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

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 15, 2014

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

Virginia	001-12658	54-1692118
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS 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

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☒ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a- 12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note

This Amendment No. 1 to the Registrant's Current Report on Form 8-K (this "Amendment") amends the Registrant's original Current Report on Form 8-K filed July 15, 2014 (which contained a report pursuant to Item 8.01 thereof). This Amendment files (i) the audited consolidated financial statements for Rockwood Holdings, Inc. ("Rockwood") as of December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013 and the notes related thereto, (ii) the unaudited condensed consolidated financial statements of Rockwood as of June 30, 2014 and December 31, 2013 and for each of the three- and six-month periods ended June 30, 2014 and 2013 and the notes related thereto and (iii) the Registrant's and Rockwood's unaudited pro forma condensed combined balance sheet as of June 30, 2014, the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013, and the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2014 and the notes related thereto, all of which are in connection with the Registrant's proposed acquisition of Rockwood pursuant to an Agreement and Plan of Merger dated July 15, 2014 (the "transaction").

In addition, this Amendment also adds certain additional disclosure under Item 8.01 regarding a segment change by Rockwood.

Item 8.01 Other Events

In the second quarter of 2014, Rockwood reorganized its metal sulfides business and began reporting it within its Surface Treatment segment. The metal sulfides business was previously reported in the "Corporate and other" category. In Rockwood's Form 10-Q for the quarterly period ended June 30, 2014, Rockwood reclassified its consolidated financial statements to reflect this segment change for all periods presented in such Form 10-Q. The effect of this segment change was not material to previously issued annual and interim financial statements. As a result, the consolidated financial statements and accompanying notes as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 filed herewith as Exhibit 99.2 and included in Rockwood's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as well as as of March 31, 2014 and for the three months ended March 31, 2014 and 2013, respectively, included in Rockwood's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014, have not been recast to reflect the metal sulfides business within the Surface Treatment segment.

The table below sets forth Rockwood's financial information by segment (i) as reported in its Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 and (ii) as would have been reported if the financial statements reflected the segment change.

	Year ended December 31,						Three months ended March 31,			
	2013		2012		2011		2014		2013	
($ in millions)	As Reported	As Updated	As Reported	As Updated	As Reported	As Updated	As Reported	As Updated	As Reported	As Updated
Net Sales:										
Lithium	$ 479.4	$ 479.4	$ 474.4	$ 474.4	$ 456.5	$ 456.5	$ 115.8	$ 115.8	$ 118.5	$ 118.5
Surface Treatment	770.2	885.0	723.2	835.9	743.2	881.8	203.7	235.6	184.5	215.2
Corporate and other	128.2	13.4	126.2	13.5	154.4	15.8	35.0	3.1	34.1	3.4
Total	$1,377.8	$1,377.8	$1,323.8	$1,323.8	$1,354.1	$1,354.1	$ 354.5	$ 354.5	$ 337.1	$ 337.1
Adjusted EBITDA:										
Lithium	$ 181.8	$ 181.8	$ 181.9	$ 181.9	$ 170.2	$ 170.2	$ 41.1	$ 41.1	$ 46.9	$ 46.9
Surface Treatment	174.3	197.9	155.2	176.9	151.0	178.9	46.4	53.4	39.5	45.6
Corporate and other	(32.8)	(56.4)	(16.0)	(37.7)	(37.2)	(65.1)	(6.7)	(13.7)	(9.0)	(15.1)
Total	$ 323.3	$ 323.3	$ 321.1	$ 321.1	$ 284.0	$ 284.0	$ 80.8	$ 80.8	$ 77.4	$ 77.4
Income before taxes:										
Lithium	$ 114.5	$ 114.5	$ 98.8	$ 98.8	$ 118.0	$ 118.0	$ 28.1	$ 28.1	$ 30.4	$ 30.4
Surface Treatment	131.6	150.9	91.6	109.5	80.3	99.4	34.2	40.2	27.2	32.2
Corporate and other	(200.7)	(220.0)	(82.3)	(100.2)	(112.8)	(131.9)	(27.8)	(33.8)	(50.3)	(55.3)
Total	$ 45.4	$ 45.4	$ 108.1	$ 108.1	$ 85.5	$ 85.5	$ 34.5	$ 34.5	$ 7.3	$ 7.3
Identifiable Assets:										
Lithium	$1,373.4	$1,373.4	$1,257.6	$1,257.6	$1,189.9	$1,189.9	$1,355.4	$1,355.4		
Surface Treatment	1,076.9	1,152.9	977.4	1,094.1	942.2	1,034.7	1,104.0	1,185.4		
Corporate and other	1,932.5	1,872.9	1,627.3	1,566.2	423.4	361.1	1,861.9	1,797.6		
Eliminations	(399.6)	(416.0)	(431.9)	(487.5)	(410.7)	(440.9)	(403.3)	(420.4)		
Total	$3,983.2	$3,983.2	$3,430.4	$3,430.4	$2,144.8	$2,144.8	$3,918.0	$3,918.0		
Capital Expenditures:										
Lithium	$ 144.6	$ 144.6	$ 98.3	$ 98.3	$ 76.2	$ 76.2	$ 34.8	$ 34.8	$ 34.5	$ 34.5
Surface Treatment	23.5	25.6	33.6	39.1	23.6	33.3	5.1	5.4	4.4	4.5
Corporate and other	4.2	2.1	8.9	3.4	12.2	2.5	0.4	0.1	0.3	0.2
Total	$ 172.3	$ 172.3	$ 140.8	$ 140.8	$ 112.0	$ 112.0	$ 40.3	$ 40.3	$ 39.2	$ 39.2

The following table sets forth a reconciliation of Rockwood's income (loss) from continuing operations before taxes to Adjusted EBITDA from continuing operations for the periods indicated.

($ in millions)	As Reported				As Updated			
	Lithium	Surface Treatment	Corporate and other	Consolidated	Lithium	Surface Treatment	Corporate and other	Consolidated
Year ended December 31, 2013								
Income (loss) from continuing operations before taxes	$114.5	$ 131.6	$ (200.7)	$ 45.4	$114.5	$ 150.9	$ (220.0)	$ 45.4
Interest expense, net	1.6	11.8	68.9	82.3	1.6	12.2	68.5	82.3
Depreciation and amortization	46.0	31.4	16.1	93.5	46.0	35.2	12.3	93.5
Restructuring and other severance costs	8.2	6.0	3.3	17.5	8.2	6.0	3.3	17.5
Systems/organization establishment expenses	1.1	1.0	0.1	2.2	1.1	1.0	0.1	2.2
Acquisition and disposal costs	0.1	2.8	6.0	8.9	0.1	2.8	6.0	8.9
Loss on early extinguishment/modification of debt	2.2	3.1	10.2	15.5	2.2	3.2	10.1	15.5
Asset write-downs and other	4.0	0.1	—	4.1	4.0	0.1	—	4.1
Gain on previously held equity interest	—	(16.0)	—	(16.0)	—	(16.0)	—	(16.0)
Foreign exchange loss on financing activities, net	4.1	1.2	61.8	67.1	4.1	1.2	61.8	67.1
Other	—	1.3	1.5	2.8	—	1.3	1.5	2.8
Total Adjusted EBITDA from continuing operations	$181.8	$ 174.3	$ (32.8)	$ 323.3	$181.8	$ 197.9	$ (56.4)	$ 323.3
Year ended December 31, 2012								
Income (loss) from continuing operations before taxes	$ 98.8	$ 91.6	$ (82.3)	$ 108.1	$ 98.8	$ 109.5	$ (100.2)	$ 108.1
Interest expense, net	3.3	15.6	45.6	64.5	3.3	15.7	45.5	64.5
Depreciation and amortization	44.2	31.9	13.2	89.3	44.2	35.4	9.7	89.3
Restructuring and other severance costs	26.1	8.0	1.2	35.3	26.1	8.0	1.2	35.3
Systems/organization establishment expenses	0.6	1.4	—	2.0	0.6	1.4	—	2.0
Acquisition and disposal costs	—	0.2	(2.3)	(2.1)	—	0.2	(2.3)	(2.1)
Loss on early extinguishment/modification of debt	2.6	3.0	6.4	12.0	2.6	3.0	6.4	12.0
Asset write-downs and other	0.1	0.2	—	0.3	0.1	0.2	—	0.3
Foreign exchange loss on financing activities, net	6.2	3.0	1.1	10.3	6.2	3.0	1.1	10.3
Other	—	0.3	1.1	1.4	—	0.5	0.9	1.4
Total Adjusted EBITDA from continuing operations	$181.9	$ 155.2	$ (16.0)	$ 321.1	$181.9	$ 176.9	$ (37.7)	$ 321.1
Year ended December 31, 2011								
Income (loss) from continuing operations before taxes	$118.0	$ 80.3	$ (112.8)	$ 85.5	$118.0	$ 99.4	$ (131.9)	$ 85.5
Interest expense, net	7.4	20.6	55.1	83.1	7.4	26.1	49.6	83.1
Depreciation and amortization	41.4	33.1	13.5	88.0	41.4	36.4	10.2	88.0
Restructuring and other severance costs	3.2	8.0	0.2	11.4	3.2	8.0	0.2	11.4
Systems/organization establishment expenses	—	0.8	—	0.8	—	0.8	—	0.8
Acquisition and disposal costs	—	0.1	0.2	0.3	—	0.1	0.2	0.3
Loss on early extinguishment/modification of debt	2.9	4.8	8.9	16.6	2.9	4.8	8.9	16.6
Asset write-downs and other	0.1	0.1	0.7	0.9	0.1	0.1	0.7	0.9
Foreign exchange (gain) loss on financing activities, net	(2.8)	3.0	(3.4)	(3.2)	(2.8)	3.0	(3.4)	(3.2)
Other	—	0.2	0.4	0.6	—	0.2	0.4	0.6
Total Adjusted EBITDA from continuing operations	$170.2	$ 151.0	$ (37.2)	$ 284.0	$170.2	$ 178.9	$ (65.1)	$ 284.0

($ in millions)	As Reported				As Updated			
	Lithium	Surface Treatment	Corporate and other	Consolidated	Lithium	Surface Treatment	Corporate and other	Consolidated
Three months ended March 31, 2014								
Income (loss) from continuing operations before taxes	$ 28.1	$ 34.2	$ (27.8)	$ 34.5	$ 28.1	$ 40.1	$ (33.7)	$ 34.5
Interest (income) expense, net	(0.2)	3.0	11.4	14.2	(0.2)	3.1	11.3	14.2
Depreciation and amortization	11.5	7.7	6.0	25.2	11.5	8.7	5.0	25.2
Restructuring and other severance costs	3.5	0.6	—	4.1	3.5	0.6	—	4.1
Systems/organization establishment expenses	0.2	0.1	—	0.3	0.2	0.1	—	0.3
Acquisition and disposal costs	—	0.3	0.8	1.1	—	0.3	0.8	1.1
Foreign exchange (gain) loss on financing activities, net	(2.1)	(0.2)	2.9	0.6	(2.1)	(0.2)	2.9	0.6
Other	0.1	0.7	—	0.8	0.1	0.7	—	0.8
Total Adjusted EBITDA from continuing operations	$ 41.1	$ 46.4	$ (6.7)	$ 80.8	$ 41.1	$ 53.4	$ (13.7)	$ 80.8
Three months ended March 31, 2013								
Income (loss) from continuing operations before taxes	$ 30.4	$ 27.2	$ (50.3)	$ 7.3	$ 30.4	$ 32.2	$ (55.3)	$ 7.3
Interest expense, net	0.7	3.0	19.7	23.4	0.7	3.2	19.5	23.4
Depreciation and amortization	11.1	7.9	3.4	22.4	11.1	8.8	2.5	22.4
Restructuring and other severance costs	3.9	2.2	0.2	6.3	3.9	2.2	0.2	6.3
Systems/organization establishment expenses	0.1	0.6	—	0.7	0.1	0.6	—	0.7
Acquisition and disposal costs	0.1	—	1.7	1.8	0.1	—	1.7	1.8
Foreign exchange loss (gain) on financing activities, net	0.6	(1.9)	16.4	15.1	0.6	(1.9)	16.4	15.1
Other	—	0.5	(0.1)	0.4	—	0.5	(0.1)	0.4
Total Adjusted EBITDA from continuing operations	$ 46.9	$ 39.5	$ (9.0)	$ 77.4	$ 46.9	$ 45.6	$ (15.1)	$ 77.4

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business to be Acquired

Rockwood's audited consolidated balance sheets as of December 31, 2013 and 2012, and the related audited consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013 and the notes related thereto are filed as Exhibit 99.2 hereto.

Rockwood's unaudited condensed consolidated balance sheets as of June 30, 2014 and December 31, 2013, and the related unaudited condensed consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three- and six-month periods ended June 30, 2014 and 2013 and the notes related thereto are filed as Exhibit 99.3 hereto.

(b) Pro Forma Financial Information

The Registrant's and Rockwood's unaudited pro forma condensed combined balance sheet as of June 30, 2014, the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013, and the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2014 and the notes related thereto are filed as Exhibit 99.4 hereto.

(d) Exhibits

23.1*	Consent of Deloitte & Touche LLP, independent registered public accounting firm
99.1**	Press release, dated July 15, 2014, issued by the Company (previously filed with the Registrant's Current Report on Form 8-K, dated July 15, 2014 (which contained a report pursuant to Item 8.01 thereof), File No. 001-12658)
99.2*	Rockwood's audited consolidated balance sheets as of December 31, 2013 and 2012, and the related audited consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013 and the notes related thereto.
99.3*	Rockwood's unaudited condensed consolidated balance sheets as of June 30, 2014 and December 31, 2013, and the related unaudited condensed consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three- and six-month periods ended June 30, 2014 and 2013 and the notes related thereto.
99.4*	The Registrant's and Rockwood's unaudited pro forma condensed combined balance sheet as of June 30, 2014, the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013, and the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2014 and the notes related thereto.

* filed herewith
** previously filed

Forward Looking Statements

Some of the information presented in this report, including, without limitation, statements with respect to the transaction and the anticipated consequences and benefits of the transaction, the targeted close date for the transaction, product development, changes in productivity, market trends, price, expected growth and earnings, cash flow generation, costs and cost synergies, portfolio diversification, economic trends, outlook and all other information relating to matters that are not historical facts may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. There can be no assurance that actual results will not differ materially. Factors that could cause actual results to differ materially include, without limitation: the receipt and timing of necessary regulatory approvals; the ability to finance the transaction; the ability to successfully operate and integrate Rockwood's operations and realize estimated synergies; 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; changes in our markets in general; changes in laws and government regulation impacting our operations or our products; the occurrence of claims or litigation; the occurrence of natural disasters; political unrest affecting the global economy; political instability affecting our manufacturing operations or joint ventures; changes in accounting standards; changes in the jurisdictional mix of our earnings and changes in tax laws and rates; volatility and substantial uncertainties in the debt and equity markets; technology or intellectual property infringement; decisions we may make in the future; and the other factors detailed from time to time in the reports we file with the SEC, including those described under "Risk Factors" in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. These forward-looking statements speak only as of the date of this communication. Albemarle expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Important Information for Stockholders and Investors

Nothing in this report shall constitute a solicitation to buy or subscribe for or an offer to sell any securities of Albemarle or Rockwood or a solicitation of any vote or approval. In connection with the proposed transaction, Albemarle and Rockwood have filed a joint proxy statement/prospectus and will file other relevant documents concerning the proposed transaction with the Securities and Exchange Commission ("SEC"), and Albemarle has filed a Registration Statement on Form S-4 (Registration No. 333-198415) with the SEC. STOCKHOLDERS OF EACH COMPANY AND OTHER INVESTORS ARE URGED TO READ THE REGISTRATION STATEMENT, JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) REGARDING THE PROPOSED TRANSACTION WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Stockholders and investors may obtain a free copy of the registration statement and joint proxy statement/prospectus, as well as other filings containing information about Albemarle and Rockwood, without charge, at the SEC's Internet site (http://www.sec.gov). Copies of the registration statement and joint proxy statement/prospectus and the filings with the SEC that will be incorporated by reference therein can also be obtained, without charge, by directing a request to Albemarle Corporation, 451 Florida Street, Baton Rouge, Louisiana 70801, USA, Attention: Investor Relations, Telephone: +1 225-388-7322, or to Rockwood Holdings, Inc., 100 Overlook Center, Princeton, New Jersey 08540, USA, Attn: Investor Relations, Telephone +1 609-524-1109.

SIGNATURE

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 hereunto duly authorized.

ALBEMARLE CORPORATION

Date: October 1, 2014

By: /s/ Karen G. Narwold

Karen G. Narwold
Senior Vice President, General Counsel, Corporate and Government Affairs, Corporate Secretary

EXHIBIT INDEX

Exhibit Number	Exhibit
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99.2*	Rockwood’s audited consolidated balance sheets as of December 31, 2013 and 2012, and the related audited consolidated statements of operations, comprehensive income, changes in stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2013 and the notes related thereto.
99.3*	Rockwood’s unaudited condensed consolidated balance sheets as of June 30, 2014 and December 31, 2013, and the related unaudited condensed consolidated statements of operations, comprehensive income, changes in stockholders’ equity, and cash flows for each of the three- and six-month periods ended June 30, 2014 and 2013 and the notes related thereto.
99.4*	The Registrant’s and Rockwood’s unaudited pro forma condensed combined balance sheet as of June 30, 2014, the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013, and the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2014 and the notes related thereto.

