$ 2,057,824	(6)%
Cost of goods sold	1,316,582	1,339,806	(2)%
GROSS PROFIT	607,878	718,018	(15)%
GROSS PROFIT MARGIN	31.6%	34.9%	
Selling, general and administrative expenses	190,193	189,143	1 %
Research and development expenses	60,959	59,791	2 %
Restructuring and other charges, net	—	94,703	(100)%
OPERATING PROFIT	356,726	374,381	(5)%
OPERATING PROFIT MARGIN	18.5%	18.2%	
Interest and financing expenses	(22,335)	(25,134)	(11)%
Other (expenses) income, net	(6,295)	1,564	*
INCOME BEFORE INCOME TAXES AND EQUITY IN NET INCOME OF UNCONSOLIDATED INVESTMENTS	328,096	350,811	(6)%
Income tax expense	74,916	93,382	(20)%
Effective tax rate	22.8%	26.6%	
INCOME BEFORE EQUITY IN NET INCOME OF UNCONSOLIDATED INVESTMENTS	253,180	257,429	(2)%
Equity in net income of unconsolidated investments (net of tax)	25,308	29,233	(13)%
NET INCOME	278,488	286,662	(3)%
Net income attributable to noncontrolling interests	(21,250)	(12,852)	65 %
NET INCOME ATTRIBUTABLE TO ALBEMARLE CORPORATION	$ 257,238	$ 273,810	(6)%
PERCENTAGE OF NET SALES	13.4%	13.3%	
Basic earnings per share	$ 3.04	$ 3.07	(1)%
Diluted earnings per share	$ 3.02	$ 3.04	(1)%

* Percentage calculation is not meaningful.

Net Sales

For the nine-month period ended September 30, 2013, we recorded net sales of $1.92 billion, a decrease of 6% compared to net sales of $2.06 billion for the nine-month period ended September 30, 2012. This decrease was due primarily to unfavorable pricing impacts of 7% (mainly lower metals surcharges in Refinery Catalyst Solutions, lower regional pricing on bromine, and lower flame retardant pricing), lower volume impacts due to our exit of the phosphorus flame retardants business in the second quarter of 2012 and custom service project volumes, and unfavorable foreign currency impacts (mainly the weaker Japanese yen), partly offset by favorable volumes, primarily in Flame Retardants, our bromine portfolio, and Additives.

Gross Profit

For the nine-month period ended September 30, 2013, our gross profit decreased $110.1 million, or 15%, 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. Overall, these factors contributed to a lower gross profit margin for the nine-month period ended September 30, 2013 of 31.6%, down from 34.9% for the corresponding period in 2012.

Selling, General and Administrative Expenses

For the nine-month period ended September 30, 2013, our SG&A expenses increased $1.1 million, or 1%, from the nine-month period ended September 30, 2012. This increase was primarily due to unfavorable nonoperating pension and OPEB costs related to the correction explained in Notes 1 and 10 to the condensed consolidated financial statements, partly offset by lower sales commissions, personnel costs, and other spending. As a percentage of net sales, SG&A expenses were 9.9% for the nine-month period ended September 30, 2013, compared to 9.2% for the corresponding period in 2012.

Research and Development Expenses

For the nine-month period ended September 30, 2013, our R&D expenses increased $1.2 million, or 2%, from the nine-month period ended September 30, 2012, as a result of higher spending. As a percentage of net sales, R&D expenses were 3.2% for the nine-month period ended September 30, 2013, compared to 2.9% for the corresponding period in 2012.

Restructuring and Other Charges

The nine-month period ended September 30, 2012 included charges amounting to $94.7 million ($73.6 million after income taxes) in connection with our exit of the phosphorus flame retardants business. The charges were 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 cash costs associated with related severance programs of approximately $13 million, estimated site remediation costs of approximately $9 million and other estimated exit costs of approximately $4 million.

Interest and Financing Expenses

Interest and financing expenses for the nine-month period ended September 30, 2013 decreased $2.8 million to $22.3 million from the corresponding 2012 period due mainly to lower interest rates on variable-rate borrowings and higher capitalized interest in the 2013 period.

Other (Expenses) Income, Net

Other (expenses) income, net for the nine-month period ended September 30, 2013 was $(6.3) million versus $1.6 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 the first nine months of 2013 was 22.8% compared to 26.6% for the first nine months of 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. Also, our effective income tax rate for the 2012 period was impacted by $94.7 million of pre-tax net charges ($73.6 million after taxes) associated with our exit of the phosphorus flame retardants business.

Equity in Net Income of Unconsolidated Investments

Equity in net income of unconsolidated investments was $25.3 million for the nine-month period ended September 30, 2013 compared to $29.2 million in the same period last year. This decrease was due primarily to lower equity income amounts reported from our Catalysts segment joint ventures Fábrica Carioca de Catalisadores SA, Nippon Ketjen and Nippon Aluminum Alkyls, partly offset by higher equity income amounts reported from our Polymer Solutions joint venture Magnifin.

Net Income Attributable to Noncontrolling Interests

For the nine-month period ended September 30, 2013, net income attributable to noncontrolling interests was $21.3 million compared to $12.9 million in the same period last year. This increase of $8.4 million was due primarily to a contractually based reduction in our share of profits in our joint venture in Jordan.

Net Income Attributable to Albemarle Corporation

Net income attributable to Albemarle Corporation decreased to $257.2 million in the nine-month period ended September 30, 2013, from $273.8 million in the nine-month period ended September 30, 2012 primarily due to lower pricing, 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 Flame Retardants, unfavorable manufacturing costs, lower equity in net income of unconsolidated investments and unfavorable foreign currency impacts. These impacts were partly offset by higher sales volumes, favorable restructuring and other charges and favorable overall variable input costs.

Segment Information Overview

	Nine Months Ended September 30,				Percentage Change
	2013	% of net sales	2012	% of net sales	2013 vs. 2012
	(In thousands, except percentages)				
Net sales:					
Polymer Solutions	$ 663,410	34.5%	$ 692,139	33.6%	(4)%
Catalysts	695,433	36.1%	773,867	37.6%	(10)%
Fine Chemistry	565,617	29.4%	591,818	28.8%	(4)%
Total net sales	$ 1,924,460	100.0%	$ 2,057,824	100.0%	(6)%
Segment operating profit:					
Polymer Solutions	$ 128,169	19.3%	$ 162,648	23.5%	(21)%
Catalysts	146,536	21.1%	189,104	24.4%	(23)%
Fine Chemistry	120,349	21.3%	142,403	24.1%	(15)%
Total segment operating profit	395,054		494,155		(20)%
Equity in net income of unconsolidated investments:					
Polymer Solutions	6,371		4,957		29 %
Catalysts	18,937		24,276		(22)%
Fine Chemistry	—		—		— %
Corporate & other	—		—		— %
Total equity in net income of unconsolidated investments	25,308		29,233		(13)%
Net income attributable to noncontrolling interests:					
Polymer Solutions	(4,118)		(1,255)		228 %
Catalysts	—		—		— %
Fine Chemistry	(17,132)		(11,577)		48 %
Corporate & other	—		(20)		(100)%
Total net income attributable to noncontrolling interests	(21,250)		(12,852)		65 %
Segment income:					
Polymer Solutions	130,422	19.7%	166,350	24.0%	(22)%
Catalysts	165,473	23.8%	213,380	27.6%	(22)%
Fine Chemistry	103,217	18.2%	130,826	22.1%	(21)%
Total segment income	399,112		510,556		(22)%
Corporate & other	(38,328)		(25,091)		53 %
Restructuring and other charges, net	—		(94,703)		(100)%
Interest and financing expenses	(22,335)		(25,134)		(11)%
Other (expenses) income, net	(6,295)		1,564		*
Income tax expense	(74,916)		(93,382)		(20)%
Net income attributable to Albemarle Corporation	$ 257,238		$ 273,810		(6)%

* 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.