* filed herewith

** previously filed

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-198415 on Form S-4 and Registration Statement Nos. 33-75622, 333-108805, 333-150694, 333-166828 and 333-188599 on Forms S-8 of Albemarle Corporation of our reports dated March 4, 2014, relating to the consolidated financial statements of Rockwood Holdings, Inc. and Subsidiaries as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011, and the effectiveness of Rockwood Holdings, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2013, appearing in Albemarle Corporation's Current Report on Form 8-K/A dated October 1, 2014.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
October 1, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Rockwood Holdings, Inc.
Princeton, New Jersey

We have audited the accompanying consolidated balance sheets of Rockwood Holdings, Inc. and Subsidiaries (the “Company”) as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, changes in stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Rockwood Holdings, Inc. and Subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 4, 2014 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
March 4, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Rockwood Holdings, Inc.
Princeton, New Jersey

We have audited the internal control over financial reporting of Rockwood Holdings, Inc. and Subsidiaries (the "Company") as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report, dated March 4, 2014, expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP
Parsippany, New Jersey
March 4, 2014

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in millions, except per share amounts; shares in thousands)

	Year ended December 31,		
	2013	2012	2011
Net sales	$1,377.8	$1,323.8	$1,354.1
Cost of products sold	759.8	737.1	772.8
Gross profit	618.0	586.7	581.3
Selling, general and administrative expenses	401.8	356.2	387.2
Gain on previously held equity interest	(16.0)	—	—
Restructuring and other severance costs	17.5	35.3	11.4
Asset write-downs and other	4.1	0.3	0.9
Operating income	210.6	194.9	181.8
Other expenses, net:			
Interest expense, net	(82.3)	(64.5)	(83.1)
Loss on early extinguishment/modification of debt	(15.5)	(12.0)	(16.6)
Foreign exchange (loss) gain on financing activities, net	(67.1)	(10.3)	3.2
Other, net	(0.3)	—	0.2
Other expenses, net	(165.2)	(86.8)	(96.3)
Income from continuing operations before taxes	45.4	108.1	85.5
Income tax (benefit) provision	(10.0)	(124.8)	15.3
Income from continuing operations	55.4	232.9	70.2
(Loss) income from discontinued operations, net of tax	(65.0)	161.0	250.5
Gain on sale of discontinued operations, net of tax	1,670.5	—	119.3
Net income	1,660.9	393.9	440.0
Net income attributable to noncontrolling interest - discontinued operations	(1.0)	(14.7)	(40.6)
Net income attributable to Rockwood Holdings, Inc. shareholders	$1,659.9	$ 379.2	$ 399.4
Amounts attributable to Rockwood Holdings, Inc. shareholders:			
Income from continuing operations	$ 55.4	$ 232.9	$ 70.2
Income from discontinued operations	1,604.5	146.3	329.2
Net income attributable to Rockwood Holdings, Inc. shareholders	$1,659.9	$ 379.2	$ 399.4
Basic earnings per share attributable to Rockwood Holdings, Inc. shareholders:			
Earnings from continuing operations	$ 0.73	$ 3.00	$ 0.92
Earnings from discontinued operations	21.17	1.88	4.30
Basic earnings per share	$ 21.90	$ 4.88	$ 5.22
Diluted earnings per share attributable to Rockwood Holdings, Inc. shareholders:			
Earnings from continuing operations	$ 0.72	$ 2.91	$ 0.88
Earnings from discontinued operations	20.73	1.83	4.12
Diluted earnings per share	$ 21.45	$ 4.74	$ 5.00
Dividends declared per share of common stock	$ 1.70	$ 1.05	$ —
Weighted average number of basic shares outstanding	75,781	77,665	76,555
Weighted average number of diluted shares outstanding	77,390	79,943	79,865

See accompanying notes to consolidated financial statements.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in millions)

	Year ended December 31,		
	2013	2012	2011
Net income	$1,660.9	$393.9	$ 440.0
Other comprehensive income, net of tax:			
Pension related adjustments	50.4	(76.8)	(45.3)
Foreign currency translation	64.6	25.1	(53.8)
Intercompany loans - foreign currency translation	30.3	13.9	(24.7)
Net investment hedges	—	(0.3)	(9.9)
Foreign exchange contracts	—	0.2	0.4
Other comprehensive income (loss)	145.3	(37.9)	(133.3)
Comprehensive income	1,806.2	356.0	306.7
Comprehensive income attributable to noncontrolling interest	(2.4)	(1.9)	(28.4)
Comprehensive income attributable to Rockwood Holdings, Inc. shareholders	$1,803.8	$354.1	$ 278.3

See accompanying notes to consolidated financial statements.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in millions, except per share amounts; shares in thousands)

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$1,522.8	$1,266.1
Accounts receivable, net	228.1	205.5
Inventories	228.2	212.7
Deferred income taxes	45.4	7.5
Prepaid expenses and other current assets	90.1	47.9
Assets of discontinued operations	1,549.1	2,583.2
Total current assets	3,663.7	4,322.9
Property, plant and equipment, net	842.8	719.6
Goodwill	659.6	610.5
Other intangible assets, net	127.9	123.4
Deferred financing costs, net	17.9	33.2
Deferred income taxes	156.5	157.4
Other assets	63.9	46.6
Total assets	$5,532.3	$6,013.6
LIABILITIES		
Current liabilities:		
Accounts payable	$ 92.2	$ 73.2
Income taxes payable	13.5	23.7
Accrued compensation	70.0	57.4
Accrued expenses and other current liabilities	89.0	87.2
Deferred income taxes	2.3	3.9
Long-term debt, current portion	10.3	38.4
Liabilities of discontinued operations	486.5	1,258.0
Total current liabilities	763.8	1,541.8
Long-term debt	1,285.1	2,181.4
Pension and related liabilities	268.9	276.1
Deferred income taxes	38.4	30.4
Other liabilities	102.7	95.7
Total liabilities	2,458.9	4,125.4
Commitments and Contingencies - See Note 18		
Restricted stock units	24.2	12.5
EQUITY		
Rockwood Holdings, Inc. stockholders' equity:		
Common stock ($0.01 par value, 400,000 shares authorized, 80,219 shares issued and 73,892 shares outstanding at December 31, 2013; 400,000 shares authorized, 78,560 shares issued and 78,466 shares outstanding at December 31, 2012)	0.8	0.8
Paid-in capital	1,269.8	1,243.1
Accumulated other comprehensive income (loss)	103.7	(12.6)
Retained earnings	1,923.1	392.7
Treasury stock, at cost (6,327 shares and 94 shares, respectively)	(401.3)	(1.4)
Total Rockwood Holdings, Inc. stockholders' equity	2,896.1	1,622.6
Noncontrolling interest	153.1	253.1
Total equity	3,049.2	1,875.7
Total liabilities and equity	$5,532.3	$6,013.6

See accompanying notes to consolidated financial statements.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Year ended December 31,		
	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 1,660.9	$ 393.9	$ 440.0
Adjustments to reconcile net income to net cash provided by operating activities:			
Income from discontinued operations, net of tax	65.0	(161.0)	(250.5)
Gain on sale of discontinued operations, net of tax	(1,670.5)	—	(119.3)
Depreciation and amortization	93.5	89.3	88.0
Deferred financing costs amortization	4.4	4.0	3.0
Loss on early extinguishment/modification of debt	15.5	12.0	16.6
Gain on previously held equity interest	(16.0)	—	—
Foreign exchange loss (gain) on financing activities, net	67.1	10.3	(3.2)
Fair value adjustment of derivatives	—	—	(2.1)
Bad debt provision	0.8	0.7	(0.1)
Stock-based compensation	12.7	11.4	12.6
Deferred income taxes	(54.4)	(157.3)	(14.6)
Asset write-downs and other	4.1	24.5	0.9
Excess tax benefits from stock-based payment arrangements	(17.0)	(3.7)	(4.0)
Changes in assets and liabilities, net of the effect of foreign currency translation and acquisitions:			
Accounts receivable	(18.4)	(13.8)	(20.0)
Inventories	(11.8)	(13.2)	(28.9)
Prepaid expenses and other assets	(10.6)	(27.6)	(11.3)
Accounts payable	8.8	(1.6)	0.4
Income taxes payable	(20.3)	(9.2)	(17.4)
Accrued expenses and other liabilities	7.0	(9.7)	(31.4)
Net cash provided by operating activities of continuing operations	120.8	149.0	58.7
Net cash provided by operating activities of discontinued operations	239.5	300.1	389.8
Net cash provided by operating activities	360.3	449.1	448.5
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures (a)	(172.3)	(140.8)	(112.0)
Acquisitions	(34.3)	0.2	(0.8)
Proceeds on sale of assets	2.6	0.5	0.7
Net cash used in investing activities of continuing operations	(204.0)	(140.1)	(112.1)
Net cash provided by (used in) investing activities of discontinued operations (b)	2,214.5	(218.7)	133.2
Net cash provided by (used in) investing activities	2,010.5	(358.8)	21.1
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of common stock, net of fees	24.5	8.9	14.6
Excess tax benefits from stock-based payment arrangements	17.0	3.7	4.0
Payments of long-term debt	(1,131.0)	(807.8)	(422.9)
Proceeds from long term debt	204.6	1,606.2	—
Purchase of noncontrolling interest	(130.3)	—	—
Deferred financing costs	—	(29.3)	(5.3)
Fees related to early extinguishment/modification of debt	(5.2)	(6.8)	(13.4)
Dividend distributions to shareholders	(127.6)	(81.8)	—
Share repurchases	(399.9)	—	—
Net cash (used in) provided by financing activities of continuing operations	(1,547.9)	693.1	(423.0)
Net cash (used in) provided by financing activities of discontinued operations	(526.6)	164.0	(59.0)
Net cash (used in) provided by financing activities	(2,074.5)	857.1	(482.0)
Effect of exchange rate changes on cash and cash equivalents	(46.2)	4.7	(6.8)
Net increase (decrease) in cash and cash equivalents	250.1	952.1	(19.2)
Less net (decrease) increase in cash and cash equivalents from discontinued operations	(6.6)	1.2	(18.3)
Increase (decrease) in cash and cash equivalents from continuing operations	256.7	950.9	(0.9)
Cash and cash equivalents of continuing operations, beginning of period	1,266.1	315.2	316.1
Cash and cash equivalents of continuing operations, end of period	$ 1,522.8	$1,266.1	$ 315.2
Supplemental disclosures of cash flow information:			
Interest paid	$ 86.2	$ 54.7	$ 95.6
Income taxes paid, net of refunds	64.7	46.5	43.1
Non-cash investing activities:			
Acquisition of capital equipment included in accounts payable	18.6	10.3	14.6

(a) Net of government grants of $2.2 million, $9.4 million and $16.0 million for the years ended December 31, 2013, 2012 and 2011, respectively.
(b) Includes net proceeds of $2,395.9 million from the sale of the Advanced Ceramics segment and Clay-based Additives business in 2013 and $300.6 million from the sale of the plastic compounding business in 2011.

See accompanying notes to consolidated financial statements.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Dollars in millions; shares in thousands)

		Rockwood Holdings Inc. Stockholders' Equity					
	Total	Common Stock	Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Treasury Stock	Noncontrolling Interest
Balance, January 1, 2011	$1,322.7	$ 0.8	$1,202.6	$ 133.6	$ (302.3)	$ (1.4)	$ 289.4
Issuance of common stock	14.6	—	14.6	—	—	—	—
Deferred compensation	5.0	—	5.0	—	—	—	—
Dividend declared to noncontrolling shareholder	(0.2)	—	—	—	—	—	(0.2)
Distribution to noncontrolling shareholder	(19.4)	—	—	—	—	—	(19.4)
Other comprehensive loss, net of tax	(133.3)	—	—	(121.1)	—	—	(12.2)
Net income	440.0	—	—	—	399.4	—	40.6
Balance, December 31, 2011	1,629.4	0.8	1,222.2	12.5	97.1	(1.4)	298.2
Issuance of common stock	8.9	—	8.9	—	—	—	—
Deferred compensation	10.2	—	10.2	—	—	—	—
Dividend paid to shareholders ($1.05 per share)	(81.8)	—	1.8	—	(83.6)	—	—
Dividend distributions to noncontrolling shareholder	(47.0)	—	—	—	—	—	(47.0)
Other comprehensive loss, net of tax	(37.9)	—	—	(25.1)	—	—	(12.8)
Net income	393.9	—	—	—	379.2	—	14.7
Balance, December 31, 2012	1,875.7	0.8	1,243.1	(12.6)	392.7	(1.4)	253.1
Issuance of common stock	24.5	—	24.5	—	—	—	—
Share repurchases	(399.9)	—	—	—	—	(399.9)	—
Deferred compensation	7.2	—	7.2	—	—	—	—
Dividend paid to shareholders ($1.70 per share)	(127.6)	—	1.9	—	(129.5)	—	—
Dividend distributions to noncontrolling shareholder	(6.6)	—	—	—	—	—	(6.6)
Purchase of noncontrolling interest	(130.3)	—	(6.9)	(27.6)	—	—	(95.8)
Other comprehensive income, net of tax	145.3	—	—	143.9	—	—	1.4
Net income	1,660.9	—	—	—	1,659.9	—	1.0
Balance, December 31, 2013	$3,049.2	$ 0.8	$1,269.8	$ 103.7	$1,923.1	$(401.3)	$ 153.1

See accompanying notes to consolidated financial statements.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation—The consolidated financial statements, prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), include the accounts of Rockwood Holdings, Inc. and Subsidiaries, which may be referred to as "Rockwood" or the "Company." Rockwood is a leading global developer, manufacturer and marketer of technologically advanced and high value-added specialty chemicals used for industrial and commercial purposes.

During 2013, the Company sold its Advanced Ceramics segment and Clay-based Additives business, and entered into a definitive agreement to sell its Titanium Dioxide Pigments, Color Pigments and Services, Timber Treatment Chemicals, Rubber/Thermoplastics Compounding and Water Chemistry businesses ("TiO2 Pigments and Other Businesses"). As of December 31, 2013, all of these transactions met the criteria for being reported as discontinued operations. As a result, the Company's consolidated financial statements have been reclassified to reflect discontinued operations for these transactions for all periods presented. See Note 2, "Discontinued Operations," for further details of these transactions.

Noncontrolling interest represents the total of the noncontrolling party's interest in certain investments (principally the former Titanium Dioxide Pigments venture and the Timber Treatment joint venture in the Performance Additives segment) that are consolidated but less than 100% owned. On February 15, 2013, the Company acquired Kemira's 39% interest in its former Titanium Dioxide Pigments venture for a purchase price of €97.5 million ($130.3 million based on the rate in effect on the date of purchase).

All intercompany balances and transactions have been eliminated. Material subsequent events are evaluated through the report issuance date and disclosed where applicable.

In December 2013, we entered into definitive agreement, which is filed as an exhibit to this Report, with Tianqi Group HK Co., Limited, a wholly-owned subsidiary of Chengdu Tianqi Group Co., Ltd., to acquire a 49% interest in Windfield Holdings Pty Ltd, which directly owns 100% of the equity of Talison Lithium Pty Ltd, a company incorporated in Australia ("Talison"). Talison currently sells the lithium concentrate to third parties who further process the concentrate into lithium carbonate and lithium chloride. Talison has a leading position in the growing Chinese lithium concentrates market and produces two categories of lithium concentrates: (i) technical-grade lithium concentrates which have low iron content for use in the manufacture of glass, ceramics and heat-proof cookware; and (ii) a high-yielding chemical-grade lithium concentrate, which is used to produce lithium chemicals which form the basis for manufacture of lithium-ion batteries for laptop computers, mobile phones, electric bicycles and electric vehicles. The acquisition of a 49% interest in Talison is currently expected to close in the first half of 2014, subject to receipt of the regulatory approvals. The Company cannot assure that this acquisition will close in a timely manner or at all.

Unless otherwise noted, all balance sheet items as of December 31, 2013 which are denominated in Euros are converted at the December 31, 2013 exchange rate of €1.00 = $1.3743. For the years ended December 31, 2013, 2012 and 2011, the average rate of exchange of the Euro to the U.S. dollar is $1.3285, $1.2864 and $1.3923, respectively.

Use of Estimates—The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the periods reported. These estimates include, among other things, assessing the collectability of accounts receivable, the use and recoverability of inventory, the valuation of deferred tax assets, the measurement of the accrual for uncertain tax benefits, impairment of goodwill as well as property, plant and equipment and other intangible assets, the accrual of environmental and legal reserves, the useful lives of tangible and intangible assets, the measurement of pension obligations and stock-based compensation expense among others. Actual results could differ from those estimates. Such estimates also include the fair value of assets acquired and liabilities assumed as a result of allocations of the purchase price of business combinations consummated.

Major Customers and Concentration of Credit—The Company has a number of major end-user, retail and original equipment manufacturer customers, with the largest concentration in Europe and the United States. No single customer accounted for more than 3% of net sales during any of the periods presented. The Company does not believe a material part of its business is dependent upon any single customer, the loss of which would have a material long-term impact on the business of the Company. However, the loss of one or more of the Company's largest customers would most likely have a negative short-term impact on the Company's results of operations. Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable and derivative contracts.

Accounts Receivable—The allowance for doubtful accounts is estimated at each reporting date based on factors such as receivable age, customer liquidity status and previous write-off history. The Company performs ongoing credit evaluations of customers and generally does not require collateral. Credit insurance is maintained by certain of the Company's businesses. An allowance is maintained for aggregate expected credit losses. Write-offs are charged to the allowance when taken, net of recoveries. Allowance for doubtful account activity is as follows:

	Year Ended December 31,		
($ in millions)	**2013**	**2012**	**2011**
Balance, January 1	$ 4.9	$ 4.9	$ 5.6
Additions, net of recoveries	0.9	0.7	(0.1)
Write-offs	(0.5)	(0.8)	(0.4)
Other	—	0.1	(0.2)
Balance, December 31	$ 5.3	$ 4.9	$ 4.9

Revenue Recognition—The Company recognizes revenue when the earnings process is complete. Product sales are recognized when products are shipped to the customer in accordance with the terms of the contract of sale, title and risk of loss have been transferred, collectability is reasonably assured, and pricing is fixed or determinable. Accruals are made for sales returns and other allowances based on the Company's experience. The Company records shipping and handling costs in cost of products sold and records shipping and handling costs billed to customers in net sales. Revenue under service agreements, which was less than 1% of consolidated net sales in 2013, 2012 and 2011, is realized when the service is performed. Liabilities for product warranties are less than 1% of consolidated net sales as of December 31, 2013 and 2012.

Dispositions—Long-lived assets and asset groups are classified as held for sale in the period in which the specific criteria are met in accordance with accounting standards for reporting discontinued operations. See Note 2, "Discontinued operations," for further details.

Foreign Currency Translation—The functional currency of each of the Company's foreign subsidiaries is primarily the respective local currency. Balance sheet accounts of the foreign operations are translated into U.S. dollars at period-end exchange rates and income and expense accounts are translated at average exchange rates during the period. Translation gains and losses related to net assets located outside the U.S. are shown as a component of accumulated other comprehensive income. Gains and losses resulting from foreign currency transactions (transactions denominated in a currency other than the entity's functional currency), including intercompany financing arrangements for which settlement is planned or anticipated, are included in determining net income for the period in which exchange rates change. Gains or losses on certain intercompany loans that are of a long-term investment nature for which settlement is not planned or anticipated in the foreseeable future are reported and accumulated in the same manner as translation adjustments. These loans are all related to intercompany debt arrangements. As of December 31, 2013, intercompany debt arrangements deemed to be of a long-term investment nature for which settlement is not planned or anticipated in the foreseeable future equaled €581.0 million ($798.5 million). In addition, gains or losses on Euro-denominated debt that is designated as a net investment hedge of the Company's Euro-denominated investments are reported and accumulated in the same manner as translation adjustments.

Advertising—The Company expenses advertising costs within selling, general and administrative expenses as incurred. Advertising costs are less than 1% of consolidated net sales in 2013, 2012 and 2011.

Research and Development—Research and development costs are charged to expense within selling, general and administrative expenses, as incurred. Such costs were $22.6 million, $22.1 million and $17.6 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Cash and Cash Equivalents—All highly liquid instruments and money market funds with a maturity of three months or less when purchased are considered to be cash equivalents. The carrying amount approximates fair value because of the short maturities of these instruments.

Inventories—Inventories are stated at the lower of cost or market. Cost is determined primarily on average cost or the first-in, first-out method. Inventory quantities on hand are reviewed regularly, and where necessary, provisions for excess and obsolete inventory are recorded based primarily on either the Company's estimated forecast of product demand and production requirements or historical usage. See Note 6, "Inventories."

Property, Plant and Equipment—Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the various asset classes. Estimated lives generally range from 20-30 years for buildings and improvements (including land improvements), 7-12 years for machinery and equipment, 3-5 years for furniture and fixtures and 14-50 years for mining rights. See Note 7, "Property, Plant and Equipment."

The estimated useful lives of leasehold improvements are the lesser of the estimated life of the improvement or the term of the lease.

Major renewals and improvements are capitalized and minor replacements, maintenance and repairs are charged to current operations as incurred. Upon retirement or disposal of assets, the cost and related accumulated depreciation are removed from the balance sheet and any gain or loss is reflected in the statement of operations.

The Company classifies depreciation and amortization in its consolidated statements of operations consistent with the utilization of the underlying assets as follows:

	Year Ended December 31,		
($ in millions)	**2013**	**2012**	**2011**
Cost of products sold	$50.7	$52.5	$48.0
Selling, general and administrative expenses (a)	42.8	36.8	40.0
Total depreciation and amortization	$93.5	$89.3	$88.0

(a) Primarily consists of amortization costs.

Goodwill—Goodwill represents the cost in excess of fair value of net assets acquired in transactions accounted for using the acquisition method of accounting. See Note 8, "Goodwill," for details of goodwill activity by segment.

Other Intangible Assets—Other intangible assets primarily consists of patents and other intellectual property, trade names and trademarks, and customer relationships. Patents and other intellectual property are recorded at their estimated fair values at the time of acquisition and are being amortized over their estimated remaining useful lives, ranging from 4-20 years. Trade names and trademarks are being amortized from 18-25 years, customer relationships are being amortized over periods ranging from 7-15 years and supply agreements are being amortized over periods ranging from 10-15 years. See Note 9, "Other Intangible Assets, Net."

Impairment Accounting

Goodwill- The recoverability of goodwill is reviewed on an annual basis during the fourth quarter. Additionally, the recoverability of goodwill is reviewed when events or changes in circumstances occur indicating that the carrying value of the assets may not be recoverable. We have determined that our reporting units for our goodwill impairment review are our operating segments or components of an operating segment that constitute a business for which discrete financial information is available and for which segment management regularly reviews the operating results. Based on this analysis, we have identified three reporting units within our reportable segments that qualify for such review; Lithium, Surface Treatment and Metal Sulfides, as each of these units had a goodwill balance as of December 31, 2013. Based upon our review, the estimated fair values for our three reporting units having goodwill were substantially in excess of their carrying values.

In accordance with the accounting guidance for determining goodwill impairment, the Company applies a two-step methodology:

First Step

In the first step, the Company determines the estimated fair value of each reporting unit and compares that fair value to the carrying value of such reporting unit. In determining the estimated fair value of each reporting unit, the Company uses the following approaches.

Income Approach: Under this approach, the Company makes certain assumptions, among other things, estimates of future cash flows, including growth rates, price increases, capital expenditures, the benefits of recent acquisitions and expected synergies, and an appropriate discount rate in determining the estimated fair value of each reporting unit.

Market Approach: Under this approach, the fair value of each reporting unit is derived from peer multiples. Specifically, the estimated fair value of each reporting unit is based on an industry metric that is the ratio of enterprise value ("EV" which is commonly defined as market capitalization, plus long-term debt, less cash) to EBITDA of the relevant benchmark peer companies and groups. The Company uses EV multiples for the last twelve months EBITDA and for the next fiscal year's budgeted EBITDA. The peer companies are typically based upon the competitors disclosed in Item 1, "Business" for each of the reporting units. The Company then multiplies this ratio by its Adjusted EBITDA for the recently completed year and the budgeted Adjusted EBITDA for the upcoming year of such reporting unit and compares it to the carrying value of such reporting unit.

If the fair value resulting from the income approach substantially exceeds carrying value of a reporting unit, there is clear evidence that no impairment exists. In addition, the Company estimates the fair value of each reporting unit using the market approach to corroborate the estimated fair value determined from the income approach. If the fair values estimated under the income and market approach are substantially different, the relevant facts and circumstances are reviewed and a qualitative assessment is made to determine the proper weighting for estimating fair value. Once the estimated fair value is determined, it is compared to the carrying value of a reporting unit. If the estimated fair value exceeds the carrying value of a reporting unit, there is no impairment. If the results of the first step indicate the carrying value of a reporting unit exceeds its estimated fair value, the second step is performed.

Second Step

In the second step, the Company would determine the implied fair value of goodwill in the same manner as if it had acquired those reporting units. The potential impairment is computed by comparing the implied fair value of the reporting unit's goodwill with the carrying amount of goodwill. If the carrying amount of the reporting unit's goodwill is greater than the implied fair value of its goodwill, an impairment loss must be recognized for the excess. If necessary, the Company may consult with valuation specialists to assist with its goodwill impairment review.

For the year ended December 31, 2013, there was clear evidence that no impairment existed for our Lithium, Surface Treatment and Metal Sulfides reporting units, as the estimated fair value substantially exceeded the carrying value of each reporting unit. Accordingly, the second step for determining the existence of a goodwill impairment was not required for any of our reporting units. As such, we concluded there was no goodwill impairment for any of our reporting units.

These calculations are based on inherent assumptions and estimates about future cash flows and appropriate benchmark peer companies or groups. Subsequent changes in these assumptions could result in future impairment. Although the Company consistently uses the same methods in developing the assumptions and estimates underlying the fair value calculations, such estimates are uncertain by nature and can vary from actual results.

Long-lived tangible and other intangible assets — These assets are reviewed each reporting period to determine if events or changes in circumstances have occurred indicating that the carrying value of the assets may not be recoverable. Such circumstances may include a significant adverse change in the manner in which a long-lived asset is used, a current-period operating or cash flow loss combined with projected and/or a history of operating or cash flow losses associated with the use of a long-lived asset, or changes in the expected useful life of the long-lived asset.

To determine the recoverability of long-lived tangible and other intangible assets, these assets are grouped at the lowest level for which there are identifiable cash flows that are independent from the cash flows of other assets, which could be at the individual asset level, the product line level, the plant level or the subsidiary level depending on the nature of the identifiable cash flows at our various subsidiaries. Recoverability of assets to be held and used is measured by comparing the carrying amount of the assets or asset group to the sum of future undiscounted net cash flows expected to be generated by the asset or asset group.

Management estimates future undiscounted cash flows using key assumptions of industry and market conditions, future sales volumes and prices, raw material and labor costs, and inflation rates. For the year ended December 31, 2013, there were no long-lived assets or asset groups that had a carrying value greater than the sum of corresponding undiscounted cash flows and therefore, we did not perform any applicable fair value calculations to measure any impairment loss.

If such assets are considered to be impaired, the impairment loss that would be recognized is the amount by which the carrying amount of the assets exceeds the fair value of the assets. To determine fair value, we would use our internal cash flow estimates discounted at an appropriate interest rate, third party appraisals, as appropriate, and/or market prices of similar assets, when available.

In 2013, the Company wrote-off assets in the amount of $4.0 million related to the termination of a geothermal energy project at the Silver Peak, NV lithium facility. These assets were written down to zero as it was determined there is no estimated recoverability as these assets will no longer be used. In 2012, the Company wrote off a trade name in the amount of $10.3 million in our Lithium segment related to the reorganization of the Specialty Chemicals segment. This trade name was written down to zero as there is no estimated recoverability based on the fact that the asset will no longer be used. In addition, the Company recorded a write-down of $12.0 million of machinery and equipment related to the closure of a Lithium manufacturing facility in the U.S. These write-downs were included as part of “restructuring and other severance costs” in the consolidated statements of operations.

Financial Instruments—Management believes the carrying amount of financial instruments, including accounts receivable, accounts payable and debt, approximates fair value, except as described in Note 5, “Financial Instruments and Fair Value Measurements.”

Derivatives— All derivatives are recognized as either assets or liabilities at fair value. Changes in the fair value of derivatives not designated as hedging instruments are recognized in earnings while changes in the fair value of derivatives that are designated as hedging instruments are recognized as a component of comprehensive income. The Company uses derivative instruments to manage its exposure to market risks associated with fluctuations in interest rates and foreign currency exchange rates. See Note 5, “Financial Instruments and Fair Value Measurements” and Note 17, “Accumulated Other Comprehensive Income,” for the impact of the Company’s net investment and cash flow hedges. The Company does not enter into derivative contracts for trading purposes nor does it use leveraged or complex instruments.

Pension, Postemployment and Postretirement Costs— Defined benefit costs and liabilities and postretirement benefit costs and liabilities have been determined in accordance with accounting standards for retirement benefits. Postemployment benefit costs and liabilities have been determined in accordance with accounting standards for nonretirement postemployment benefits. See Note 14, “Employee Benefit Plans,” for further details.

Related Party Transactions—In the ordinary course of business, Rockwood may engage in transactions with certain related parties. For 2013, related-party transactions were not significant.

Income Taxes—Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts and the corresponding tax carrying amounts of assets and liabilities. Deferred tax assets are also recognized for tax loss and tax credit carryforwards. A valuation allowance is recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized based on available evidence weighted toward evidence that is objectively verifiable. As of December 31, 2013, deferred taxes are not provided on the undistributed earnings of subsidiaries of $2,298.9 million, as such amounts are considered to be permanently invested.

The impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained based on technical merits.

The Company records liabilities for uncertain tax benefits net of deferred tax assets associated with tax loss carryforwards for liabilities arising in the same year as the asset and for liabilities arising in different years from the asset, provided that the related tax loss can be carried back or forward to offset the liability.

Where the Company has a loss from continuing operations and income in other categories, the Company allocates a tax benefit to continuing operations and a tax provision to those other categories. Where there is income in other categories on a net basis, the Company’s policy is to allocate the tax provision only to categories with income on a pro-rata basis.

Future realization of the tax benefit of an existing deductible temporary difference or carryforward ultimately depends on the existence of sufficient taxable income of the appropriate character (for example, ordinary income or capital gain) within the carryforward period available under the tax law. The Company's policy is to consider the following sources of taxable income, which may be available under the tax law to realize a tax benefit for deductible temporary differences and carryforwards:

- Future reversals of existing taxable temporary differences.
- Future taxable income exclusive of reversing temporary differences and carryforwards.
- Taxable income in prior carry back year(s) if carry back is permitted under the tax law.
- Tax planning strategies that would, if necessary, be implemented to:
    (1) Accelerate taxable amounts to utilize expiring carryforwards.
    (2) Change the character of taxable or deductible amounts from ordinary income or loss to capital gain or loss.
    (3) Switch from tax-exempt to taxable investments.

Evidence available about each of those possible sources of taxable income will vary between tax jurisdictions and, possibly, from year to year. To the extent evidence about one or more sources of taxable income is sufficient to support a conclusion that a valuation allowance is not necessary, the Company's policy is that other sources need not be considered. Consideration of each source is required, however, to determine the amount of the valuation allowance that may be required to be recognized for deferred tax assets.

For any specific jurisdiction where a history of three years of cumulative losses has occurred or where there has been a substantial change in the business (e.g., a major acquisition or divestiture); the Company does not rely on projections of future taxable income as described above. Instead, the Company determines its need for a valuation allowance on deferred tax assets, if any, by determining a normalized cumulative taxable income amount over the last three years, adjusted for acquisitions or divestitures if necessary. The Company will also consider the following positive evidence in the above scenarios, if present:

- Existing contracts or firm sales backlog that will produce more than enough taxable income to realize the deferred tax asset based on existing sales prices and cost structures.
- An excess of appreciated asset value over the tax basis of the entity's net assets in an amount sufficient to realize the deferred tax asset.

Comprehensive Income—Comprehensive income includes net income and the other comprehensive income components which include unrealized gains and losses from foreign currency translation and from certain intercompany transactions that are of a long-term investment nature, pension-related adjustments that are recorded directly into a separate section of stockholders' equity in the balance sheets and net investment and cash flow hedges. Foreign currency translation amounts are not adjusted for income taxes since they relate to indefinite life investments in non-U.S. subsidiaries and certain intercompany debt. See Note 17, "Accumulated Other Comprehensive Income."

Accounting for Environmental Liabilities—In the ordinary course of business, Rockwood is subject to extensive and changing federal, state, local and foreign environmental laws and regulations, and has made provisions for the estimated financial impact of environmental cleanup and site reclamation costs. Rockwood's policy has been to accrue costs of a non-capital nature related to environmental clean-up when those costs are believed to be probable and can be reasonably estimated. If the aggregate amount of the obligation and the amount and timing of the cash payments for a site are fixed or reliably determinable, the liability is discounted. Expenditures that extend the life of the related property or mitigate or prevent future environmental contamination are capitalized and expenditures related to existing conditions resulting from past or present operations and from which no current or future benefit is discernible are immediately expensed. The quantification of environmental exposures requires an assessment of many factors, including changing laws and regulations, advancements in environmental technologies, the quality of information available related to specific sites, the assessment stage of each site investigation and the length of time involved in remediation or settlement. In some matters, Rockwood may share costs with other parties. Rockwood does not include anticipated recoveries from insurance carriers or other third parties in its accruals for environmental liabilities.

Stock-Based Compensation—In April 2009, the Company adopted the 2009 Stock Incentive Plan (the "Plan"; together with the previous plans, the "Plans"), which has 11,000,000 authorized shares. All equity awards granted after this date are being awarded under the Plan.

The Company awarded restricted stock units in 2013, 2012 and 2011 to certain employees of Rockwood corporate headquarters and its business units. See Note 13, "Stock-Based Compensation," for further details. The restricted stock units contain a provision in which the units shall immediately vest and become converted into the right to receive a cash payment upon a change in control as defined in the equity agreement. As the provisions for redemption are outside the control of the Company, the fair value of these units as of December 31, 2013 and 2012 has been recorded as mezzanine equity (outside of permanent equity) in the consolidated balance sheets.

Recently Issued Accounting Standards:

In February 2013, the FASB issued an ASU that addressed obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. This ASU provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this ASU is fixed at the reporting date, except for obligations addressed within existing guidance in U.S. GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in this ASU also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. This ASU is effective for the Company in its first quarter beginning January 1, 2014 and is not expected to have a material impact on the Company's financial statements.

In March 2013, the FASB issued an ASU that addressed the release of the cumulative translation adjustment ("CTA") into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business. This ASU requires a parent to release any related CTA into net income only if the sale results in the complete or substantially complete liquidation of the foreign entity. This practice is consistent with the Company's previous accounting policy and will not have an impact on the Company's financial statements. This ASU is effective for the Company in its first quarter beginning January 1, 2014.

In July 2013, the FASB issued an ASU that eliminates diversity in practice for presentation of an unrecognized tax benefit when a net operating loss ("NOL") carryforward, a similar tax loss, or a tax credit carryfoward is available to reduce the taxable income or tax payable that would result from disallowance of a tax position. Under this ASU, an entity must present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for an NOL carryforward, a similar tax loss, or a tax credit carryfoward except when: an NOL carryforward, a similar tax loss, or a tax credit carryfoward is not available as of the reporting date under the governing tax law to settle taxes that would result from the disallowance of the tax position; and the entity does not intend to use the deferred tax asset for this purpose. This ASU is effective for the Company in its first quarter beginning January 1, 2014 and is not expected to have a material impact on the Company's financial statements.

2. DISCONTINUED OPERATIONS:

In August 2013, the Company completed the sale of its Advanced Ceramics segment for cash proceeds of $2.0 billion. In October 2013, the Company completed the sale of its Clay-based Additives business, which was part of the Performance Additives segment, for cash proceeds of $626.6 million. In September 2013, the Company entered into a definitive agreement to sell its TiO2 Pigments and Other Businesses for $1.325 billion, including the assumption of $225 million in pension obligations, and subject to other customary adjustments. This transaction is expected to close during the first half of 2014, following the receipt of regulatory approvals. As of December 31, 2013, all of these transactions met the criteria for being reported as discontinued operations. The Company's consolidated financial statements have been reclassified to reflect discontinued operations for these transactions for all periods presented.

The gain on sale of discontinued operations, net of tax, of $1,670.5 million recorded in 2013 is comprised of the gain on sale of the Advanced Ceramics segment of $1,164.2 million and the gain on sale of the Clay-based Additives business of $506.3 million.

In 2013, the Company recorded a charge of $142.9 million ($98.0 million after tax) related to an expected loss on sale of the TiO2 Pigments and Other Businesses. The expected loss on sale represents the difference between the carrying value of these businesses and the expected proceeds. This carrying value includes the assumed recognition of actuarial (pension-related) losses and unrealized foreign exchange losses currently recorded in accumulated other comprehensive income within stockholders' equity, which must be recognized upon completion of the sale. The fair value of the assets to be sold are categorized as Level 3 in the fair value hierarchy, as the fair value was determined based on expected sale proceeds.