	Nine Months Ended September 30, 2013	2012
	(In thousands)	
Total segment operating profit	$ 395,054	$ 494,155
Add (less):		
Corporate & other[(a)]	(38,328)	(25,071)
Restructuring and other charges, net	—	(94,703)
GAAP Operating profit	$ 356,726	$ 374,381
Total segment income	$ 399,112	$ 510,556
Add (less):		
Corporate & other	(38,328)	(25,091)
Restructuring and other charges, net	—	(94,703)
Interest and financing expenses	(22,335)	(25,134)
Other (expenses) income, net	(6,295)	1,564
Income tax expense	(74,916)	(93,382)
GAAP Net income attributable to Albemarle Corporation	$ 257,238	$ 273,810

(a) Excludes corporate noncontrolling interest adjustments of $(20) for the nine-month period ended September 30, 2012.

Polymer Solutions

Polymer Solutions segment net sales for the nine-month period ended September 30, 2013 were $663.4 million, down $28.7 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. Other unfavorable impacts from lower pricing in Flame Retardants and Additives and the weaker Japanese yen were offset by favorable volumes across all products. Segment income for Polymer Solutions was down 22%, or $35.9 million, to $130.4 million for the nine-month period ended September 30, 2013, compared to the same period in 2012, as a result of lower pricing mainly in Flame Retardants and Additives, higher variable input costs, higher manufacturing costs, and unfavorable currency impacts mainly due to the weaker Japanese yen. These were partly offset by favorable volume impacts in Brominated Flame Retardants and Additives.

Catalysts

Catalysts segment net sales for the nine-month period ended September 30, 2013 were $695.4 million, a decrease of $78.4 million, or 10%, compared to the nine-month period ended September 30, 2012. This decrease was due mainly to unfavorable pricing on lower metals surcharges in Refinery Catalyst Solutions, and lower pricing and volumes in Performance Catalyst Solutions, partly offset by favorable volumes in Refinery Catalyst Solutions. Catalysts segment income decreased 22%, or $47.9 million, to $165.5 million for the nine-month period ended September 30, 2013 in comparison to the corresponding period of 2012. This decrease was due primarily to net unfavorable pricing impacts from volatility in metals surcharges and related cost impacts in Refinery Catalyst Solutions, unfavorable manufacturing costs, and lower equity in net income of unconsolidated investments.

Fine Chemistry

Fine Chemistry segment net sales for the nine-month period ended September 30, 2013 were $565.6 million, a decrease of $26.2 million, or 4%, versus the nine-month period ended September 30, 2012. This decrease was primarily attributable to the timing of custom services projects, lower pricing in Performance Chemicals and unfavorable volumes in the pharmaceutical businesses, partly offset by favorable bromine portfolio volumes. Segment income for the nine-month period ended September 30, 2013 was $103.2 million, down 21% from the corresponding period in 2012. The decrease was due to lower pricing mainly in Performance Chemicals, delays in product launches in our Fine Chemistry Services businesses, unfavorable volumes in our agricultural intermediates business, higher manufacturing costs and 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 variable input costs.

Corporate and other

For the nine-month period ended September 30, 2013, our Corporate and other expense was $38.3 million compared to $25.1 million for the corresponding period in 2012. This increase was primarily due to unfavorable nonoperating pension costs related to the correction explained in Notes 1 and 10 to the condensed consolidated financial statements.

Financial Condition and Liquidity

Overview

The principal uses of cash in our business generally have been capital investments, funding working capital 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

During the first nine months of 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 $135.0 million, dividends to shareholders of $58.6 million and pension and postretirement contributions of $9.9 million. Additionally, during the third quarter of 2013 our consolidated joint venture, Jordan Bromine Company Limited, paid a dividend of approximately $38 million, which resulted in a dividend to noncontrolling interests of $10.0 million. Our operations provided $317.5 million of cash flows during the first nine months of 2013, as compared to $306.5 million for the first nine months of 2012. Overall, our cash and cash equivalents decreased by $76.3 million to $401.4 million at September 30, 2013, down from $477.7 million at December 31, 2012.

Net current assets decreased to $983.9 million at September 30, 2013 from $1.0 billion at December 31, 2012. This decrease was due primarily to decreases in cash and cash equivalents and other current assets and increases in accounts payable and income taxes payable, partly offset by an increase in accounts receivable, an increase in inventories to meet expected future demand and a decrease in accrued expenses.

Capital expenditures for the nine-month period ended September 30, 2013 of $135.0 million were associated with property, plant and equipment additions. We expect our capital expenditures to approximate $175 million in 2013 for capacity increases, cost reduction and continuity of operations projects.

On February 12, 2013, we increased our quarterly dividend payout to $0.24 per share, a 20% increase from the quarterly rate of $0.20 per share paid in 2012. Additionally, 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, and we announced our expectation to repurchase approximately 10% of our outstanding shares over the following 10 to 15 months. Under the existing Board authorized share repurchase program, on May 9, 2013, the Company entered into an ASR Agreement with JPMorgan relating to a fixed-dollar, uncollared ASR Program. Pursuant to the terms of the ASR Agreement, 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 total number of shares to ultimately be purchased by the Company under the ASR Program will be based on the Rule 10b-18 volume-weighted average price of the Company’s common stock during the term of the ASR Agreement, less a forward price adjustment amount of approximately $1.01. Based on the Rule 10b-18 volume-weighted average price calculated as of September 30, 2013, additional shares expected to be received upon final settlement would be approximately 1.5 million shares. The final settlement amount may increase or decrease depending upon the Rule 10b-18 volume-weighted average price of the Company’s common stock during the remaining term of the ASR Agreement. The ASR Program will be completed no later than the end of 2013.