On January 7, 2011, the Company completed the sale of its plastic compounding business. The plastic compounding business, which manufactured specialty plastic compounds for the wire and cable industry, medical applications and other uses, comprised substantially all of the assets of the Company's former Specialty Compounds segment. The Company's financial statements have been reclassified to reflect the plastic compounding business as discontinued operations for all periods presented. The sale of the plastic compounding business includes the net gain on the sale of the plastic compounding business of $119.3 million (net of taxes of $78.2 million, a portion of which was offset through the utilization of net operating losses of $76.5 million) for the year ended December 31, 2011. The valuation allowance related to these net operating losses was reversed in the fourth quarter of 2010 as a benefit to income taxes in continuing operations.

Results of the discontinued operations of the Advanced Ceramics segment, the Clay-based Additives business and the TiO2 Pigments and Other Businesses included in the consolidated statements of operations for the years ended December 31, 2013, 2012 and 2011 are as follows:

($ in millions)	Advanced Ceramics	Clay-based Additives	TiO2 Pigments and Other	Total
Year ended December 31, 2013				
Net sales	$ 384.6	$ 147.8	$ 1,602.4	$2,134.8
Income (loss) before taxes	47.3	29.3	(187.6)	(111.0)
Year ended December 31, 2012				
Net sales	$ 546.7	$ 191.4	$ 1,445.0	$2,183.1
Income before taxes	120.8	45.3	61.8	227.9
Year ended December 31, 2011				
Net sales	$ 585.1	$ 202.3	$ 1,527.8	$2,315.2
Income before taxes	127.8	50.4	179.1	357.3

The carrying value of the assets and liabilities of the discontinued operations of the TiO2 Pigments and Other Businesses included in the consolidated balance sheets as of December 31, 2013 are as follows:

($ in millions)	TiO2 Pigments and Other
ASSETS	
Accounts receivable, net	$ 200.3
Inventories	401.9
Property, plant and equipment, net	749.2
Other intangible assets, net	64.3
Other assets	133.4
Total assets	$ 1,549.1
LIABILITIES	
Accounts payable and other current liabilities	$ 249.9
Pension and related liabilities	205.0
Other liabilities	31.6
Total liabilities	$ 486.5

The carrying value of the assets and liabilities of the discontinued operations of the Advanced Ceramics, Clay-based Additives and TiO2 Pigments and Other Businesses included in the consolidated balance sheets as of December 31, 2012 are as follows:

	As of December 31, 2012			
($ in millions)	Advanced Ceramics	Clay-based Additives	TiO2 Pigments and Other	Total
ASSETS				
Accounts receivable, net	$ 64.4	$ 20.3	$ 182.2	$ 266.9
Inventories	85.1	24.0	488.2	597.3
Property, plant and equipment, net	304.0	48.8	655.8	1,008.6
Goodwill	254.3	—	—	254.3
Other intangible assets, net	92.1	13.9	216.6	322.6
Other assets	6.9	11.7	114.9	133.5
Total assets	$ 806.8	$ 118.7	$ 1,657.7	$2,583.2
LIABILITIES				
Accounts payable and other current liabilities	$ 57.1	$ 26.3	$ 254.2	$ 337.6
Long-term debt	1.7	—	534.9	536.6
Pension and related liabilities	79.5	1.0	224.2	304.7
Other liabilities	65.5	7.1	6.5	79.1
Total liabilities	$ 203.8	$ 34.4	$ 1,019.8	$1,258.0

In March 2013, the Company prepaid all of its outstanding borrowings under its Titanium Dioxide Pigments facility agreement. The aggregate amount prepaid was €394.5 million ($512.4 million), consisting of €190.0 million ($246.8 million) of term loan A, €200.0 million ($259.8 million) of term loan B and a €4.5 million ($5.8 million) revolving credit facility. The U.S. dollar amounts above were all based on the exchange rate in effect on the date of payment. As a result of the repayment of all borrowings under the Titanium Dioxide Pigments facility agreement, all outstanding interest rate swaps were terminated resulting in a payment of €3.0 million ($3.9 million based on the exchange rate in effect on the date of payment). The Company had not applied hedge accounting for these interest rate swaps and had recorded the mark-to-market adjustment of these derivatives as a component of interest expense in its consolidated statements of operations. As of December 31, 2012, notional amount and fair value of these interest rate swaps were $662.9 million and $4.8 million, respectively. For the years ended December 31, 2013, 2012 and 2011, the gain/(loss) recorded was $0.9 million, $(2.3) million and $0.5 million, respectively.

The Company has a non-interest bearing note receivable from its former titanium dioxide pigments venture partner in the amount of $29.4 million that is due in August 2028, with a carrying value of $7.4 million and $6.5 million in the consolidated balance sheets as of December 31, 2013 and 2012, respectively. Interest is imputed at an effective rate of 8.96%. The fair value of the note receivable was approximately $13.6 million and $13.8 million at December 31, 2013 and 2012, respectively, and is categorized as Level 3 in the fair value hierarchy. The fair value was determined based on an internally developed valuation that uses current interest rates in developing a present value of the receivable.

Included in other liabilities are reclamation obligations of $8.1 million and $7.7 million as of December 31, 2013 and 2012, respectively. These obligations primarily relate to post-closure reclamation of landfills in the Titanium Dioxide Pigments business.

3. SEGMENT INFORMATION:

The Company is a leading global developer, manufacturer and marketer of technologically advanced and high value-added specialty chemicals used for industrial and commercial purposes. In 2012, the Company operated in five reportable segments. As discussed in Note 2, “Discontinued Operations,” the Company sold its Advanced Ceramics segment and Clay-based Additives business, and entered into a definitive agreement to sell its TiO2 Pigments and Other Businesses. As a result, the Company operates in two reportable segments, Lithium and Surface Treatment, based on the nature and economic characteristics of its products and services as well as the manner in which the information is used internally by the Company’s chief operating decision maker, who is the Company’s Chief Executive Officer.

Items that cannot be readily attributed to individual segments have been classified as “Corporate and other.” Corporate and other operating loss primarily represents payroll, professional fees and other operating expenses of centralized functions such as treasury, tax, legal, internal audit and consolidation accounting as well as the cost of operating the Company’s central offices (including some costs maintained based on legal or tax considerations). The Corporate and other classification also includes the results of operations of the Metal Sulfides and Wafer Reclaim businesses.

Summarized financial information for each of the reportable segments is provided in the following tables:

($ in millions)	Year ended December 31, 2013	2012	2011
Net Sales:			
Lithium	$ 479.4	$ 474.4	$ 456.5
Surface Treatment	770.2	723.2	743.2
Corporate and other	128.2	126.2	154.4
Total (a)	$1,377.8	$1,323.8	$1,354.1

(a) This amount does not include $2,134.8 million, $2,183.1 million and $2,315.2 million for the years ended December 31, 2013, 2012 and 2011, respectively, of net sales from discontinued operations.

The Company uses Adjusted EBITDA on a segment basis to assess the ongoing performance of the Company's reportable segments and reporting units. Because the Company views Adjusted EBITDA on a segment basis as an operating performance measure, the Company uses income (loss) before taxes as the most comparable U.S. GAAP measure. The summary of segment information below includes "Adjusted EBITDA," a non-GAAP financial measure used by the Company's chief operating decision maker and senior management to evaluate the operating performance of each segment.

($ in millions)	Year ended December 31, 2013	2012	2011
Adjusted EBITDA:			
Lithium	$ 181.8	$ 181.9	$ 170.2
Surface Treatment	174.3	155.2	151.0
Corporate and other	(32.8)	(16.0)	(37.2)
Total (a)	$ 323.3	$ 321.1	$ 284.0

(a) This amount does not include $270.3 million, $453.2 million and $567.0 million for the years ended December 31, 2013, 2012 and 2011, respectively, of Adjusted EBITDA from discontinued operations.

($ in millions)	Year ended December 31, 2013	2012	2011
Capital Expenditures:			
Lithium	$ 144.6	$ 98.3	$ 76.2
Surface Treatment	23.5	33.6	23.6
Corporate and other	4.2	8.9	12.2
Total (a)	$ 172.3	$ 140.8	$ 112.0

(a) Net of government grants of $2.2 million, $9.4 million and $16.0 million received for the years ended December 31, 2013, 2012 and 2011, respectively.

($ in millions)	As of December 31, 2013	2012	2011
Identifiable Assets:			
Lithium	$1,373.4	$1,257.6	$1,189.9
Surface Treatment	1,076.9	977.4	942.2
Corporate and other (a)	1,932.5	1,627.3	423.4
Eliminations (b)	(399.6)	(431.9)	(410.7)
Total (c)	$3,983.2	$3,430.4	$2,144.8

(a) Corporate and other identifiable assets primarily represent the operating assets of the businesses included herein described above, assets (primarily real estate) of legacy businesses formerly belonging to the Dynamit Nobel businesses acquired in 2004, deferred income tax assets and cash and cash equivalent balances maintained in accordance with centralized cash management techniques.

(b) Amounts contained in the "Eliminations" column represent the individual subsidiaries' retained interest in their cumulative net cash balance (deposits less withdrawals) included in the corporate cash concentration arrangements. These amounts are eliminated as the cash concentration arrangement balances are included in the Corporate and other segment's identifiable assets.

(c) Amounts do not include $1,549.1 million and $2,583.2 million of identifiable assets at December 31, 2013 and 2012, respectively, from discontinued operations. Total identifiable assets including these amounts were $5,532.3 million and $6,013.6 million as of December 31, 2013 and 2012, respectively.

The following table represents summarized geographic information with net sales based on seller's location:

($ in millions)	Year ended December 31, 2013	2012	2011
Net sales:			
Germany	$ 395.4	$ 354.7	$ 380.0
Rest of Europe	365.9	352.0	392.4
United States	298.3	282.2	260.6
Chile	86.8	105.9	96.3
Rest of World	231.4	229.0	224.8
	$1,377.8	$1,323.8	$1,354.1

The following table presents the net book value of the Company's long-lived assets located in the regions indicated:

($ in millions)	As of December 31, 2013	2012	2011
Long-lived assets (a):			
Germany	$285.2	$270.1	$258.3
Chile	283.8	177.4	138.3
Rest of Europe	82.5	83.1	79.0
United States	134.8	137.3	127.0
Rest of World	56.5	51.7	52.9
	$842.8	$719.6	$655.5

(a) Long-lived assets represent property, plant and equipment, net.

On a segment basis, the Company defines Adjusted EBITDA as operating income excluding depreciation and amortization, certain non-cash gains and charges, certain other special gains and charges deemed by senior management to be non-recurring gains and charges and certain items deemed by senior management to have little or no bearing on the day-to-day operating performance of its business segments and reporting units. The adjustments made to operating income directly correlate with the adjustments to net income in calculating Adjusted EBITDA on a consolidated basis pursuant to the indenture underlying our 2020 Notes, which reflects management's interpretations thereof. Senior management uses Adjusted EBITDA on a segment basis as the primary measure to evaluate the ongoing performance of the Company's business segments and reporting units. Because the Company views Adjusted EBITDA on a segment basis as an operating performance measure, the Company uses income (loss) from continuing operations before taxes as the most comparable U.S. GAAP measure.

Major components within the reconciliation of income (loss) from continuing operations before taxes to Adjusted EBITDA from continuing operations are described more fully in the table below:

($ in millions)	Lithium	Surface Treatment	Corporate and other	Consolidated
Year ended December 31, 2013				
Income (loss) from continuing operations before taxes	$114.5	$ 131.6	$ (200.7)	$ 45.4
Interest expense, net	1.6	11.8	68.9	82.3
Depreciation and amortization	46.0	31.4	16.1	93.5
Restructuring and other severance costs (a)	8.2	6.0	3.3	17.5
Systems/organization establishment expenses (b)	1.1	1.0	0.1	2.2
Acquisition and disposal costs (c)	0.1	2.8	6.0	8.9
Loss on early extinguishment/modification of debt (d)	2.2	3.1	10.2	15.5
Asset write-downs and other (e)	4.0	0.1	—	4.1
Gain on previously held equity interest (f)	—	(16.0)	—	(16.0)
Foreign exchange loss on financing activities, net (g)	4.1	1.2	61.8	67.1
Other	—	1.3	1.5	2.8
Total Adjusted EBITDA from continuing operations	$181.8	$ 174.3	$ (32.8)	$ 323.3
Year ended December 31, 2012				
Income (loss) from continuing operations before taxes	$ 98.8	$ 91.6	$ (82.3)	$ 108.1
Interest expense, net	3.3	15.6	45.6	64.5
Depreciation and amortization	44.2	31.9	13.2	89.3
Restructuring and other severance costs (a)	26.1	8.0	1.2	35.3
Systems/organization establishment expenses (b)	0.6	1.4	—	2.0
Acquisition and disposal costs (c)	—	0.2	(2.3)	(2.1)
Loss on early extinguishment/modification of debt (d)	2.6	3.0	6.4	12.0
Asset write-downs and other	0.1	0.2	—	0.3
Foreign exchange loss on financing activities, net (g)	6.2	3.0	1.1	10.3
Other	—	0.3	1.1	1.4
Total Adjusted EBITDA from continuing operations	$181.9	$ 155.2	$ (16.0)	$ 321.1
Year ended December 31, 2011				
Income (loss) from continuing operations before taxes	$118.0	$ 80.3	$ (112.8)	$ 85.5
Interest expense, net	7.4	20.6	55.1	83.1
Depreciation and amortization	41.4	33.1	13.5	88.0
Restructuring and other severance costs (a)	3.2	8.0	0.2	11.4
Systems/organization establishment expenses (b)	—	0.8	—	0.8
Acquisition and disposal costs	—	0.1	0.2	0.3
Loss on early extinguishment/modification of debt (d)	2.9	4.8	8.9	16.6
Asset write-downs and other	0.1	0.1	0.7	0.9
Foreign exchange (gain) loss on financing activities, net (g)	(2.8)	3.0	(3.4)	(3.2)
Other	—	0.2	0.4	0.6
Total Adjusted EBITDA from continuing operations	$170.2	$ 151.0	$ (37.2)	$ 284.0

(a) See Note 16, “Restructuring and Other Severance Costs,” for further details.

(b) Primarily represents costs incurred in conjunction with the integration of businesses acquired.

(c) Primarily represents professional fees incurred in connection with exploring strategic options. In 2012, this primarily represents a breakage fee received from a former acquisition target, Talison Lithium Limited, net of professional fees incurred.

(d) In 2013, in connection with the repayment of all outstanding borrowings under the senior secured credit facility in September 2013, the Company recorded a charge of $15.5 million, consisting of the write-off of deferred financing costs of $10.3 million and fees of $5.2 million, primarily the cost of a foreign exchange transaction to fund the repayment. In 2012, this represents redemption premiums of $6.7 million and the write-off of deferred financing costs of $3.0 million in connection with the redemption of the 2014 Notes, as well as the write-off of deferred financing costs of $2.3 million in connection with the repayment of $250.0 million of term loan B under the senior secured credit facility in October 2012. In 2011, this represents fees of $13.5 million and the write-off of deferred financing costs of $3.1 million in connection with the refinancing of the senior secured credit facility and the repayment of the senior secured term loans in February 2011.

(e) Primarily represents the write-off of assets related to the termination of a geothermal energy project at the Silver Peak, NV lithium facility.

(f) Represents the gain as a result of revaluing the Company's previously held equity interest to fair value related to the acquisition of the remaining 50% interest in a Surface Treatment joint venture in India on July 1, 2013 for a purchase price of $21.0 million.

(g) For the year ended December 31, 2013, foreign exchange losses of $67.1 million were primarily related to the conversion of the Euros to U.S. dollars from the proceeds of the sale of Advanced Ceramics segment and the impact of a stronger Euro on U.S. denominated cash equivalents recorded in a Euro-denominated entity and Euro-denominated intercompany loans. For the year ended December 31, 2012, foreign exchange losses of $10.3 million were primarily related to the change in the Euro exchange rate from December 31, 2011 to March 26, 2012, the date when the Euro-denominated senior subordinated notes were repaid. For the year ended December 31, 2011, foreign exchange gains of $3.2 million were reported in connection with non-operating Euro-denominated transactions.

4. VARIABLE INTEREST ENTITIES:

As discussed in Note 2, "Discontinued Operations," the Company entered into a definitive agreement on September 17, 2013 to sell its TiO2 Pigments and Other Businesses, which include Titanium Dioxide Pigments and the Timber Treatment Chemicals business. This transaction is expected to close during the first half of 2014, following the receipt of regulatory approvals. Our discontinued operations include the following variable interest entities:

Titanium Dioxide Pigments

The Company formed a Titanium Dioxide Pigments venture with Kemira Oyj ("Kemira") in September 2008. The Company previously owned 61% of the venture and consolidated it based on the "voting interest" model given its majority ownership and ability to control decision making. On February 15, 2013, the Company acquired Kemira's 39% interest in the Titanium Dioxide Pigments venture for a purchase price of €97.5 million ($130.3 million based on the rate in effect on the date of purchase). The increase in ownership was accounted for as an equity transaction. As a result, the Company owns 100% of the Titanium Dioxide Pigments business. In conjunction with this venture, there is a power plant that was previously determined to be a variable interest entity ("VIE"). Subsequent to the purchase of Kemira's 39% interest, the power plant will continue to be a VIE.

Viance LLC

The Company has a variable interest entity in its Viance LLC joint venture, which is part of the Timber Treatment Chemicals business, that provides an extensive range of advanced wood treatment technologies and services to the global wood treatment industry. The Company has concluded that Rockwood is the primary beneficiary of Viance and as such has consolidated the joint venture. This conclusion was made as Rockwood has the obligation to absorb losses of Viance that could potentially be significant to Viance and/or the right to receive benefits from Viance that could potentially be significant to Viance. In addition, Chemical Specialties, Inc. ("CSI") has the power to direct the activities of Viance that most significantly impact Viance's performance, as Viance does not own manufacturing facilities. As a result, Viance primarily relies on CSI to provide product and distribution requirements through a supply agreement.

At December 31, 2013 and 2012, no consolidated assets of the Company were pledged as collateral for any obligations of Viance and the general creditors of Viance had no recourse against the Company. Viance's assets can only be used to settle direct obligations of Viance.

The carrying values of the assets and liabilities of the Viance joint venture included in assets of discontinued operations and liabilities of discontinued operations in the consolidated balance sheets are as follows:

($ in millions)	As of December 31, 2013	2012
Total assets (a)	$ 65.3	$ 73.6
Total liabilities	$ 3.6	$ 5.4

(a) The majority of these assets are other intangible assets.

Continuing Operations

Rockwood has several unconsolidated ventures, primarily within the Surface Treatment segment. One of these ventures does not fit the criteria for classification as a VIE as it is a financially self-sustaining, “50/50” venture both as to control and economics. Other ventures manufacture and market products in China and an additional venture is a service provider at a key manufacturing facility. As the parties share risks and benefits disproportionate to their voting interests, the Company has concluded that these ventures are VIEs. However, the Company has also concluded that it should not consolidate these VIEs as it is not the primary beneficiary. The Company does not have the power and/or ability to direct the activities most affecting venture performance due to governance structure and significant expertise provided and/or functions performed by its venture partners. As of December 31, 2013 and 2012, Rockwood’s aggregate net investment in these ventures was $32.3 million and $25.6 million, respectively. These investments are classified as “Other assets” in the consolidated balance sheet and represents Rockwood’s approximate exposure to losses on these investments. Rockwood does not guarantee debt for or have other financial support obligations to these ventures.

5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS:

Financial instruments include cash and cash equivalents, accounts receivable, accounts payable, debt instruments and derivatives. Due to their short term maturity, the carrying amount of receivables and payables approximates fair value. Cash equivalents primarily consist of highly liquid investments with original maturities of three months or less at the time of purchase and are recorded at cost, which approximates fair value. The Company has exposure to market risk from changes in interest rates and foreign currency exchange rates. As a result, certain derivative financial instruments may be used when available on a cost-effective basis to hedge the underlying economic exposure. Certain of these instruments qualify as cash flow and net investment hedges upon meeting the requisite criteria, including effectiveness of offsetting hedged exposures. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized in earnings as they occur. Derivative financial instruments are not used for trading purposes.

Qualifying Hedges

Cash Flow Hedges

Foreign currency forward contracts are utilized to hedge forecasted transactions for certain foreign currencies in the Company’s Surface Treatment segment. These contracts were designated as foreign currency cash flow hedges and expired in December 2013. As a result, there were no notional amounts outstanding for foreign currency forward contracts as of December 31, 2013. The effective portion of changes in fair value for the designated foreign currency hedges is temporarily reported in accumulated other comprehensive income and recognized in earnings when the hedged item affects earnings.

Effectiveness is assessed at inception of the hedge and on a quarterly basis. These assessments determine whether derivatives designated as qualifying hedges continue to be highly effective in offsetting changes in the cash flows of hedged items. Any ineffective portion of change in fair value is included in current period earnings. There was no impact of ineffectiveness on earnings during the year ended December 31, 2013.

Net Investment Hedges

In prior periods, the Company designated a portion of its Euro-denominated debt that was recorded on its U.S. books as a net investment hedge of its Euro-denominated investments (Euro debt of €14.1 million at December 31, 2011). In March 2012, the Company dedesignated this net investment hedge. Prior to the dedesignation, foreign currency gains and losses resulting from the Euro-denominated debt discussed above were accounted for as a component of accumulated other comprehensive income. After the dedesignation, such foreign currency gains and losses resulting from the Euro-denominated debt were recorded in the consolidated statements of operations.

All financial instruments, including derivatives, are subject to counterparty credit risk which is considered as part of the overall fair value measurement. Counterparty credit risk is mitigated by entering into derivative contracts with only major financial institutions of investment grade quality and by limiting the amount of exposure to each financial institution. The Company has considered credit adjustments in its determination of the fair value of its derivative assets and liabilities as of December 31, 2013 and 2012, based on market participant assumptions. In addition, based on the credit evaluation of each counter-party institution as of December 31, 2013 and 2012, the Company believes the carrying values to be fully realizable. No counterparty has experienced a significant downgrade in 2013 and the consolidated financial statements would not be materially impacted if any counterparties failed to perform according to the terms of its agreement. Under the terms of the agreements, posting of collateral is not required by any party whether derivatives are in an asset or liability position.

The following table provides the gains and losses reported in "Other Comprehensive Income" ("OCI") within equity for the years ended December 31, 2013, 2012 and 2011:

($ in millions)	Amount of Gain or (Loss) Recognized in OCI on Derivatives and Other Financial Instruments (Effective Portion) Year ended December 31, 2013	2012	2011
Derivatives Designated as Cash Flow Hedges:			
Foreign exchange contracts	$ —	$ —	$ 0.5
Non-Derivative Debt Designated as Net Investment Hedge:			
Euro-denominated debt	$ —	$ (0.3)	$ (9.9)

For the years ended December 31, 2013, 2012 and 2011, gains (losses) of $0.3 million, $(0.3) million and $2.5 million, respectively, were reclassified from accumulated other comprehensive income into operating income.

The Company follows a fair value measurement hierarchy to measure assets and liabilities. As of December 31, 2013 and 2012, the assets and liabilities measured at fair value on a recurring basis are derivatives, cash equivalents and government debt securities. In addition, the Company measures its pension plan assets at fair value (see Note 14, "Employee Benefit Plans," for further details). The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy as follows:

Level 1 — Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. The fair values of cash equivalents, marketable equity securities and government securities are based on unadjusted quoted market prices from various financial information service providers and securities exchanges.

Level 2 — Inputs are directly or indirectly observable, which include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means. The fair values of derivatives are based on quoted market prices from various banks for similar instruments. The valuation of these instruments reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including forward curves.

Level 3 — Inputs are unobservable inputs that are used to measure fair value to the extent observable inputs are not available. The Company does not have any recurring financial assets or liabilities that are recorded on its consolidated balance sheets as of December 31, 2013 and 2012 that are classified as Level 3 inputs.

In accordance with the fair value hierarchy, the following table provides the fair value of the Company's recurring financial assets and liabilities that are required to be measured at fair value as of December 31, 2013 and 2012:

	As of December 31, 2013			As of December 31, 2012		
($ in millions)	Total	Level 1	Level 2	Total	Level 1	Level 2
Assets						
Cash equivalents	$1,370.5	$1,370.5	$ —	$1,110.1	$1,110.1	$ —
Marketable equity securities	—	—	—	2.2	2.2	—
Government securities	0.1	0.1	—	0.3	0.3	—
Total assets at fair value	$1,370.6	$1,370.6	$ —	$1,112.6	$1,112.6	$ —

With regard to assets and liabilities required to be measured at fair value on a non-recurring basis, the Company wrote-off assets in the amount of $4.0 million in 2013 related to the termination of a geothermal energy project at the Silver Peak, NV lithium facility. These assets were written down to zero as it was determined there is no estimated recoverability as these assets will no longer be used. These write-downs are characterized as Level 3 in the fair value hierarchy and were recorded in "asset write-downs and other" in the condensed consolidated statements of operations. In 2012, the Company wrote-off a trade name in the amount of $10.3 million in connection with the reorganization of the former Specialty Chemicals segment and machinery and equipment related to the closure of a Lithium manufacturing facility in the U.S. in the amount of $12.0 million. Both of these assets were written down to zero in 2012 as it was determined there is no estimated recoverability as these assets will no longer be used. These write-downs are characterized as Level 3 in the fair value hierarchy and were recorded in "restructuring and other severance costs" in the consolidated statements of operations.

Debt

At December 31, 2013 and 2012, the Company estimated the fair value of its Senior Notes due in 2020 ("2020 Notes") was $1,273.8 million and $1,300.8 million, respectively, based on quoted market values in active markets from financial service providers. The Company's principal carrying amount of the 2020 Notes was $1,250.0 million at December 31, 2013 and 2012. The Company categorizes these 2020 Notes as Level 1 in the fair value hierarchy.

The carrying value of the Company's term loans under the senior secured credit facility that were paid in September 2013 approximated fair value as interest was based on prevailing variable market rates currently available. As a result, the Company categorized these term loans as level 2 in the fair value hierarchy as of December 31, 2012.

6. INVENTORIES:

Inventories are comprised of the following:

($ in millions)	As of December 31, 2013	2012
Raw materials	$ 64.7	$ 55.2
Work-in-process	53.4	51.3
Finished goods	110.1	106.2
Total	$228.2	$212.7

7. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment, net is comprised of the following:

($ in millions)	As of December 31, 2013	2012
Land	$ 86.6	$ 83.8
Buildings and improvements, including land improvements	347.3	327.1
Machinery and equipment	477.6	434.4
Furniture and fixtures	85.6	74.8
Mining rights	86.3	86.3
Construction-in-progress (a)	195.5	90.1
Property, plant and equipment, at cost	1,278.9	1,096.5
Less accumulated depreciation and amortization	(436.1)	(376.9)
Property, plant and equipment, net	$ 842.8	$ 719.6

(a) Construction-in-progress as of December 31, 2013 primarily relates to the expansion of production capacity for lithium compounds in Chile.

In 2013, the Company wrote-off assets in the amount of $4.0 million related to the termination of a geothermal energy project at the Silver Peak, NV lithium facility. In 2012, the Company recorded a write-down of $12.0 million of machinery and equipment related to the closure of a Lithium manufacturing facility in the U.S. This charge was included as part of "restructuring and other severance costs" in the Consolidated Statements of Operations.

Depreciation and amortization expense of property, plant and equipment was $67.1 million, $63.8 million and $58.8 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Property, plant and equipment at December 31, 2013 and 2012 includes items recorded under capital leases as follows:

($ in millions)	As of December 31, 2013	As of December 31, 2012
Buildings and improvements, including land improvements	$ 55.9	$ 48.4
Accumulated depreciation	(13.4)	(11.0)
Total	$ 42.5	$ 37.4

At December 31, 2013, minimum payments due under capital leases are as follows:

($ in millions)	
Years ended December 31:	
2014	$ 5.1
2015	4.6
2016	4.6
2017	4.6
2018	4.6
Thereafter	16.1
	39.6
Less: Amount representing interest	8.1
	$31.5

8. GOODWILL:

Below are goodwill balances and activity by segment:

($ in millions)	Lithium	Surface Treatment	Corporate and other	Total
Balance, December 31, 2011	$259.3	$ 336.2	$ 4.7	$600.2
Foreign exchange	4.4	5.9	—	10.3
Balance, December 31, 2012	263.7	342.1	4.7	610.5
Acquisitions (a)	—	23.2	—	23.2
Foreign exchange	11.4	14.3	0.2	25.9
Balance, December 31, 2013	$275.1	$ 379.6	$ 4.9	$659.6

(a) Primarily relates to the acquisition of the remaining 50% interest in the Surface Treatment joint venture in India.

There were no accumulated impairment charges recorded as of December 31, 2013.

9. OTHER INTANGIBLE ASSETS, NET:

($ in millions)	As of December 31, 2013 Gross Carrying Amount	As of December 31, 2013 Accumulated Amortization	As of December 31, 2013 Net	As of December 31, 2012 Gross Carrying Amount	As of December 31, 2012 Accumulated Amortization	As of December 31, 2012 Net
Patents and other intellectual property	$ 111.7	$ (81.1)	$ 30.6	$ 102.6	$ (69.6)	$ 33.0
Trade names and trademarks	47.9	(23.6)	24.3	46.0	(21.1)	24.9
Customer relationships	146.1	(83.8)	62.3	127.2	(72.6)	54.6
Other	37.3	(26.6)	10.7	37.2	(26.3)	10.9
Total	$ 343.0	$ (215.1)	$127.9	$ 313.0	$ (189.6)	$123.4

In the first quarter of 2012, the Company wrote-off a trade name in the amount of $10.3 million in the Lithium segment related to the reorganization of the Specialty Chemicals segment. This charge was included as part of “restructuring and other severance costs” in the consolidated statements of operations.

Amortization of other intangible assets was $26.4 million, $25.5 million and $29.2 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Estimated amortization expense for each of the five succeeding fiscal years is as follows:

($ in millions) Year ending	Amortization Expense
2014	$ 24.3
2015	20.6
2016	18.5
2017	17.2
2018	10.5

10. LONG-TERM DEBT:

Long-term debt is summarized as follows:

($ in millions)	December 31, 2013	2012
Senior secured credit facilities:		
Term Loan A	$ —	$ 336.9
Term Loan B	—	587.3
2020 Unsecured senior notes	1,250.0	1,250.0
Capitalized lease obligations	31.5	32.8
Other loans	13.9	12.8
	1,295.4	2,219.8
Less current maturities	(10.3)	(38.4)
	$1,285.1	$2,181.4

Maturities of long-term debt are as follows:

($ in millions)	
2014	$ 10.3
2015	4.9
2016	5.1
2017	5.7
2018	3.8
Thereafter	1,265.6
	$1,295.4

Senior Secured Credit Facilities

In the third quarter of 2013, Rockwood Specialties Group, Inc. ("RSGI"), an indirect 100% owned subsidiary of the Company, repaid all of its outstanding borrowings under the term loans under the Company's senior secured credit facility in the aggregate amount of $924.2 million, consisting of $336.9 million of term loan A and $587.3 million of term loan B. RSGI terminated all commitments under the senior secured credit agreement and all obligations were discharged, including those under the revolving credit commitments. Interest on Term loan A was Libor plus 2.25% (with a 0.25% reduction for achieving a designated credit rating) and on Term loan B was Libor (subject to a Libor floor of 1.00%) plus 2.75% (with a 0.25% reduction for achieving a designated leverage ratio).

2020 Notes

On September 25, 2012, the Company's indirect 100% owned subsidiary, RSGI, issued $1.25 billion of 4.625% Senior Notes due in 2020 ("2020 Notes"). The 2020 Notes are jointly and severally, and fully and unconditionally guaranteed on a senior unsecured basis by the Company and each of RSGI's existing and future 100% owned domestic subsidiaries that is a guarantor under RSGI's senior secured credit facilities. The 2020 Notes pay interest at a rate of 4.625% per annum semi-annually on April 15 and October 15 of each year, and commenced on April 15, 2013. The 2020 Notes will mature on October 15, 2020.

The 2020 Notes contain various affirmative and restrictive covenants. The restrictive covenants limit our ability, and the ability of our restricted subsidiaries, to, among other things, incur or guarantee additional indebtedness (as described below), pay dividends or make other equity distributions or repurchase capital stock, make investments or other restricted payments, create liens, transfer or sell assets, restrict dividends or other payments to us, engage in certain transactions with certain affiliates, and merge or consolidate with other companies or sell substantially all of our assets.

The indenture governing the 2020 Notes prohibits us from incurring additional debt, subject to certain permitted incurrences, unless on a pro forma basis the fixed charge coverage ratio, which is the ratio of Adjusted EBITDA to fixed charges (sum of (a) interest expense, excluding deferred financing costs; and (b) dividends), for the most recently ended four fiscal quarters is at least 2.00 to 1. In addition, the indenture prohibits us from making restricted payments (such as dividends or other equity distributions, repurchases of capital stock or restricted investments), subject to certain permitted payments, unless, among other requirements, after giving effect to the restricted payment the fixed charge coverage ratio for the most recently ended four fiscal quarters is at least 2.00 to 1. Certain permitted payments include (i) RSGI's ability to make payments to Rockwood in an amount not to exceed $0.45 per share per quarter and (ii) RSGI's ability to make payments to Rockwood for common stock repurchases in an amount not to exceed $250.0 million in any calendar year.

Because the indenture governing the 2020 Notes defines an event of default to include, among other things, a default under any other debt obligation in excess of $50.0 million that could cause the acceleration of such obligation, any acceleration under a debt agreement would also result in a default under the indenture governing these notes, which could lead to the note holders electing to declare the principal, premium, if any, and accrued and unpaid interest on the then outstanding notes immediately due and payable.

Other loans

The Company has Euro-denominated loan facilities that provide aggregate outstanding borrowings of approximately €9.7 million ($13.4 million) as of December 31, 2013. These loans mature between 2014 and 2024 and bear annual interest rates ranging up to 1.0%. The loan facilities described above contain customary events of default and some of them are secured by mortgages or accounts receivable.

As of December 31, 2013, the weighted average interest rate for the Company was 4.6%, excluding deferred financing costs.

The Company capitalized interest of $3.0 million, $2.3 million and $1.7 million in the years ended December 31, 2013, 2012 and 2011, respectively.

11. INCOME TAXES:

Income (loss) from continuing operations before income taxes is as follows:

($ in millions)	Year Ended December 31, 2013	2012	2011
United States	$(51.4)	$ (28.0)	$ (26.2)
Foreign	96.8	136.1	111.7
	$ 45.4	$108.1	$ 85.5

The (benefit) provision for taxes on income from continuing operations consisted of the following:

($ in millions)	Year Ended December 31, 2013	2012	2011
Current income tax expense:			
Federal	$ 1.3	$ (12.9)	$ (3.2)
State	1.1	1.4	(0.4)
Foreign	42.0	44.0	33.5
	44.4	32.5	29.9
Deferred income tax expense:			
Federal	(33.9)	(156.2)	(2.5)
State	0.6	0.2	(0.1)
Foreign	(21.1)	(1.3)	(0.3)
	(54.4)	(157.3)	(2.9)
Allocation from discontinued operations:			
Federal	—	—	(11.7)
	—	—	(11.7)
Total (benefit) provision for taxes	$(10.0)	$(124.8)	$ 15.3

In 2012, the Company recorded an income tax benefit resulting from a $150.0 million reversal of the Company's U.S. federal valuation allowance against its net U.S. federal deferred tax assets. The Company evaluates evidence at each balance sheet date to determine if it is more likely than not that the Company will be able to utilize its net deferred tax assets in future years. Based upon the evidence evaluated, the positive factors outweighed the negative factors, the most persuasive factors being the objectively verifiable cumulative normalized taxable income over three years, as well as projected future taxable income.

Changes in tax rates impact the tax (benefit) provision in the year a rate change is enacted.

Deferred income taxes are provided for the effects of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax purposes. The deferred tax assets and liabilities are determined by applying the enacted tax rate in the year in which the temporary difference is expected to reverse.