At September 30, 2013 and December 31, 2012, our cash and cash equivalents included $349.1 million and $319.3 million, respectively, held by our foreign subsidiaries. The majority of these foreign cash balances are associated with earnings that we have asserted are permanently reinvested 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 permanently reinvested or whose earnings qualify as "previously taxed income" as defined by the Internal Revenue Code. For the three and nine-month periods ended September 30, 2013, we repatriated approximately $7.2 million in cash as part of these foreign cash repatriation activities. For the three and nine-month periods ended September 30, 2012, we repatriated approximately $16.5 million and $46.8 million in cash, respectively, as part of these foreign cash repatriation activities.

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 from operations and cash on hand, with additional cash needed, if any, provided by borrowings, including borrowings under our September 2011 credit agreement or our commercial paper program. The amount and timing of any additional borrowings will depend on our specific cash requirements.

Long-Term Debt

We currently have outstanding $325.0 million of 5.10% senior notes due in 2015 and $350.0 million of 4.50% senior notes due in 2020, or the senior notes. The 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. We may redeem the senior 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 Treasury Rate (as defined in the indentures governing the senior notes) plus 15 basis points for the senior notes maturing in 2015 and 25 basis points for the senior notes maturing in 2020, plus, in each case, accrued interest thereon to the date of redemption. However, the 2020 senior notes are redeemable in whole or in part, at our option, at any time on or after three months prior to the maturity date, at a redemption price equal to 100% of the principal amount of the senior notes to be redeemed plus accrued and unpaid interest on the senior notes to be redeemed to the date of redemption. Holders of the 2020 senior notes may require us to purchase such notes at 101% upon a Change of Control Triggering Event, as defined in the related indenture.

The principal amounts of the senior notes become immediately due and payable upon the occurrence of certain bankruptcy or insolvency events involving us or certain of our subsidiaries and may be declared immediately due and payable by the trustee or the holders of not less than 25% of the senior notes upon the occurrence of an event of default. Events of default include, among other things: failure to pay principal or interest at required times; failure to perform or remedy a breach of covenants within prescribed periods; an event of default on any of our other indebtedness or certain indebtedness of our subsidiaries of $40.0 million or more that is caused by a failure to make a payment when due or that results in the acceleration of that indebtedness before its maturity; and certain bankruptcy or insolvency events involving us or certain of our subsidiaries.

For additional funding and liquidity purposes, we currently maintain a $750.0 million five-year, revolving, unsecured credit facility, which we refer to as the September 2011 credit agreement. The September 2011 credit agreement matures on September 22, 2016, provides for an additional $250.0 million in credit, if needed, subject to the terms of the agreement and provides for the ability to extend the maturity date under certain conditions. Borrowings bear interest at variable rates based on the London Inter-Bank Offered Rate (LIBOR) for deposits in the relevant currency plus an applicable margin which ranges from 0.900% to 1.400%, depending on the Company's credit rating applicable from time to time. The applicable margin on the facility was 0.975% as of September 30, 2013. There were no borrowings outstanding under the September 2011 credit agreement as of September 30, 2013.

Borrowings under the September 2011 credit agreement are conditioned upon compliance with the following covenants: (i) 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; (ii) with the exception of liens specified in the September 2011 credit 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 September 2011 credit agreement, would exceed 20% of consolidated net worth, as defined in the agreement; and (iii) with the exception of indebtedness specified in the September 2011 credit 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 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 "Notes") from time-to-time up to a maximum aggregate principal amount outstanding at any time of $750 million. The proceeds from the issuance of the Notes are expected to be
used for general corporate purposes, including the repayment of other debt of the Company. Our September 2011 credit agreement is available to repay the Notes, if necessary. Aggregate borrowings outstanding under the September 2011 credit agreement and the commercial paper program will not exceed the $750 million current maximum amount available under the September 2011 credit agreement. The 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 the issuance of the Notes. The maturities of the Notes will vary but may not exceed 397 days from the date of issue. The definitive documents relating to the Program contain customary representations, warranties, default and indemnification provisions.

At September 30, 2013, we had $363.0 million of Notes outstanding bearing a weighted-average interest rate of approximately 0.32% and a weighted-average maturity of 41 days. While the outstanding Notes generally have short-term maturities, we classify the Notes as long-term based on our ability and intent to refinance the Notes on a long-term basis through the issuance of additional Notes or borrowings under the September 2011 credit agreement.

The non-current portion of our long-term debt amounted to $1.1 billion at September 30, 2013, compared to $686.6 million at December 31, 2012. The increase is mainly attributable to the issuance of the commercial paper notes noted above. In addition, at September 30, 2013, we had the ability to borrow $387.0 million under our commercial paper program and the September 2011 credit agreement, and $253.0 million under other existing lines of credit, subject to various financial covenants under our September 2011 credit agreement. We have the ability to refinance our borrowings under our other existing credit lines with borrowings under the September 2011 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 September 30, 2013, we were, and currently are, in compliance with all of our debt covenants.

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 $36.1 million at September 30, 2013. 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

Total expected 2013 contributions to our domestic and foreign qualified and nonqualified pension plans, including our SERP, should approximate $9 million. We may choose to make additional pension contributions in excess of this amount. We have made contributions of $6.8 million to our domestic and foreign pension plans (both qualified and nonqualified) during the nine-month period ended September 30, 2013.

The liability related to uncertain tax positions, including interest and penalties, recorded in Other noncurrent liabilities totaled $27.7 million at September 30, 2013 and $29.2 million at December 31, 2012. Related assets for corresponding offsetting benefits recorded in Other assets totaled $24.2 million at September 30, 2013 and $25.8 million at December 31, 2012. We cannot estimate the amounts of any cash payments associated with these liabilities for the remainder of 2013 or the next twelve months, and we are unable to estimate the timing of any such cash payments in the future at this time.

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 potentially responsible party (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.

Liquidity Outlook

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 any capital expenditures and share repurchases, make pension contributions and pay dividends for the foreseeable future. In addition, 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.

At September 30, 2013, we had the ability to borrow approximately $640 million under our commercial paper program, September 2011 credit agreement and other existing lines of credit, subject to various financial covenants under our September 2011 credit agreement. With generally strong cash-generative businesses and no significant debt maturities before 2015, we believe we have and will maintain a solid liquidity position.

We had cash and cash equivalents totaling $401.4 million as of September 30, 2013, which represent an important source of our liquidity. Our cash is invested in short-term investments including time deposits and readily marketable securities with relatively short maturities.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements, see Item 1 Financial Statements – Note 15.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no significant changes in our interest rate risk, foreign currency exchange rate exposure, marketable securities price risk or raw material price risk from the information we provided in our Annual Report on Form 10-K for the year ended December 31, 2012.

We had variable interest rate borrowings of $396.2 million outstanding at September 30, 2013, bearing a weighted average interest rate of 0.38% and representing approximately 37% of our total outstanding debt. A hypothetical 10% change (approximately 4 basis points) in the interest rate applicable to these borrowings would change our annualized interest expense by less than $0.2 million as of September 30, 2013. 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 financial instruments, which are subject to foreign currency exchange risk, consist of foreign currency forward contracts with an aggregate notional value of $255.9 million and with a fair value representing a net liability position of less than $0.1 million at September 30, 2013. Fluctuations in the value of these contracts are generally offset by 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 September 30, 2013, 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 $8.2 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 $2.6 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 September 30, 2013, 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.