The tax effects of the major items recorded as deferred tax assets and liabilities are as follows:

	December 31,	
($ in millions)	**2013**	**2012**
Current deferred income tax assets, net:		
Allowance for doubtful accounts	$ 0.5	$ 0.4
Restructuring	0.6	0.5
Derivative instruments	0.9	—
Other current reserves and accruals	3.9	3.2
Investment basis difference	40.4	—
Valuation allowance	(3.2)	(0.5)
Total current deferred income tax assets, net	43.1	3.6
Noncurrent deferred income tax assets:		
Investment basis difference	18.4	18.7
Pension and postretirement benefits	41.0	45.7
Tax loss carryforwards and credits	155.8	160.0
Other noncurrent reserves and accruals	26.8	17.0
Foreign exchange on debt	(0.9)	0.5
Derivative instruments	—	0.4
Other	0.7	0.6
Valuation allowance	(15.3)	(20.4)
Total noncurrent deferred income tax assets	226.5	222.5
Noncurrent deferred income tax liabilities:		
Goodwill and other intangibles	(48.5)	(37.6)
Property, plant and equipment	(59.9)	(57.9)
Total noncurrent deferred income tax liabilities	(108.4)	(95.5)
Net deferred income tax asset	$ 161.2	$130.6

Reconciliations of the U.S. statutory income tax rate to the effective tax rate are as follows:

	Year Ended December 31,		
	2013	2012	2011
Federal statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal effect	2.4	0.9	(0.4)
Foreign/U.S. tax differential	(37.4)	(5.2)	(6.3)
Goodwill	(5.9)	(3.3)	(4.2)
Capital loss	—	—	(103.2)
Basis difference	—	—	(20.8)
(Decrease) increase in valuation allowance	(5.7)	(141.3)	137.5
Debt instruments	(4.4)	(0.8)	—
Allocation from discontinued operations	—	—	(13.7)
Change in uncertain tax positions	(9.1)	—	3.6
Foreign tax rate changes	4.4	4.8	1.8
Other	(1.3)	(5.5)	(11.4)
Effective tax rate	(22.0)%	(115.4)%	17.9%

The 2013 effective tax rate was lower than the U.S. statutory rate of 35% primarily due to a beneficial foreign earnings mix of (37.4)% primarily in Germany, Chile and the U.K. and the change in uncertain tax positions due to the settlement of audits of (9.1)%.

The 2012 effective tax rate was lower than the U.S. statutory rate of 35% primarily due to the reversal of valuation allowances against net deferred tax assets of (141.3)% mainly related to the Company's U.S. federal valuation allowance. Excluding this benefit, the 2012 effective tax rate would have been 25.9%. Additionally, the 2012 effective tax rate was positively impacted by a beneficial foreign earnings mix of (5.2)% primarily in Germany, Chile and the U.K.

The 2011 effective tax rate was lower than the U.S. statutory rate of 35% primarily due to a tax benefit related to a capital loss of (103.2)% resulting from a tax election made related to a non-U.S. subsidiary, a tax benefit related to a basis difference for a non-U.S. subsidiary of (20.8)%, an allocation of tax benefits to continuing operations of (13.7)% and a beneficial foreign earnings mix of (6.3)%. Additionally, the 2011 effective tax rate was negatively impacted by an increase to the U.S. valuation allowance against net deferred tax assets of 137.5%.

The Company's U.S. operations are included in a consolidated federal income tax return.

As of December 31, 2013, the company has U.S. federal and foreign corporate tax loss carryforwards (excluding state and local amounts) of $436.5 million, of which $0.3 million expire through 2018, $2.4 million expire through 2023, $307.0 million expire through 2032 and $126.8 million which have no current expiration date. The Company has $8.4 million of federal capital loss carryforwards which expire in 2014. Additionally, the Company has state and local tax loss carryforwards of $201.7 million, of which $1.5 million expire through 2018, $65.3 million expire through 2028 and $134.9 million expire in years 2029 through 2033. The Company also has state capital loss carryforwards of $64.0 million, of which, $8.4 million expire in 2014 and $55.6 million expire in 2016.

The worldwide valuation allowance decreased by $2.6 million to $18.5 million at December 31, 2013. The valuation allowance as of December 31, 2013 and 2012 was attributable to deferred tax assets related to certain items, such as tax loss carryforwards in certain U.S. states and foreign countries for which it was more-likely-than-not that the related tax benefits would not be realized. The valuation allowance as of December 31, 2011 was attributable to deferred tax assets related to certain items, such as tax loss carryforwards in the U.S., China and other foreign countries for which it was more-likely-than-not that the related tax benefits would not be realized.

A table reflecting the activity in the valuation allowance is as follows:

($ in millions)	Year Ended December 31, 2013	2012	2011
Balance, January 1	$21.1	$ 173.8	$ 74.3
(Decrease) increase as reflected in income tax expense (a)	(2.4)	(152.7)	99.8
Other	(0.2)	—	(0.3)
Balance, December 31	$18.5	$ 21.1	$173.8

(a) Includes the reversal of $150.0 million in 2012 of the U.S. federal valuation allowance against its net U.S. federal deferred tax assets.

At December 31, 2013, the Company had undistributed foreign earnings of $2,298.9 million which the Company concluded to be permanently reinvested. The Company has determined that it is not practicable to compute a deferred tax liability for foreign withholding taxes or U.S. income taxes on these earnings. In accordance with the indefinite reversal criteria, the foreign currency gains recorded in other comprehensive income related to intercompany debt and foreign currency translation have not been tax effected.

The Company records liabilities for potential assessments in various tax jurisdictions. The liabilities relate to tax return positions which, although supportable by the Company, may be challenged by the tax authorities. The Company adjusts these liabilities as a result of changes in tax legislation, interpretations of laws by Courts, rulings by tax authorities, changes in estimates and the closing of the statute of limitations. The Company's effective tax rate in any given year includes the impact of any changes to these liabilities. Favorable resolution of an issue would generally be recognized as a reduction to the Company's annual tax rate.

The Company has classified the liability for uncertain tax positions as non-current income tax liabilities (other liabilities) unless expected to be paid within one year. As of December 31, 2013, the total amount of liabilities for unrecognized tax benefits was $30.7 million. A reconciliation of the beginning and ending balances of the total amounts of liabilities for unrecognized tax benefits, which excludes interest and penalties, is as follows:

($ in millions)	2013	2012
Unrecognized tax benefits at January 1	$ 33.7	$30.1
Increases in tax positions for prior years	2.1	4.3
Decreases in tax positions for prior years	(0.1)	—
Increases in tax positions for the current year	5.8	0.4
Decreases due to settlements with taxing authorities	(10.3)	(0.3)
Lapse in statute of limitations	(1.1)	(0.7)
Foreign exchange	0.6	(0.1)
Unrecognized tax benefits at December 31	$ 30.7	$33.7

The Company recognizes interest and penalties related to unrecognized tax benefits in its income tax provision. The Company accrued interest and penalties of $0.9 million and $1.1 million in 2013 and 2012, respectively. The Company had liabilities accrued of $10.0 million and $9.1 million for interest and penalties as of December 31, 2013 and 2012, respectively.

In accordance with the Company's policy, where tax losses can be carried back or forward to offset liabilities for uncertain tax benefits, deferred tax assets associated with such tax losses are netted against liabilities for such uncertain tax benefits. This policy results in a $9.2 million and $14.2 million reduction in both liabilities for uncertain tax positions and deferred tax assets as of December 31, 2013 and 2012, respectively. The Company has unrecognized tax benefits, net of deferred tax assets, of $21.5 million and $19.5 million as of December 31, 2013 and 2012, respectively.

Included in the balance of unrecognized tax benefits as of December 31, 2013 and 2012 are $21.5 million and $19.5 million, respectively, of tax benefits that, if recognized, would affect the effective tax rate. Also included in the balance of unrecognized tax benefits as of December 31, 2013 and 2012 are $9.2 million and $14.2 million, respectively, of tax benefits that, if recognized, would result in adjustments to deferred taxes.

The Company is currently under audit in certain jurisdictions and during the next twelve months, it is reasonably possible that resolution of these audits could result in a benefit of up to $3.4 million. Audit outcomes and the timing of audit settlements are subject to significant uncertainty.

The Company is subject to taxation in the U.S., various states, and foreign jurisdictions. The Company's tax filings in its major jurisdictions are open to investigation by tax authorities; in the U.S. from 2010, in the U.K. from 2012 and in Germany from 2008.

12. OPERATING LEASE OBLIGATIONS:

The following is a schedule of minimum future rentals under the terms of noncancelable operating leases as of December 31, 2013:

($ in millions)	
Years ended December 31:	
2014	$12.4
2015	9.8
2016	7.0
2017	5.3
2018	5.0
Thereafter	30.1
Total	$69.6

Rent expense under all operating leases was $16.2 million, $13.7 million and $14.9 million for the years ended December 31, 2013, 2012 and 2011, respectively. Rent escalations and other lease concessions are reflected on a straight-line basis over the minimum lease term. Minimum future rentals include the effect of any index or rate that was applicable at lease inception.

13. STOCK-BASED COMPENSATION:

The aggregate compensation cost for stock options, restricted stock units and Board of Director stock grants, as discussed below, was $12.7 million, $11.4 million and $12.6 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Restricted Stock—Restricted stock of the Company can be granted with or without the requirement of consideration and with restrictions on the recipient's right to transfer or sell the stock.

Restricted stock units. In December 2013, 2012 and 2011, the Company awarded market-based restricted stock units to its management and key employees as long as the employee continues to be employed by the Company on the vesting date and upon the achievement of certain performance targets approved by the Compensation Committee. The terms of the awards are as follows:

Award Date	Number of Awards	Vesting Date	Market Performance Period
December 2013	161,156	January 1, 2017	January 1, 2014 to December 31, 2016
December 2012	309,287	January 1, 2016	January 1, 2013 to December 31, 2015
December 2011	257,440	January 1, 2015	January 1, 2012 to December 31, 2014

For each award date, the market-based restricted stock units vest based on the percentage change in the price of the Company's stock over the market performance period and the performance-based restricted stock units vest based upon the Company's total shareholder return as compared to the total shareholder return for the DOW Jones U.S. Chemical Index over the market performance period.

The Company specified a "target amount" of market-based restricted stock units and performance-based restricted stock units, whereby if the specified performance target is met, shares of the Company's common stock would be awarded upon vesting of these units. However, these awards provide the employee with the possibility of earning from 0% to 150% of the targeted amounts granted based upon performance.

The Company began recognizing compensation expense for the restricted stock units awarded in December 2013, 2012 and 2011 upon the grant date of the awards in January of 2014, 2013 and 2012, respectively, because the performance targets that formed the basis for vesting of these awards were not available as of December 31, 2013, 2012 and 2011, respectively. The fair value of these market-based restricted stock units was estimated on the date of grant using the Monte Carlo simulation model as they are tied to market conditions. The model utilizes multiple input variables that determine the probability of satisfying each market condition stipulated in the grant and calculates the fair value for the awards. The fair value of market-based restricted stock units awarded in the years ended December 31, 2013, 2012 and 2011 used the assumptions noted in the following table:

	Year ended December 31,		
	2013	2012	2011
Expected volatility	38%	43%	67%
Risk-free rate	0.8%	0.4%	0.4%

The compensation cost related to restricted stock units of the Company was $12.3 million, $10.4 million and $9.5 million for the years ended December 31, 2013, 2012 and 2011, respectively. The total tax benefit recognized related to restricted stock was $4.1 million, $1.4 million and $1.0 million for the years ended December 31, 2013, 2012 and 2011, respectively. The weighted average grant date fair value of the restricted shares granted in 2013, 2012 and 2011 were $76.56, $50.12 and $37.46, respectively, per stock unit. The total fair value of shares vested during the years ended December 31, 2012 and 2011 was $12.4 million and $6.2 million, respectively. As of December 31, 2013, there was $22.6 million of unrecognized compensation cost related to restricted stock units, which is expected to be recognized over a weighted-average period of approximately 2.4 years. The total tax benefit realized from restricted stock units vesting was $2.1 million and $1.7 million for the year ended December 31, 2012 and 2011, respectively. No restricted stock units vested in 2013 as the date of vesting for the awards granted in December 2010 is in January 2014.

In 2013, the Company modified equity awards held by employees of the former Advanced Ceramics and Clay-based Additives businesses and recognized additional compensation expense of $6.2 million, which is included in income from discontinued operations for the year ended December 31, 2013.

A summary of the status of the Company’s nonvested restricted stock units granted pursuant to the Plan at December 31, 2013 and 2012 and changes during the year ended December 31, 2013 is presented below:

	Shares (‘000)	Weighted Average Fair Value
Nonvested at December 31, 2012	815	$ 50.43
Granted	164	76.56
Cancelled	(125)	49.20
Nonvested at December 31, 2013	854	$ 55.45

Board of Directors Stock Grant—The Company granted 5,367 shares of its common stock to its directors during the year ended December 31, 2013. Compensation cost related to the directors’ stock grant caused income from continuing operations before taxes and net income to decrease by $0.4 million for the year ended December 31, 2013 and $0.5 million for each of the years ended December 31, 2012 and 2011.

Stock Options—Stock options granted to employees under the Plans shall have an exercise price at least equal to the fair market value of the Company’s common stock on the date of grant. The Company did not grant any stock options to directors or employees in 2013, 2012 and 2011.

Stock Options. Stock options granted in 2004 or prior years have a life of ten years from the date of grant and are fully vested. Stock options granted after 2004 typically have a life of seven years and vest in three equal annual installments on each of the first three anniversaries of December 31 of the year granted.

The compensation cost related to stock options of the Company caused income from continuing operations before taxes to decrease by $0.4 million and $2.6 million in the years ended December 31, 2012 and 2011, respectively. The total tax benefit recognized related to stock options was $0.1 million and $0.2 million in the years ended December 31, 2012 and 2011, respectively.

The total intrinsic value of stock options exercised during the years ended December 31, 2013, 2012 and 2011 was $58.1 million, $18.4 million and $32.5 million, respectively. Cash received from option exercises during 2013, 2012 and 2011 was $24.5 million, $9.1 million and $14.4 million, respectively. The total tax benefit realized from options exercised was $17.0 million, $1.6 million and $2.3 million for the years ended December 31, 2013, 2012 and 2011, respectively.

During 2011, the Company accelerated the vesting of 59,547 share options held by employees of the former plastic compounding business sold in January 2011. As a result of the modifications, the Company recognized additional expense of $2.1 million, included in income from discontinued operations, for the year ended December 31, 2011.

A summary of the status of the Company's options granted pursuant to the Plan at December 31, 2013 and 2012 and changes during the year ended December 31, 2013 is presented below:

	Options (‘000)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value ($ in millions)
Outstanding at December 31, 2012	1,957	$ 19.65		
Exercised	(1,225)	19.98		
Outstanding at December 31, 2013	732	$ 19.10	1.9	$ 38.7

All outstanding options are fully vested as of December 31, 2012.

14. EMPLOYEE BENEFIT PLANS:

The Company maintains various defined benefit pension plans, which cover certain employees in the U.S., U.K., Germany and other countries. In Germany, plan obligations include the provision of postretirement benefits covering private health insurance premiums. One of the U.S. subsidiaries provide certain retirees with healthcare and life insurance.

Funding requirements and investment policies for the Company's various defined benefit plans are governed by local statutes and fiduciary standards outlined below.

The following tables summarize the benefit obligations, plan assets and the funded status of the pension plans, along with the amounts recognized in the consolidated balance sheets and the weighted average assumptions used.

($ in millions)	Pension Benefits U.S. Plans 2013	2012	Non-U.S. Plans 2013	2012
Change in benefit obligation:				
Benefit obligation at beginning of year	$37.4	$ 34.7	$ 380.5	$ 323.2
Service cost	—	—	4.2	3.6
Interest cost	1.4	1.4	13.1	14.4
Actuarial (gain) loss	(4.1)	2.3	(2.4)	42.5
Benefits paid	(1.4)	(1.0)	(17.2)	(15.0)
Plan changes	—	—	—	1.8
Effect of curtailment/settlement	—	—	(12.0)	(0.8)
Foreign exchange loss	—	—	11.4	10.5
Other	—	—	0.8	0.3
Benefit obligation at end of year	$33.3	$ 37.4	$ 378.4	$ 380.5
Change in fair value of plan assets:				
Fair value of plan assets at beginning of year	$24.8	$ 21.8	$ 109.8	$ 97.4
Actual return on assets	2.5	2.7	4.9	9.2
Employer contributions	0.7	1.3	6.4	2.5
Benefits paid from fund	(1.4)	(1.0)	(3.7)	(3.1)
Effect of curtailment/settlement	—	—	(10.6)	(0.8)
Foreign exchange gain	—	—	2.4	4.3
Other	—	—	0.7	0.3
Fair value of plan assets at end of year	$26.6	$ 24.8	$ 109.9	$ 109.8
Funded status (a)	$ (6.7)	$(12.6)	$(268.5)	$(270.7)
Amounts recognized in the consolidated balance sheets:				
Current liabilities	$ —	$ —	$ (9.3)	$ (9.6)
Noncurrent liabilities (b)	(6.7)	(12.6)	(259.2)	(261.0)
Net amount recognized	$ (6.7)	$(12.6)	$(268.5)	$(270.6)
Amounts recognized in accumulated other comprehensive income:				
Net actuarial losses	$ 8.3	$ 14.4	$ 88.1	$ 92.1
Prior service cost	—	—	5.5	6.1
Accumulated other comprehensive loss	$ 8.3	$ 14.4	$ 93.6	$ 98.2
Accumulated benefit obligation	$33.3	$ 37.4	$ 371.8	$ 370.0
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate	4.61%	3.71%	3.85%	3.61%
Rate of compensation increase	N/A	N/A	3.21%	3.06%

(a) The Company's overall unfunded position in its defined benefit plans as of December 31, 2013 is $275.2 million and the funded status of our plans is 33%. However, 84% of the Company's unfunded position is concentrated in plans mostly in Germany, where funding is neither legally required nor customary. When only the plans that have funding requirements are considered, the unfunded portion is $43.2 million and the funded status is 76%. The funding of the Company's pension plans was in compliance with local requirements as of December 31, 2013.

(b) Balances do not include $3.0 million and $2.5 million as of December 31, 2013 and 2012, respectively, representing certain individually immaterial pension and postretirement medical plans which are reported within "Pension and Related Liabilities" in the consolidated balance sheets.