Item 4. 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.

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 September 30, 2013 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

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 as estimated by our general counsel for such proceedings. We also maintain insurance to mitigate certain of such risks. Additional information with respect to this Item 1 is contained in Note 8 to the Notes to the Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

While we attempt to identify, manage and mitigate risks and uncertainties associated with our business to the extent practical under the circumstances, some level of risk and uncertainty will always be present. Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2012 describes some of the risks and uncertainties associated with our business. These risks and uncertainties have the potential to materially affect our results of operations and our financial condition. We do not believe that there have been any material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

NONE

Item 5. Other Information.

Amendment to Bylaws

On October 16, 2013, our Board of Directors amended and restated our Bylaws to add a provision designating the United States District Court for the Eastern District of Virginia, Alexandria Division (or in the event that court lacks jurisdiction, the Circuit Court of the County of Fairfax, Virginia) as the sole and exclusive forum for derivative lawsuits brought on our behalf, actions for breach of legal duty, actions pursuant to the Virginia Stock Corporation Act or our Amended and Restated Articles of Incorporation or Amended and Restated Bylaws (as either may be amended from time to time) and actions asserting claims governed by the internal affairs doctrine, unless we consent to the selection of an alternative forum. The Amended and Restated Bylaws are filed as Exhibit 3.2 to this report and this summary is qualified in its entirety by reference to the Amended and Restated Bylaws.

Item 6. Exhibits.

(a) Exhibits

3.2 Albemarle Corporation Amended and Restated Bylaws effective as of October 16, 2013.

31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a).

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a).

32.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350.

32.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350.

101 Interactive Data File (Quarterly Report on Form 10-Q, for the quarterly period ended September 30, 2013, 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 three months and nine months ended September 30, 2013 and 2012, (ii) the Consolidated Statements of Comprehensive Income for the three months and nine months ended September 30, 2013 and 2012, (iii) the Condensed Consolidated Balance Sheets at September 30, 2013 and December 31, 2012, (iv) the Consolidated Statements of Changes in Equity for the nine months ended September 30, 2013 and 2012, (v) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2013 and 2012 and (vi) the Notes to the Condensed Consolidated Financial Statements.

SIGNATURES

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

ALBEMARLE CORPORATION
(Registrant)

Date:	October 18, 2013	By:	/S/ SCOTT A. TOZIER
			Scott A. Tozier
			Senior Vice President, Chief Financial Officer and Chief Accounting Officer
			(principal financial and accounting officer)

ALBEMARLE CORPORATION

AMENDED AND RESTATED BYLAWS

(Effective October 16, 2013)

ARTICLE I
Meeting of Shareholders

Section 1. Places of Meetings. All meetings of the shareholders shall be held at such place, either within or without the Commonwealth of Virginia, as may, from time to time, be fixed by the Board of Directors (the "Board"). The Board may, in its sole discretion, permit shareholders to participate in any meeting of shareholders by means of remote communication as authorized by the Virginia Stock Corporation Act (the "VSCA") and subject to any guidelines and procedures as may be adopted by the Board.

Section 2. Organization and Order of Business. The Chairman of the Board or, in the Chairman of the Board's absence, the Chief Executive Officer, shall preside over all meetings of the shareholders as chairman of the meeting. In the absence of the Chairman of the Board and the Chief Executive Officer, the Chair of the Nominating and Governance Committee shall preside. In the absence of the Chair of the Nominating and Governance Committee, the Chair of the Audit Committee shall preside. In the absence of the Chair of the Audit Committee, the Chair of the Executive Compensation Committee shall preside. In the absence of all of the foregoing, a majority of the shares entitled to vote at a meeting may appoint any person entitled to vote at the meeting to act as chairman of the meeting.

The Secretary or, in the Secretary's absence, an Assistant Secretary shall act as secretary at all meetings of the shareholders. In the event that neither the Secretary nor an Assistant Secretary is present, the chairman of the meeting may appoint any person to act as secretary of the meeting.

The chairman of the meeting shall have the authority to make such rules and regulations, to establish such procedures and to take such steps as he or she may deem necessary or desirable for the proper conduct of each meeting of the shareholders, including, without limitation, the authority to make the agenda and to establish procedures for (i) dismissing of business not properly presented, (ii) maintaining order and safety, (iii) placing limitations on the time allotted to questions or comments on the affairs of the Company, (iv) placing restrictions on attendance at a meeting by persons or classes of persons who are not shareholders or their proxies, (v) restricting entry to a meeting after the time prescribed for the commencement thereof and (vi) commencing, conducting and closing voting on any matter.

Section 3. Annual Meetings. The annual meeting of the shareholders, for the election of directors and transaction of such other business as may properly come before the meeting, shall be held each year at such date and time as the Board may designate from time to time.

Section 4. Special Meetings. Special meetings of shareholders for any purpose or purposes may be called at any time by the Chief Executive Officer, the President, the Chairman of the Board or a majority of the Board. At a special meeting, no business shall be transacted and no corporate action shall be taken other than that stated in the notice of the meeting.

Section 5. Notice of Meetings. Except as otherwise required by the VSCA or these Bylaws, written or printed notice stating the date, time and place of every meeting of the shareholders, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed, or transmitted by means of electronic transmission, not less than ten nor more than 60 days before the date of the meeting to each shareholder of record entitled to vote at such meeting, at his or her address which appears in the share transfer books of the Company. Without limiting the manner by which notice otherwise may be given effectively to shareholders, any notice to a shareholder given by the Company may be given by a form of electronic transmission consented to by the shareholder to whom the notice is given. Any such consent shall be revocable by the shareholder by written or electronic notice to the Company. Any such consent shall be deemed revoked (i) if the Company is unable to deliver by electronic transmission two consecutive notices given by the Company in accordance with such consent and (ii) such inability becomes known to the Secretary or Assistant Secretary of the Company or to the transfer agent or other person responsible for the giving of notice, *provided, however,* the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. For purposes of these Bylaws, “electronic transmission” means any form or process of communication, not directly involving the physical transfer of paper or other tangible medium that (i) is suitable for the retention, retrieval and reproduction of information by the recipient, and (ii) is either (A) retrievable in paper form by the recipient through an automated process used in conventional commercial practice or (B) retrievable in perceivable form and the sender and the recipient have consented in writing to the use of such form of electronic transmission.

Section 6. Quorum. At all meetings of the shareholders, unless a greater number or voting by classes is required by the VSCA, a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting, unless a new voting record date is set for that meeting. If a quorum is present, action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the vote of a greater number or voting by classes is required by the VSCA or the Articles of Incorporation, and except that in accordance with the Articles of Incorporation, directors shall be elected by a plurality of the votes cast. The chairman of the meeting or a majority of the shares represented at the meeting may adjourn the meeting from time to time, without notice other than by announcement at the meeting, whether or not there is a quorum.