($ in millions)	U.S. Plans 2013	U.S. Plans 2012	U.S. Plans 2011	Non-U.S. Plans 2013	Non-U.S. Plans 2012	Non-U.S. Plans 2011
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:						
Discount rate	3.71%	4.19%	5.31%	3.61%	4.56%	5.05%
Expected return on plan assets (a)	6.53%	7.96%	8.23%	4.63%	6.75%	7.12%
Rate of compensation increase	N/A	N/A	N/A	3.06%	3.09%	3.13%
Components of net pension benefit costs:						
Service cost	$ —	$ —	$ —	$ 4.2	$ 3.6	$ 3.1
Interest cost	1.4	1.4	1.4	13.1	14.4	15.3
Expected return on assets	(1.6)	(1.7)	(1.7)	(6.7)	(6.5)	(6.7)
Net amortization of actuarial losses	1.1	1.1	0.5	4.8	1.8	0.7
Amortization of prior service cost	—	—	—	0.7	0.7	1.0
Net periodic pension cost	0.9	0.8	0.2	16.1	14.0	13.4
Settlement/curtailment	—	—	—	0.1	0.1	—
Total pension cost	$ 0.9	$ 0.8	$ 0.2	$16.2	$14.1	$13.4

(a) The long-term rate of return on assets listed above is the average of expected returns developed for each plan weighted by each plan's assets, as of January 1 of the year measured. Rates of return have been estimated based on various asset-appropriate price and yield indices, adjusted for projected inflation and long-term dividend growth.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

($ in millions)	U.S. Plans	Non-U.S. Plans
2014	$ 1.4	$ 16.1
2015	1.5	17.5
2016	1.6	18.0
2017	1.7	18.4
2018	1.9	19.3
Years 2019 - 2023	10.6	101.6
Expected employer contributions to plan assets:		
2014	$ 1.2	$ 4.2

Recognition of actuarial losses—In 2014, the Company expects to recognize $4.4 million of previously unrecognized actuarial losses.

Other postretirement benefits—The Company had liabilities of $2.6 million and $2.8 million as of December 31, 2013 and 2012, respectively, related to other postretirement benefit plans reported as "Pension and Related Liabilities" in the Consolidated Balance Sheets. Related plan expenses were $0.1million, $0.2 million and $0.1 million in 2013, 2012 and 2011, respectively.

Plans with accumulated benefit obligations in excess of plan assets—Substantially all of the Company's defined benefit plans had accumulated benefit obligations in excess of plan assets.

Plans with projected benefit obligations in excess of plan assets—The Company's defined benefit plans all had projected benefit obligations in excess of plan assets.

Contributions—During the year ended December 31, 2013, the Company made contributions of approximately $7.1 million to its defined benefit pension trusts and an additional $13.5 million in benefit payments directly to plan participants. For 2014, the Company expects to make payments of approximately $5.3 million as contributions to pension trusts plus benefit payments directly to plan participants of approximately $12.4 million.

Investment policies and strategies—The Company's plans have varying statutory and plan governance requirements. For example, U.K. plan investments are limited to listed securities not affiliated with the Company or the investment advisor and equities are divided between domestic and foreign equity. U.S. plan investments are generally limited to mutual funds. Although the Company has representatives of local management involved in the governance of all plans, some plans or statutes also have representation by workers, employee unions, and/or corporate-level executives.

Plans in the U.K. and the U.S. represent approximately 95% of total plan assets. In these countries, the general investment objectives are to maximize the expected return on the plans' assets without unduly prejudicing the security of the members' accrued benefits and with sufficient liquidity to meet current plan cash flow requirements. As each plan is locally governed, asset allocations may vary between plans. Most plans do not have fixed targets but vary their investment allocations based on plan trustees' consultation with professional investment advisors as to whether these allocations remain appropriate in light of relative investment performance and risk and/or actuarial changes related to plan participants. The following table presents the weighted-average of the plans' targeted investment allocations in 2013 as well as the actual weighted-average investment allocations as of December 31, 2013 and 2012:

	U.S. Plans			Non-U.S. Plans		
	Target	2013	2012	Target	2013	2012
Cash and cash equivalents	— %	— %	— %	— %	3%	1%
Equity securities	51	48	51	66	64	58
Fixed income	49	52	49	32	31	30
Insurance contracts, real estate and other	—	—	—	2	2	11

The following table presents the Company's plan assets using the fair value hierarchy as of December 31, 2013 and 2012. See Item 8. Financial Statements and Supplementary Data - Note 5, "Financial Instruments and Fair Value Measurements," for descriptions of the Company's fair value hierarchy levels. The Company does not have any employee benefit plan assets that are classified as Level 3 inputs as of December 31, 2013 or 2012. The Company has not been informed by its investment managers of any changes in valuation techniques or inputs during the periods presented.

	Fair Value Measurements					
	As of December 31, 2013			As of December 31, 2012		
(in millions)	Total	Level 1	Level 2	Total	Level 1	Level 2
Cash and cash equivalents	$ 3.3	$ 3.3	$ —	$ 0.8	$ 0.8	$ —
Equity funds (a)	82.9	1.2	81.7	75.9	3.3	72.6
Government bonds (b)	4.6	1.9	2.7	5.2	1.8	3.4
Corporate bonds (b)	29.1	2.4	26.7	27.9	2.3	25.6
Other fixed income funds	13.8	0.5	13.3	12.0	0.5	11.5
Insurance contracts	2.8	—	2.8	12.8	—	12.8
Total	$136.5	$ 9.3	$127.2	$134.6	$ 8.7	$125.9

(a) Primarily represent investments in diversified equity mutual funds.
(b) Represents a direct investment or mutual pooled fund.

Level 1

Direct investments in publicly traded equity and debt securities are valued at quoted market prices. Similarly, mutual funds are public investment vehicles valued at quoted market prices, which represent the net asset value ("NAV") of the shares held.

Level 2

Most of the Company's Level 2 investments are funds valued at NAV provided by investment managers. Investments that do not meet the criteria for Level 1, but are redeemable at NAV within 90 days of the measurement date are classified as Level 2. Investments with longer time horizons for redemption are evaluated individually based on specific facts and circumstances with the rebuttable presumption that such investments should be classified as Level 3.

Direct investments in corporate and government bonds that are not actively traded are based on institutional bid evaluations using proprietary models that are derived from observable inputs. Commingled and proprietary funds are valued at unit or net asset values provided by investment managers, which are based on the fair value of the underlying investments utilizing public information, independent external valuation from third-party services, third-party advisors, or standard bond or other investment valuation models. Insurance contracts are valued as reported by the issuer, typically either using cash surrender value - the amount a plan would receive if a contract was cashed out at year end — or based on the present value of the expected future cash flows.

Other Retirement Benefit Plans

Savings Plans—The Company sponsors various defined contribution plans for certain employees. Contributions under the plans are based on specified percentages of employee compensation. In aggregate, the Company's contributions to these plans were $6.7 million, $6.1 million and $6.8 million in 2013, 2012 and 2011, respectively.

Multiemployer Plans— During 2013, the Company participated in one multiemployer plan in Germany. The Company previously participated in a multiemployer plan in the U.S. but ended its participation in 2012 as it satisfied all outstanding obligations. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligation of the plan may be borne by remaining participating employers.

The Company's contribution expense to these plans is outlined in the table below:

	Company Contributions ($ in millions)		
	Year ended December 31,		
Pension Fund	**2013**	**2012**	**2011**
Pensionskasse Dynamit Nobel Versicherungsverein auf Gegenseitigkeit, Troisdorf ("DN Pensionskasse")	$ 2.9	$ 3.0	$ 2.3
U.S. Plan	—	0.1	0.1
Total	$ 2.9	$ 3.1	$ 2.4

The Company's contributions to the DN Pensionskasse represented approximately 20% of the total contributions received by the DN Pensionskasse in the years ended December 31, 2013, 2012 and 2011. Including the discontinued operations, the Company's contributions to the DN Pensionskasse represented approximately half of the total contributions received by the DN Pensionskasse in those years.

The DN Pensionskasse provides monthly payments in the case of disability, death or retirement. Additional information of the DN Pensionskasse is available in the public domain. Some participants in the plan are subject to collective bargaining arrangements, which have no fixed expiration date. The contribution and benefit levels are neither negotiated nor significantly influenced by these collective bargaining arrangements nor are benefit levels generally subject to reduction.

The DN Pensionskasse rules require that contributions are set by its Board to comply with the applicable German insurance law. This law requires that such plans be fully funded at all times. The DN Pensionskasse was fully funded as of December 31, 2012, the date the most recent information is publicly available. This funding level would correspond to the highest funding zone status (at least 80% funded) under U.S. pension regulation.

The DN Pensionskasse plan is subject to a financial improvement plan ("FIP") which expires in at the end of 2014. The FIP calls for increased capital reserves to avoid future underfunding risk. In 2012, the Company's contribution included a one-time payment of €0.4 million ($0.5 million) to ensure that the solvency requirements agreed upon in the FIP were met at the end of year end. In 2013, the Company provided a guarantee of €4.7 million ($6.5 million) to meet these solvency requirements based on a December 31, 2013 measurement date.

The majority of the Company's contributions are tied to employees' contributions, which are generally calculated as a percentage of base compensation, up to a certain statutory ceiling. Until the end of 2014 (end of the FIP), the Company will pay at least three times the employees' contributions for longer-term employees. However, for employees starting after December 1, 2007, the Company's contributions equal the employee contributions.

Since the plan liabilities need to be fully funded at all times according to local funding requirements, it is unlikely that the DN Pensionskasse plan will fail to fulfill its obligations, however, in such an event, the Company is liable for the benefits of its employees who participate in the plan.

15. EARNINGS PER SHARE:

Basic and diluted earnings per common share ("EPS") were computed using the following share data:

($ in millions, except per share amounts; shares in thousands)	Year ended December 31, 2013	2012	2011
EPS Numerator:			
Amounts attributable to Rockwood Holdings, Inc. shareholders:			
Income from continuing operations	$ 55.4	$ 232.9	$ 70.2
(Loss) income from discontinued operations	(66.0)	146.3	209.9
Gain on sale of discontinued operations, net of tax	1,670.5	—	119.3
Net income	$1,659.9	$ 379.2	$ 399.4
EPS Denominator:			
Basic weighted average number of common shares outstanding	75,781	77,665	76,555
Effect of dilutive stock options and other incentives	1,609	2,278	3,310
Diluted weighted average number of common shares outstanding and common stock equivalents	77,390	79,943	79,865
Basic earnings per common share attributable to Rockwood Holdings, Inc. shareholders:			
Earnings from continuing operations	$ 0.73	$ 3.00	$ 0.92
Earnings from discontinued operations, net of tax	21.17	1.88	4.30
Basic earnings per common share	$ 21.90	$ 4.88	$ 5.22
Diluted earnings per common share attributable to Rockwood Holdings, Inc. shareholders:			
Earnings from continuing operations	$ 0.72	$ 2.91	$ 0.88
Earnings from discontinued operations, net of tax	20.73	1.83	4.12
Diluted earnings per common share	$ 21.45	$ 4.74	$ 5.00

For the years ended December 31, 2013, 2012 and 2011, there were no outstanding shares that would have had an anti-dilutive effect.

16. RESTRUCTURING AND OTHER SEVERANCE COSTS:

The Company records restructuring liabilities that represent charges incurred in connection with consolidations and cessations of certain of its operations, including operations from acquisitions, as well as headcount reduction programs. These charges consist primarily of severance and facility/entity closure costs. Severance charges are based on various factors including the employee's length of service, contract provisions, salary levels and local governmental legislation. At the time a related charge is recorded, the Company calculates its best estimate based upon detailed analysis. Although significant changes are not expected, actual costs may differ from these estimates.

The following table provides the restructuring and other severance costs for the years ended December 31, 2013, 2012 and 2011:

($ in millions)	Year ended December 31, 2013	2012	2011
Severance/Relocation	$ 1.9	$ 3.4	$ 6.2
Facility/entity closure and other	13.1	5.9	3.4
Asset write-downs	—	24.3	—
Restructuring charge	15.0	33.6	9.6
Other severance costs	2.5	1.7	1.8
Total	$17.5	$35.3	$11.4

For the year ended December 31, 2013, the restructuring charges primarily relate to relate to the closure of a lithium manufacturing facility in the U.S., environmental reserves recorded for facilities retained as part of the sale of the TiO2 Pigments and Other Businesses, organizational changes in the Surface Treatment segment, as well as closure costs related to the move of the Lithium headquarters to a new location.

All restructuring actions still in progress as of December 31, 2013 are expected to be substantially complete within the next twelve months. However, payouts of certain liabilities resulting from these actions will take place over several years. There are no significant future costs related to open restructuring plans remaining. Selected information for outstanding liabilities from recent restructuring actions is as follows (excluding asset write-downs of $24.3 million noted above):

($ in millions)	Severance/ Relocation	Facility/Entity Closure and Other	Total
Liability balance, December 31, 2011	$ 4.9	$ 2.4	$ 7.3
Restructuring charge in 2012	3.4	5.9	9.3
Utilized	(2.3)	(6.4)	(8.7)
Foreign exchange and other	0.1	—	0.1
Liability balance, December 31, 2012	$ 6.1	$ 1.9	$ 8.0
Restructuring charge in 2013	1.9	13.1	15.0
Utilized	(5.2)	(7.9)	(13.1)
Foreign exchange and other	(0.4)	(2.3)	(2.7)
Liability balance, December 31, 2013	$ 2.4	$ 4.8	$ 7.2

Restructuring reserves by segment are as follows:

($ in millions)	As of December 31, 2013	2012
Lithium	$ 2.8	$ 1.4
Surface Treatment	2.7	4.7
Corporate and other	1.7	1.9
	$ 7.2	$ 8.0

17. ACCUMULATED OTHER COMPREHENSIVE INCOME:

Changes in accumulated other comprehensive income (loss) are as follows:

($ in millions)	Pension related adjustments, net of tax (a)	Foreign currency translation (b)	Intercompany loans - foreign currency translation (b)	Net investment hedge, net of tax (c)	Cash flow hedges, net of tax (d)	Total accumulated other comprehensive income (loss)
Balance at December 31, 2010	$ (43.5)	$ 229.2	$ 128.2	$ (179.7)	$ (0.6)	$ 133.6
Period change	(39.2)	(47.7)	(24.7)	(9.9)	0.4	(121.1)
Balance at December 31, 2011	(82.7)	181.5	103.5	(189.6)	(0.2)	12.5
Period change	(63.3)	24.4	13.9	(0.3)	0.2	(25.1)
Balance at December 31, 2012	(146.0)	205.9	117.4	(189.9)	—	(12.6)
Other comprehensive loss before reclassifications	25.1	62.2	31.8	—	—	119.1
Amounts reclassified from accumulated other comprehensive loss to net income	25.3	1.0	(1.5)	—	—	24.8
Amounts reclassified from noncontrolling interest to accumulated other comprehensive loss (e)	(27.6)	—	—	—	—	(27.6)
Balance at December 31, 2013	$ (123.2)	$ 269.1	$ 147.7	$ (189.9)	$ —	$ 103.7

(a) The tax effect on the pension related adjustments is an expense (benefit) of $10.4 million, $(25.8) million and $(12.0) million for the years ended December 31, 2013, 2012 and 2011, respectively.

(b) The foreign currency translation and intercompany loan adjustments are not adjusted for income taxes in accordance with the indefinite reversal criteria.

(c) There was no tax effect recorded for the years ended December 31, 2013, 2012 and 2011, respectively.

(d) The tax effect on the cash flow hedges is an expense of $0.1 million for 2011.

(e) This represents the amount of accumulated other comprehensive loss reclassified as a result of the Company's purchase of Kemira's 39% interest in the Titanium Dioxide Pigment's venture in February 2013.

Gains and losses on intercompany foreign currency loans that are of a long-term investment nature for which settlement is not planned or anticipated in the foreseeable future are reported as a component of accumulated other comprehensive income.

The amounts reclassified from accumulated other comprehensive income (loss) into net income are as follows:

Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss Year ended December 31, 2013
Pension related adjustments:	
Sale of Advanced Ceramics (a)	$ (18.1)
Actuarial losses (b)	(16.0)
Prior service costs (b)	(0.8)
	(34.9)
Income tax provision	9.6
	$ (25.3)
Foreign currency translation:	
Sale of Advanced Ceramics (a)	$ (3.3)
Sale of Clay-based Additives (a)	2.3
	$ (1.0)
Intercompany foreign currency loans:	
Sale of Advanced Ceramics (a)	$ 1.5
	$ 1.5
Total reclassifications for the period	$ (24.8)

(a) Amounts reclassified to gain on sale of discontinued operations, net of tax in the consolidated statements of operations.

(b) These accumulated other comprehensive income components are included in the computation of net periodic pension costs that are recorded in costs of products sold and selling, general and administrative expenses in the consolidated statements of operations. In addition, these accumulated other comprehensive income components include the effect of actuarial losses and prior service costs from discontinued operations.

18. COMMITMENTS AND CONTINGENCIES:

Legal Proceedings—The Company is involved in various legal proceedings, including commercial, intellectual property, product liability, regulatory and environmental matters of a nature considered normal for its business. The Company accrues for amounts related to these matters if it is probable that a liability has been incurred, and an amount can be reasonably estimated. The Company discloses such matters when there is at least a reasonable possibility that a material loss may have been incurred. However, the Company cannot predict the outcome of any litigation or the potential for future litigation.

Former Glass Sealants Business

A subsidiary in the Surface Treatment segment formerly manufactured and distributed sealants for insulating glass, which was sold in 2003. This subsidiary has been named as a defendant, or third party defendant, in several lawsuits, which were initiated prior to and after the sale of the business, relating to allegedly defective manufacturing of those products. Two lawsuits are still pending in Germany (District Courts of Frankfurt am Main and of Rottweil) and six lawsuits are pending in the Netherlands (High Court of Hertogenbosch), The court of the first instance in the Dutch litigations concluded in March 2012 that our subsidiary breached certain implied product warranties and is responsible for certain alleged damages to be determined. The Company's subsidiary has appealed this decision. In general, this subsidiary may be required to compensate damage claims asserted by the various plaintiffs in these actions. Although the Company expects its subsidiary to have coverage under its product liability insurance policies should damages ultimately be awarded or agreed to, in such an event, its insurance may not cover such damages and, if not, its subsidiary may not have sufficient cash flow to pay them. The Company estimates that the possible range of loss from those damage claims, net of expected insurance recoveries, is from €0.7 million ($1.0 million) to €4.2 million ($5.8 million) as of December 31, 2013. The Company does not believe that the resolution of these matters will have a material effect on its financial condition, results of operations or cash flows.