Section 7. Voting. At any meeting of the shareholders, each shareholder of a class entitled to vote on the matters coming before the meeting shall have one vote, in person or by proxy, for each such share standing in his or her name on the books of the Company at the record date for such meeting, *provided that* the record date shall not be more than 70 days prior to the meeting.

Section 8. Written Authorization. A shareholder or a shareholder's duly authorized attorney-in-fact may execute a writing authorizing another person or persons to act for him or her as proxy. Execution may be accomplished by the shareholder or such shareholder's duly authorized attorney-in-fact or authorized officer, director, employee or agent signing such writing or causing such shareholder's signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature.

Section 9. Electronic Authorization. The Chief Executive Officer or the Secretary may approve procedures to enable a shareholder or a shareholder's duly authorized attorney-in-fact to authorize another person or persons to act for him or her as proxy by transmitting or authorizing the transmission of a telegram, cablegram, internet transmission, telephone transmission or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, *provided* that any such transmission must either be set forth or submitted with information from which the inspectors of election can determine that the transmission was authorized by the shareholder or the shareholder's duly authorized attorney-in-fact. If it is determined that such transmissions are valid, the inspectors shall specify the information upon which they relied. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this Section 9 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, *provided* that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 10. Shareholder Proposals.

(a) Annual Meetings of Shareholders.

(i) Nominations of persons for election to the Board of the Company and the proposal of business to be considered by the shareholders may be made at an annual meeting of shareholders only:

(A) pursuant to the Company's notice of meeting (or any supplement thereto),

(B) by or at the direction of the Board or

(C) by any shareholder of the Company who (1) was a shareholder of record of the Company (and, with respect to any beneficial owner, if different, on whose behalf such nominations or proposal of other business are made, only if such beneficial owner was the beneficial owner of shares of the Company) at the time the notice provided for in this Section 10 is delivered to the Secretary and at the time of the annual meeting, (2) is entitled to vote at the meeting, and (3) complies with the notice procedures set forth in this Section 10.

For the avoidance of doubt, the foregoing Article I, Section 10(a)(i)(C) shall be the exclusive means for a shareholder to present proposals (except proposals submitted in accordance with the eligibility and procedural requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and included in the Company's proxy statement) for consideration by the shareholders at any annual meeting of shareholders.

(ii) For nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to Article I, Section 10(a)(i)(C), the shareholder must have given timely notice thereof in writing to the Secretary and any such proposed business other than the nominations of persons for election to the Board must constitute a proper matter for shareholder action. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the Company not later than the close of business on the 90^{th} day nor earlier than the close of business on the 120^{th} day prior to the first anniversary of the preceding year's annual meeting; *provided, however*, that in the event that the date of the annual meeting is more than 30 days before or more than 70 days after such anniversary date, notice by such shareholder must be so delivered not earlier than the close of business on the 120^{th} day prior to such annual meeting and not later than the close of business on the later of the 90^{th} day prior to such annual meeting or the 10^{th} day following the day on which public announcement of the date of such meeting is first made by the Company. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period, or extend any time period, for the giving of a shareholder's notice as described above. To be in proper form, a shareholder's notice to the Secretary must:

(A) set forth, as to the shareholder giving the notice, the beneficial owner, if any, on whose behalf the nomination or proposal is made:

(1) the name and address of such shareholder, as they appear on the Company's books, of such beneficial owner, if any, and of each (I) affiliate or person acting in concert with such shareholder or beneficial owner and (II) director, officer, employee, general partner or manager of such shareholder or beneficial owner or any such affiliate or person with which such shareholder or beneficial owner is acting in concert of such shareholder or beneficial owner, if any (each, an "Associated Person").

(2) (I) the class or series and number of shares of the Company which are, directly or indirectly owned beneficially and of record by such shareholder, such beneficial owner, if any, or any Associated Person (II) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Company or with a value derived in whole or in part from the value of any class or series of shares of the Company, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Company or otherwise directly or indirectly owned beneficially by such shareholder, such beneficial owner and any Associated Person and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Company (a "Derivative Instrument"), (III) any proxy, contract, arrangement, understanding, or relationship pursuant to which such

shareholder, such beneficial owner and any Associated Person has a right to vote any shares of any security of the Company, (IV) any short interest in any security of the Company held, directly or indirectly, by such shareholder, such beneficial owner and any Associated Person (for purposes of this Section 10 a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (V) any rights to dividends on the shares of the Company owned beneficially by such shareholder, such beneficial owner and any Associated Person that are separated or separable from the underlying shares of the Company, (VI) any proportionate interest in shares of the Company or Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability company in which such shareholder, such beneficial owner and any Associated Person is a general partner or manager or, directly or indirectly, beneficially owns an interest, and (VII) any performance-related fees (other than an asset-based fee) that such shareholder, such beneficial owner and any Associated Person is entitled to based on any increase or decrease in the value of shares of the Company or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such shareholder and such beneficial owner's immediate family sharing the same household (which information shall be supplemented by such shareholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date),

(3) any other information relating to such shareholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder,

(4) a statement whether such shareholder or any other person known to the shareholder will deliver a proxy statement and form of proxy to holders of at least the percentage of the Company's voting shares required under the VSCA to carry the proposal and

(5) a representation that the shareholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to make the nomination or propose such business specified in the notice before the meeting;

(B) if the notice relates to any business other than a nomination of a director or directors that the shareholder proposes to bring before the meeting, set forth:

(1) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such shareholder and beneficial owner, if any, in such business,

(2) the complete text of any resolutions intended to be presented at the meeting and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment and

(3) a description of all agreements, arrangements and understandings between such shareholder, beneficial owner, if any, and any Associated Person and any other person or persons (including their names) in connection with the proposal of such business by such shareholder;

(C) set forth, as to each person, if any, whom the shareholder proposes to nominate for election or reelection to the Board:

(1) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and

(2) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such shareholder, the beneficial owner, if any, and any Associated Person, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K under the Exchange Act if the shareholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any Associated Person, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registration; and

(D) with respect to each nominee for election or reelection to the Board, include a completed and signed questionnaire, representation and agreement required by Article I, Section 10.

The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee. Notwithstanding the foregoing, no disclosure shall be required with respect to ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is proposing business solely as a result of being the shareholder of record or nominee holder that is directed to prepare and submit the shareholder's notice required by these Bylaws on behalf of a beneficial owner.

The foregoing notice requirements shall be deemed satisfied by a shareholder if the shareholder has notified the Company of such shareholder's intention to present a proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act and such shareholder's proposal has been included in a proxy statement that has been prepared by the Company to solicit proxies for such annual meeting. The Company may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Company.

(iii) Notwithstanding anything in the second sentence of Article I, Section 10(a)(ii) to the contrary, in the event that the number of directors to be elected to the Board at an annual meeting is increased and there is no public announcement by the Company naming the nominees for the additional directorships at least 100 days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice required by this Section 10 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the Company not later than the close of business on the 10th day following the day on which such public announcement is first made by the Company.

(b) Special Meetings of Shareholders. Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the Company's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Company's notice of meeting (i) by or at the direction of the Board or (ii) *provided* that the Board has determined that directors shall be elected at such meeting, by any shareholder of the Company who is a shareholder of record at the time the notice provided for in this Section 10 is delivered to the Secretary, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 10. In the event the Company calls a special meeting of shareholders for the purpose of electing one or more directors to the Board, any such shareholder entitled to vote in such election of directors may nominate a person or persons, as the case may be, for election to such position(s) as specified in the Company's notice of meeting, if the shareholder's notice required by Article I, Section 10(a)(ii) is delivered to the Secretary at the principal executive offices of the Company not earlier than the close of business on the 120th day prior to such special meeting, and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period, or extend any time period, for giving of a shareholder's notice as described above.

(c) General.

(i) Only such persons who are nominated in accordance with the procedures set forth in this Section 10 shall be eligible at an annual or special meeting of shareholders of the Company to serve as directors and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 10. Except as otherwise provided by the VSCA, the chairman of the meeting shall have the power and duty:

(A) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 10 (including whether the shareholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such shareholder's nominee or proposal in compliance with such shareholder's representation as required by Article I, Section 10(a)(ii)(C)) and

(B) to declare that such nomination shall be disregarded or that such proposed business shall not be transacted.

Notwithstanding the foregoing provisions of this Section 10, if the shareholder (or a designated representative of the shareholder) does not appear at the annual or special meeting of shareholders of the Company to present a nomination or business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Company.

(ii) For purposes of this Section 10, "public announcement" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Company with the Securities and Exchange Commission (the "SEC") pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(iii) Notwithstanding the foregoing provisions of this Section 10, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 10. Nothing in this Section 10 shall be deemed to affect any rights of (A) shareholders to request inclusion of proposals in the Company's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (B) the holders of any series of preferred stock, if any, to elect directors pursuant to any applicable provisions of the Articles of Incorporation.

(iv) A shareholder must further update and supplement the notice required by this Section 10, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for determining the shareholders entitled to notice of the meeting and as of the date that is 10 business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary not later than five business days after the record date for determining the shareholders entitled to notice of the meeting (in the case of the update and supplement required to be made as of such record date), and not later than five business days prior to the date of the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed (in the case of the update and supplement required to be made as of 10 business days prior to the meeting or any adjournment or postponement thereof).

Section 11. Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Company, a person must deliver (prior to the mailing of the Company's proxy statement with respect to such election or reelection) to the Secretary at the principal executive offices of the Company a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on which behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) (the "Agreement"), which Agreement (a) shall provide that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Company, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Company or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as director of the Company, with such person's fiduciary duties under applicable law, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to the Company, and (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Company, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Company (copies of which shall be provided by the Secretary upon written request) (subject to any waivers or exemptions granted pursuant to a resolution of the majority of the disinterested members of the Board) and (b) if such person is at the time a director or is subsequently elected as a director of the Company, shall include such person's irrevocable resignation as a director if such person is found by a court of competent jurisdiction to have breached the Agreement in any material respect.

Section 12. Inspectors. The Company shall appoint one or more inspectors to act at a meeting of shareholders of the Company and make a written report of the inspector's determinations. The Company may designate one or more persons as alternate inspector to replace any inspector who fails to act. If no inspector or alternate is able to act at any meeting of shareholders, the chairman of such meeting shall appoint one or more inspectors to act at the meeting. Each inspector shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspectors shall (a) ascertain the number of shares outstanding and the voting power of each, (b) determine the shares represented at the meeting and the validity of proxies and ballots, (c) count all votes, (d) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares represented at the meeting and their count of all votes. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

ARTICLE II
Directors

Section 1. General Powers. The property, affairs and business of the Company shall be managed under the direction of the Board, and except as otherwise expressly provided by the VSCA, the Articles of Incorporation or these Bylaws, all of the powers of the Company shall be vested in such Board.

Section 2. Number of Directors. The Board shall be ten in number. By amendment of these Bylaws the Board or the shareholders may increase or decrease the number of directors; *provided, however,* that the Board may not increase or decrease the number of directors by more than thirty percent of the number of directors last elected by the shareholders.

Section 3. Election of Directors.

(a) Directors shall be elected each year at the annual meeting of shareholders.

(b) Directors shall hold their offices until the next annual meeting of the shareholders and until their successors are elected. Any director may be removed from office as set forth in the Articles of Incorporation.

(c) Any vacancy occurring in the Board may be filled by the affirmative vote of the majority of the remaining directors though less than a quorum of the Board.

(d) A majority of the number of directors fixed by these Bylaws shall constitute a quorum for the transaction of business. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 4. Meetings of Directors.

(a) Meetings of the Board shall be held at places within or without the Commonwealth of Virginia and at times fixed by resolution of the Board or upon call of the Chief Executive Officer or the Chairman of the Board, and the Secretary or officer performing the Secretary's duties shall give not less than twenty-four (24) hours' notice by letter, telegraph, telephone, in person, or other form of electronic transmission of all meetings of the directors, *provided that* notice need not be given of regular meetings held at times and places fixed by resolution of the Board. An annual meeting of the Board shall be held as soon as practicable after the adjournment of the annual meeting of shareholders. Meetings may be held at any time without notice if all of the directors are present, or if those not present waive notice in writing either before or after the meeting. Directors may be allowed, by resolution of the Board, a reasonable fee and expenses for attendance at meetings.

(b) The Board may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present at the meeting.

(c) Action required to be taken at a Board's meeting may be taken without a meeting if the action is taken by all directors. The action shall be evidenced by one or more consents stating the action taken, signed by each director either before or after the action taken, and included in the minutes or filed with the corporate records reflecting the action taken. Any consent and the signing thereof may be accomplished by one or more electronic transmissions, as provided by VSCA §13.1-610D, as amended from time to time.

ARTICLE III
Committees

Section 1. Executive Committee.

(a) On recommendation of the Nominating & Governance Committee, the Board shall, by vote of a majority of the number of directors fixed by these Bylaws, designate an Executive Committee. The members of the Executive Committee shall serve until their successors are designated by the Board, until removed or until the Executive Committee is dissolved by the Board. All vacancies on the Executive Committee shall be filled by the Board.

(b) When the Board is not in session, the Executive Committee shall have all power vested in the Board by law, the Articles of Incorporation or these Bylaws, except as otherwise provided in the VSCA. The Executive Committee shall report at the next regular or special meeting of the Board all action which the Executive Committee may have taken on behalf of the Board since the last regular or special meeting of the Board.

Section 2. Executive Compensation Committee.

(e) On recommendation of the Nominating & Governance Committee, the Board, at its regular annual meeting, shall designate an Executive Compensation Committee, which shall consist of three or more directors who shall not be eligible for bonus, stock option or stock appreciation rights and each of whom shall satisfy the independence requirements of the New York Stock Exchange ("NYSE"), as amended from time to time. The responsibilities of the Executive Compensation Committee shall be set forth in its charter as approved by the Board.

(f) The Executive Compensation Committee shall fix its own rules of procedure. The Committee shall keep minutes of its meetings, and all action taken shall be reported to the Board. Vacancies on the Executive Compensation Committee shall be filled by the Board, and members shall be subject to removal by the Board at any time.

Section 3. Audit Committee.

(d) On recommendation of the Nominating & Governance Committee, the Board, at its regular annual meeting, shall designate an Audit Committee, which shall consist of three or more directors whose membership on the Committee shall meet the requirements set forth in the rules of the NYSE, as amended from time to time. The responsibilities of the Audit Committee shall be set forth in its charter as approved by the Board.

(e) The Audit Committee shall fix its own rules of procedure. The Committee shall keep minutes of all of its meetings, and all action taken shall be reported to the Board. Vacancies on the Audit Committee shall be filled by the Board, and members shall be subject to removal by the Board at any time.

Section 4. Nominating & Governance Committee.

(a) On recommendation of the Nominating & Governance Committee, the Board shall, at its regular annual meeting, designate a Nominating & Governance Committee, which shall consist of three or more directors each of whom shall satisfy the independence requirements of the NYSE, as amended from time to time. The responsibilities of the Nominating & Governance Committee shall be set forth in its charter as approved by the Board.

(b) The Nominating & Governance Committee shall fix its own rules of procedure. The Committee shall keep minutes of its meetings, and all action taken shall be reported to the Board. Vacancies on the Nominating & Governance Committee shall be filled by the Board, and members shall be subject to removal by the Board at any time.

Section 5. Other Committees of the Board. The Board, by resolution duly adopted, may establish such other committees of the Board as it may deem advisable and the members, terms and authority of such committees shall be as set forth in the resolutions establishing the same.

Section 6. Notice of Committee Meetings; Quorum. Meetings of any Committee shall be held at such places and at such times fixed by resolution of the Committee, or upon call of the Chief Executive Officer, the Chairman of the Board or the Chairman of the Committee. Not less than 12 hours' notice shall be given by letter, telegraph, telephone, in person, or, in the manner provided in Article II, Section 4, electronically, of all meetings of any Committee, *provided that* notice need not be given of regular meetings held at times and places fixed by resolution of the Committee and meetings may be held at any time without notice if all of the members of the Committee are present or if those not present waive notice in writing either before or after the meeting. A majority of the members of the Committee then serving shall constitute a quorum for the transaction of business at any meeting.

ARTICLE IV
Officers

Section 1. Election. The officers of the Company may consist of a Chief Executive Officer, a Chairman of the Board, a Vice Chairman of the Board, a President, one or more Vice Presidents (any one or more of whom may be designated as Executive Vice Presidents or Senior Vice Presidents), a Secretary and a Treasurer. In addition, such other officers may from time to time be elected by the Board, including, without limitation, one or more Assistant Secretaries and Assistant Treasurers. All officers shall hold office until the next annual meeting of the Board or until their successors are elected. The Chairman of the Board and the Vice Chairman of the Board shall be chosen from among the directors. Any two offices may be combined in the same person as the Board may determine.

Section 2. Removal of Officers; Vacancies. Any officer of the Company may be removed summarily with or without cause, at any time by a resolution passed at any meeting by affirmative vote of a majority of the number of directors fixed by these Bylaws. Vacancies may be filled at any meeting of the Board.

Section 3. Duties. The officers of the Company shall have such duties as generally pertain to their offices, respectively, as well as such powers and duties as are hereinafter provided and as from time to time shall be conferred by the Board. The Board may require any officer to give such bond for the faithful performance of his duties as the Board may see fit.

Section 4. Duties of the Chief Executive Officer. The Chief Executive Officer shall be responsible for the execution of the policies of the Board and shall have supervision over the business of the Company and its several officers, subject to the authority of the Board. Unless the Board provides otherwise, the Chief Executive Officer also shall be the President of the Company. The Chief Executive Officer may sign and execute in the name of the Company deeds, mortgages, bonds, contracts or other instruments, except in cases where the signing and the execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Company or shall be required by law otherwise to be signed or executed. In addition, he shall perform all duties incident to the office of the Chief Executive Officer and such other duties as from time to time may be assigned to him by the Board.

Section 5. Chairman of the Board.

(a) The Chairman of the Board shall preside at all meetings of shareholders, the Board and, unless there is a Chairman of the Executive Committee, the Executive Committee.

(b) The Chairman of the Board may sign and execute in the name of the Company deeds, mortgages, bonds, contracts or other instruments, except in cases where the signing and the execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Company or shall be required by law otherwise to be signed or executed. In addition, he shall perform all duties incident to the office of the Chairman of the Board and such other duties as from time to time may be assigned to him by the Board.

Section 6. Duties of the Vice Chairman of the Board. The Vice Chairman of the Board shall perform all duties incident to the office of the Vice Chairman of the Board and shall have such other powers and duties as may from time to time be assigned to him by the Board, the Chief Executive Officer or the Chairman of the Board. The Vice Chairman of the Board may sign and execute in the name of the Company deeds, mortgages, bonds, contracts and other instruments, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Company or shall be required by law otherwise to be signed or executed.

Section 7. Duties of the President. The President shall have direct supervision over the business of the Company subject to the authority of the Board, the Chief Executive

Officer (if the President is not also Chief Executive Officer) and the Chairman of the Board. The President may sign and execute in the name of the Company deeds, mortgages, bonds, contracts or other instruments, except in cases where the signing and the execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Company or shall be required by law otherwise to be signed or executed. In addition, he shall perform all duties incident to the office of the President and such other duties as from time to time may be assigned to him.

Section 8. Duties of the Vice Presidents. Each Vice President of the Company (including any Executive Vice President and Senior Vice President) shall have powers and duties that are customary for that office and such other powers and duties as may from time to time be assigned to him. Any Vice President of the Company may sign and execute in the name of the Company deeds, mortgages, bonds, contracts and other instruments, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Company or shall be required by law otherwise to be signed or executed.

Section 9. Duties of the Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Company, and shall cause all such funds and securities to be deposited in such banks and depositories as the Board from time to time may direct. He shall maintain adequate accounts and records of all assets, liabilities and transactions of the Company in accordance with generally accepted accounting practices; shall exhibit his accounts and records to any of the directors of the Company at any time upon request at the office of the Company; shall render such statements of his accounts and records and such other statements to the Board and officers as often and in such manner as they shall require; and shall make and file (or supervise the making and filing of) all tax returns required by law. He shall in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him.

Section 10. Duties of the Secretary. The Secretary shall act as secretary of all meetings of the Board and the shareholders of the Company, and shall keep the minutes thereof in the proper book or books to be provided for that purpose. He shall see that all notices required to be given by the Company are duly given and served; shall have custody of the seal of the Company and shall affix the seal or cause it to be affixed to all certificates for stock of the Company and to all documents the execution of which on behalf of the Company under its corporate seal is duly authorized in accordance with the provisions of these Bylaws; shall have custody of all deeds, leases, contracts and other important corporate documents; shall have charge of the books, records and papers of the Company relating to its organization and management as a Company; shall see that the reports, statements and other documents required by law (except tax returns) are properly filed; and shall, in general, perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him.

Section 11. Other Duties of Officers. Any officer of the Company shall have, in addition to the duties prescribed herein or by law, such other duties as from time to time shall be prescribed.

ARTICLE V
Capital Stock

Section 1. Certificates. The shares of capital stock of the Company may be certificated or uncertificated as provided under the VSCA. All certificates representing shares of capital stock of the Company shall be in such forms as prescribed by the Board and executed by the Chief Executive Officer or the Chairman of the Board and by the Secretary or an Assistant Secretary and stating thereon the information required by law. Transfer agents and/or registrars for one or more classes of the stock of the Company may be appointed by the Board and may be required to countersign certificates representing stock of such class or classes. In the event that any officer whose signature or facsimile thereof shall have been used on a stock certificate shall for any reason cease to be an officer of the Company and such certificate shall not then have been delivered by the Company, the Board may nevertheless adopt such certificate and it may then be issued and delivered as though such person had not ceased to be an officer of the Company. Within a reasonable time after the issuance or transfer of uncertificated shares of the Company, the Company shall send, or cause to be sent, to the holder a written statement that shall include the information required by law to be set forth on certificates for shares of capital stock.

Section 2. Lost, Destroyed and Mutilated Certificates. Holders of the stock of the Company in certificated form shall immediately notify the Company of any loss, destruction or mutilation of the certificate therefor, and the Board may, in its discretion, cause one or more new certificates or evidence of such holder's ownership of such shares in uncertificated form for the same number of shares in the aggregate to be issued to such shareholder upon the surrender of the mutilated certificate or upon satisfactory proof of such loss or destruction, and the deposit of a bond in such form and amount and with such surety as the Board may require.

Section 3. Transfer of Stock. The stock of the Company shall be transferable or assignable only on the books of the Company by the holders in person or by attorney, and in the case of shares of stock of the Company represented by a certificate, on surrender of the certificate for such shares duly endorsed and, if sought to be transferred by attorney, accompanied by a written power of attorney to have the same transferred on the books of the Company. Uncertificated shares shall be transferable or assignable only on the books of the Company upon proper instruction from the holder of such shares. The Company will recognize the exclusive right of the person registered on its books as the owner of shares to receive dividends and to vote as such owner.

Section 4. Fixing Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of the shareholders or any adjournment thereof, or entitled to receive payment for any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than 70 days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. Except as otherwise required by the VSCA, when a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Section 4, such determination shall apply to any adjournment thereof.

ARTICLE VI
Miscellaneous Provisions

Section 1. Seal. The seal of the Company shall consist of a flat-face circular die, of which there may be any number of counterparts, on which there shall be engraved in the center the words "Albemarle Corporation."

Section 2. Fiscal Year. The fiscal year of the Company shall end on December 31st of each year.

Section 3. Books and Records. The Company shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its shareholders and Board. The Company shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar a record of its shareholders, giving the names and addresses of all shareholders, and the number, class and series of the shares being held.

Section 4. Checks, Notes and Drafts. Checks, notes, drafts and other orders for the payment of money shall be signed by such persons as the Board from time to time may authorize. When the Board so authorizes, however, the signature of any such person may be a facsimile.

Section 5. Amendment of Bylaws. These Bylaws may be amended or altered at any meeting of the Board. The shareholders entitled to vote in respect of the election of directors, however, shall have the power to rescind, alter, amend or repeal any Bylaws and to enact Bylaws which, if expressly so provided, may not be amended, altered or repealed by the Board.

Section 6. Voting of Stock Held. The Chief Executive Officer, the Chairman of the Board or such other officer or officers as may be designated by the Board or the Executive Committee shall from time to time appoint an attorney or attorneys or agent or agents of this Company, in the name and on behalf of this Company, to cast the vote which this Company may be entitled to cast as a shareholder or otherwise in any other company any of whose stock or securities may be held in this Company, at meetings of the holders of the stock or other securities of such other company, or to consent in writing to any action by any of such other company, and shall instruct the person or persons so appointed as to the manner of casting such votes or giving such consent and may execute or cause to be executed on behalf of this Company and under its corporate seal or otherwise, such written proxies, consents, waivers or other instruments as may be necessary or proper in the premises; or, in lieu of such appointment, the Chief Executive Officer, the Chairman of the Board or any such designated officer or officers may attend in person any meetings of the holders of stock or other securities of any such other company and there vote or exercise any or all power of this Company as the holder of such stock or other securities of such other company.

Section 7. Control Share Acquisition Statute. Article 14.1 of the VSCA ("Control Share Acquisitions") shall not apply to acquisitions of shares of stock of the Company.

Section 8. Exclusive Forum. Unless the Company consents in writing to the selection of an alternative forum, the United States District Court for the Eastern District of Virginia, Alexandria Division, or in the event that court lacks jurisdiction to hear such action, the Circuit Court of the County of Fairfax, Virginia, shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a legal duty owed by any current or former director, officer or other employee or agent of the Company to the Company or the Company's shareholders, (iii) any action asserting a claim against the Company or any director or officer or other employee of the Company arising pursuant to any provision of the VSCA or the Articles of Incorporation or these Bylaws (as either may be amended from time to time), or (iv) any action asserting a claim against the Company or any current or former director or officer or other employee or agent of the Company governed by the internal affairs doctrine.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Luther C. Kissam IV, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Albemarle Corporation for the period ended September 30, 2013;
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: October 18, 2013

/s/ LUTHER C. KISSAM IV

Luther C. Kissam IV
Chief Executive Officer and Director

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Scott A. Tozier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Albemarle Corporation for the period ended September 30, 2013;
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: October 18, 2013

/s/ SCOTT A. TOZIER

Scott A. Tozier
Senior Vice President, Chief Financial Officer and
Chief Accounting 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 Quarterly Report on Form 10-Q of Albemarle Corporation (the "Company") for the period ended September 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Luther C. Kissam IV, Chief Executive 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/ LUTHER C. KISSAM IV

Luther C. Kissam IV
Chief Executive Officer and Director
October 18, 2013

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 Quarterly Report on Form 10-Q of Albemarle Corporation (the "Company") for the period ended September 30, 2013 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, Chief Financial Officer and
Chief Accounting Officer
October 18, 2013