Real Estate Transfer Tax Matter

In December 2009, the Company received a tax assessment from German tax authorities, claiming that the Company's acquisition of Dynamit Nobel in 2004 triggered a real estate transfer tax obligation. The Company appealed the assessment to the German tax authorities on the grounds that it had already paid the relevant real estate transfer tax and that the further assessment would constitute duplicate taxation of the real estate transfers. However, in October 2011, the German tax authorities affirmed their position with regard to the assessment. Consequently, the Company appealed this assessment with the German Fiscal Court and intends to vigorously defend its position in this matter. The Company estimates that the possible range of loss from these claims as of December 31, 2013 is from €0.0 million to €5.5 million ($7.6 million). The Company does not expect this matter to have a material impact on its financial condition, results of operations or cash flows.

Inspector General Subpoena

In February 2010, a subsidiary of the Company received a subpoena from the Inspector General of the Department of Defense ("DOD") seeking information related to a product in the Timber Treatment Chemicals business in the Performance Additives segment. In June 2012, the United States government filed a notice of election indicating that it would not intervene at that time and the court ordered the complaint to be unsealed. The complaint was served on the Company in November 2012 by Osmose, Inc. ("Osmose"), a competitor of our Timber Treatment business, and alleges that our subsidiary misrepresented properties of certain fire retardants in relation to a military specification for such products. In March 2013, Osmose filed an amended complaint. In May 2013, the Company's subsidiary filed a motion to dismiss the action. In January 2014, the United States District Court for the Western District of New York granted the Company's motion and dismissed all claims with prejudice. Osmose did not appeal this matter.

Other Matters

Although the Company expects to continue to pay legal fees in connection with the above matters and other legal actions such as chromated copper arsenate and other product liability matters, based on currently available facts, the Company does not believe that any other individual action will have a material effect on its financial condition, results of operations or cash flows.

Reserves in connection with known product liability matters, net of expected insurance recoveries, do not individually exceed $2.1 million and in the aggregate equal $3.0 million as of December 31, 2013. The Company's reserve estimates are based on available facts, including damage claims and input from its internal and external legal counsel, past experience, and, in some instances where defense costs are being paid by its insurer, known or expected insurance recoveries. The Company is unable to estimate the amount or range of any potential incremental charges should facts and circumstances change and may in the future revise its estimates based on new information becoming available. Further, the Company cannot predict the outcome of any litigation or the potential for future litigation.

Indemnity Matters—The Company is indemnified by third parties in connection with certain matters related to acquired and divested businesses. The Company has no reason to believe that the financial condition of those parties who may have indemnification obligations to the Company is other than sound, except as regards to pension obligations disclosed below. However, in the event the Company seeks indemnity under any of these agreements or through other means, there can be no assurance that any party who may have obligations to indemnify the Company will adhere to their obligations and the Company may have to resort to legal action to enforce its rights under the indemnities. In cases where the Company's indemnification claims to such third parties are uncontested, the Company expects to realize recoveries within the short term.

The Company may be subject to indemnity claims relating to properties or businesses it divested. For example, the Company has agreed to indemnify the buyer of its former plastic compounding, Clay-based Additives and TiO2 Pigments and Other Businesses for certain tax and environmental matters which may arise in the future that relate to the period prior to the closing or other matters related to such businesses.

The Company's pension liability includes defined benefit obligations to employees of a previously divested company which cannot legally be transferred to the owners under local law. The owner of the business had agreed to indemnify the Company for these obligations, however, such company has filed for bankruptcy. Accordingly, as of December 31, 2013, the Company has recorded a reserve of €4.9 million ($6.7 million) against its related receivable of €5.4 million ($7.4 million) due from the current owner. The Company cannot predict the ultimate outcome of this matter.

In the opinion of management, and based upon information currently available, the ultimate resolution of any indemnification obligations owed to the Company or by the Company is not expected to have a material effect on the Company's financial condition, results of operations or cash flows.

Safety, Health and Environmental Matters

General

The Company is subject to extensive environmental, health and safety laws in the United States, the European Union ("EU") and elsewhere at the international, national, state, and local levels. Many of these laws impose requirements relating to clean up of contamination, and impose liability in the event of damage to human beings, natural resources or property, and provide for substantial fines, injunctions and potential criminal sanctions for violations. Other laws or contractual agreements require post-closure reclamation of landfills, surface mining sites and manufacturing facilities for damage resulting from normal operation of these locations. The products, including the raw materials handled, are also subject to industrial hygiene regulations and investigation. The nature of the Company's operations exposes it to risks of liability for breaches of these laws and regulations as a result of the production, storage, transportation and sale of materials that can cause contamination or personal injury when released into the environment. Environmental laws are subject to change and have tended to become stricter over time. Such changes in environmental laws, or the enactment of new environmental laws, could result in materially increased capital, operating and compliance costs.

Safety, Health and Environmental Management Systems

The Company is committed to achieving and maintaining compliance with all applicable safety, health and environmental ("SHE") legal requirements. The Company's subsidiaries have developed policies and management systems that are intended to identify the SHE legal requirements applicable to their operations, enhance compliance with such requirements, ensure the safety of the Company's employees, contractors, community neighbors and customers and minimize the production and emission of wastes and other pollutants. Although SHE legal requirements are constantly changing, these SHE management systems are designed to assist the Company in meeting its compliance goals and minimizing risk.

SHE Capital Expenditures

The Company will incur future costs for capital improvements and general compliance under SHE laws. For the years ended December 31, 2013, 2012 and 2011, the capital expenditures for SHE matters for continuing operations totaled $6.0 million, $23.1 million and $13.9 million, respectively, excluding costs to maintain and repair pollution control equipment. For 2014, the Company estimates capital expenditures for continuing operations for compliance with SHE laws to be at similar levels as 2013; however, because capital expenditures for these matters are subject to changes in existing and new SHE laws for continuing operations, the Company cannot provide assurance that its recent expenditures will be indicative of future amounts required to comply with these laws.

Regulatory Developments

Greenhouse gases have increasingly become the subject of international, national, state and local attention. On September 22, 2009, the Environmental Protection Agency ("EPA") passed its final greenhouse gas monitoring and reporting rule that required certain facilities in the U.S. to record their greenhouse gases beginning January 1, 2010 and begin reporting these measurements on September 30, 2011. Currently, no facilities are required to report under this program. Based upon currently available information, the Company does not believe that this rule will have a material impact on its financial condition, results of operations or cash flows. However, further legislation of greenhouse gases and carbon dioxide has been proposed in the U.S. and other jurisdictions. Certain European facilities are subject to different carbon emission trading schemes imposed by local governments, e.g. U.K. and Germany. Any such laws may directly and indirectly have a material impact on its financial condition, results of operations and cash flows in any quarterly or annual reporting period, such as through higher costs for energy and certain raw materials and additional capital expenditures to comply with such laws.

The Company is also subject to the Homeland Security Agency's regulations, which address chemical plant safety, the Kyoto Protocol, which relates to the emission of greenhouse gases and the European Union Integrated Pollution Prevention and Control Directive, which relates to environmental permitting programs for individual facilities. In addition, legislation has been introduced in Congress seeking to reform the Toxic Control Substances Act, which among other things, would require manufacturers to develop and submit additional safety data for each chemical it produces, similar to the Registration, Evaluation, and Authorization of Chemicals ("REACH") legislation. Based upon currently available information, the Company does not believe that these regulations will have a material impact on its financial condition, results of operations or cash flows.

Environmental Reserves

Environmental laws have a significant effect on the nature and scope of any clean-up of contamination at current and former operating facilities, the costs of transportation and storage of chemicals and finished products and the costs of the storage and disposal of wastes.

In addition, “Superfund” statutes in the United States as well as statutes in other jurisdictions impose strict, joint and several liability for clean-up costs on the entities that generated waste and/or arranged for its disposal at contaminated third party sites, as well as the past and present owners and operators of contaminated sites. All responsible parties may be required to bear some or all clean-up costs regardless of fault, legality of the original disposal or ownership of the disposal site.

The following table provides a list of the Company’s present and former facilities with environmental contamination or reclamation obligations for which the Company has reserved for at December 31, 2013:

Country	Location	(a)	(b)	(c)	(d)	(e)
Brazil	Diadema			X		X
Chile	La Negra				X	
	Salar de Atacama				X	
China	Shenzhen			X		
France	Sens	X				
Germany	Duisburg				X	
	Empelde	X				X
	Hainhausen	X				
	Liebenau			X		
	Stadeln	X	X			
	Troisdorf	X	X	X		
The Netherlands	Oss	X				
South Africa	Boksburg	X				
United Kingdom	Birtley			X		
United States	Beltsville, MD	X				
	East St. Louis, IL			X		
	Easton, PA			X		
	Kings Mountain, NC				X	
	Pineville, NC					X
	Silver Peak, NV				X	
	Sunbright, VA	X				X
	Valdosta, GA	X				

(a) The Company is currently operating groundwater monitoring and/or remediation systems at these locations.
(b) The Company is currently operating groundwater monitoring and/or remediation systems at these locations for which prior owners or insurers have assumed all or most of the responsibility.
(c) The Company is currently conducting investigations into additional possible soil and/or groundwater contamination at these locations.
(d) The Company has land restoration obligations generally relating to landfill activities or surface mining at these locations.
(e) The Company is responsible for certain liabilities related to environmental matters at these formerly owned or closed facilities.

The Company is also responsible for environmental matters at some of its former off-site disposal locations owned by third parties. These sites are considered Superfund sites as defined by the EPA or state regulatory authority. The Company is a potentially responsible party or *de minimis* participant at a Superfund location in South Gate, CA. Although the Company cannot provide assurances in this regard, the Company does not believe that these issues will have a material effect on its financial condition, results of operations or cash flows. Nonetheless, the discovery of contamination arising from present or historical industrial operations at some of the Company’s or its predecessor’s former and present properties and/or at sites where the Company and its predecessor disposed wastes could expose the Company to cleanup obligations and other damages in the future.

In connection with the sale of TiO2 Pigments and Other Businesses, the Company agreed to retain liability for certain environmental matters at several operating sites where the Company currently has environmental reserves, including Birtley, UK, Hainhausen, Germany, Shenzhen, China, Beltsville, Maryland, East St. Louis, Illinois, Easton, Pennsylvania and Valdosta, Georgia. Accordingly, the reserves for these sites are not included in discontinued operations and the reserves for other operating sites for these businesses are included in discontinued operations (Duisburg, Uerdingen, and Schwarzheide, Germany, Kipsikorpi, Finland, Harrisburg, North Carolina and Turin, Italy). In addition, the Company agreed to indemnify the buyer for certain environmental matters at such other operating sites of the businesses for a limited period subject to certain limitations, caps and deductibles.

The Company has established financial reserves relating to anticipated environmental cleanup obligations, site reclamation and remediation and closure costs, which are reviewed at least quarterly based on currently available information. Liabilities are recorded when potential liabilities are either known or believed to be probable and can be reasonably estimated. In the event that the Company establishes a financial reserve in connection with site remediation costs, the Company records a reserve for the estimated cost of the remediation, even though the costs of the remediation will likely be spread out over many years. The Company does not include unasserted claims in its reserves.

The Company's liability estimates are based upon available facts, existing technology, indemnities from or to third parties, past experience and, in some instances, insurance recoveries where the remediation costs are being paid by its insurers, and are generated by several means, including State-mandated schedules, environmental consultants and internal experts, depending on the circumstances.

On a consolidated basis, the Company has accrued $42.0 million and $38.4 million for environmental liabilities as of December 31, 2013 and 2012, respectively, most of which were classified as other non-current liabilities in the consolidated balance sheets. Included in the environmental liabilities are reclamation obligations of $15.3 million and $14.9 million as of December 31, 2013 and 2012, respectively. These obligations primarily relate to post-closure reclamation in the surface mining and manufacturing sites within the Lithium segment.

($ in millions)	Year ended December 31, 2013	2012
Liability balance, January 1	$ 14.9	$ 13.8
Accretion	0.6	0.6
Utilization	(0.3)	—
Revisions to estimates	0.1	0.5
Liability balance, December 31	$ 15.3	$ 14.9

The remaining environmental liabilities ($26.7 million and $23.5 million as of December 31, 2013 and 2012, respectively) represent remediation obligations. The Company estimates that the potential range for such environmental matters (excluding reclamation obligations) as of December 31, 2013 is from $26.7 million to $46.9 million. Of these accruals, $14.3 million and $13.2 million as of December 31, 2013 and 2012, respectively, represent liabilities discounted using discount rates ranging from 2.8% to 7.0%, with the undiscounted amount of these reserves being $29.8 million and $28.8 million, respectively.

The Company's remediation liabilities are payable over periods of up to 30 years. At a number of the sites described above, the extent of contamination has not yet been fully investigated or the final scope of remediation is not yet determinable and could potentially affect the range. For the year ended December 31, 2013, the Company recorded charges of $4.1 million to increase its environmental liabilities and made payments of $1.4 million for reclamation and remediation costs, which reduced its environmental liabilities. For the year ended December 31, 2013, the recurring cost of managing hazardous substances for ongoing operations is $9.2 million.

The Company believes these accruals are adequate based on currently available information. The Company may incur losses in excess of the amounts accrued; however, based on currently available information, it does not believe the additional amount of potential losses would have a material effect on its business or financial condition, but may have a material effect on the results of operations or cash flows in any given quarterly or annual reporting period. The Company does not believe that any known individual environmental matter would have a material effect on its financial condition, results of operations or cash flows. The Company is unable to estimate the amount or range of any potential incremental charges should facts and circumstances change and may in the future revise its estimates based on new information becoming available.

In the event that manufacturing operations are discontinued at any of the Company's facilities with known contamination, regulatory authorities may impose more stringent requirements on the Company including soil remediation. The Company does not contemplate any such action occurring in the foreseeable future, as these facilities' remaining lives are not known. Given the indeterminate useful life of these facilities and the corresponding indeterminate settlement date of any soil remediation obligations, the Company does not have sufficient information to estimate a range of potential settlement dates for its obligations. Consequently, the Company cannot employ a present value technique to estimate fair value and, accordingly, has not accrued for any environmental-related costs to remediate soil at these facilities.

Commitments

As of December 31, 2013, the Company has unconditional purchase obligations of $92.9 million primarily consisting of take-or-pay contracts to purchase goods and energy that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. These purchase obligations are expected to be incurred as follows: $81.5 million in less than one year and $11.4 million in two-three years.

19. GUARANTOR FINANCIAL STATEMENTS:

Rockwood Holdings Inc. ("Parent Company") and certain of its 100% owned domestic subsidiaries ("Guarantor Subsidiaries") jointly and severally, and fully and unconditionally guarantee the 2020 Notes in the aggregate principal amount of $1.25 billion issued in September 2012 by Rockwood Specialties Group, Inc. ("RSGI"), an indirect 100% owned subsidiary of the Company. The following presents the consolidating financial information separately for:

- Parent Company Guarantor — the Parent Company owns a 100% direct investment in Rockwood Specialties Consolidated, Inc. ("RSCI"). RSCI owns a 100% direct investment in Rockwood Specialties International, Inc. ("RSII"). RSII owns a 100% direct investment in RSGI. Each of these entities is a domestic holding company;
- Issuer - RSGI, the issuer of the guaranteed obligations, owns direct or indirect investments in all other domestic and foreign subsidiaries;
- Guarantor Subsidiaries — these represent substantially all of RSGI's domestic subsidiaries on a combined basis. The "investment in subsidiary" and "equity in undistributed earnings of subsidiaries" represents all non-guarantor subsidiaries of such guarantors;
- Non-Guarantor Subsidiaries — these include all of the Company's foreign subsidiaries, two domestic subsidiaries and RSCI and RSII (because they are non-guarantors) on a consolidated basis. As a result, the "investment in subsidiary" and "equity in undistributed earnings of subsidiaries" presented in the Non-Guarantor Subsidiaries column includes all of the subsidiaries of RSCI;
- Consolidating Adjustments — represent adjustments to (a) eliminate intercompany transactions between or among the Parent Company, RSGI, the Guarantor Subsidiaries and the Non-Guarantor subsidiaries, (b) eliminate the investments in subsidiaries and (c) offset deferred income taxes within the same tax jurisdictions; and
- Total Consolidated Amounts - Parent Company and its subsidiaries on a consolidated basis.

Each entity in the consolidating financial information follows the same accounting policies as described in the consolidated financial statements.

The Parent Company Guarantor, Issuer, Guarantor Subsidiaries and Non-Guarantor Subsidiaries are parties to cash concentration arrangements with three financial institutions to maximize the availability of cash for general corporate and operating purposes. Cash balances under one of the cash concentration arrangements are swept daily from the accounts of the entities who are party to the arrangement into the concentration account. There are no restrictions under the cash concentration arrangements on the movement of cash between the Parent Company Guarantor, the Issuer, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries. There are no significant restrictions on the ability of RSGI or any Guarantor Subsidiaries to obtain funds by dividend or loan. However, there are restrictions contained in the indenture governing the 2020 Notes on the ability of the Parent Company to obtain funds from RSGI and its subsidiaries. See Note 10, "Long-term Debt," for further details.

The 2012 and 2011 prior year guarantor financial statements were adjusted for discontinued operations (described in Note 2, "Discontinued Operations"), the adjustment related to Turin, Italy (described in Note 20, "Immaterial Corrections"), a correction of misclassifications among operating, investing and financing activities in the guarantor statements of cash flows for the years ended December 31, 2012 and 2011 for intercompany pooling/lending arrangements, and other changes to conform to current year presentation.

The following tables present the Company's consolidating statement of operations, comprehensive income and cash flows for the years ended December 31, 2013, 2012 and 2011 and the Company's consolidating balance sheet as of December 31, 2013 and 2012.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2013
(Dollars in millions)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net sales	$ —	$ —	$ 331.9	$ 1,138.2	$ (92.3)	$ 1,377.8
Cost of products sold	—	—	206.6	644.2	(91.0)	759.8
Gross profit	—	—	125.3	494.0	(1.3)	618.0
Selling, general and administrative expenses	—	3.1	118.3	280.4	—	401.8
Gain on previously held equity investment	—	—	—	(16.0)	—	(16.0)
Restructuring and other severance costs	—	—	8.5	9.0	—	17.5
Asset write-downs and other	—	—	3.9	0.2	—	4.1
Operating (loss) income	—	(3.1)	(5.4)	220.4	(1.3)	210.6
Other income (expenses), net:						
Intergroup interest, net	—	61.5	(7.5)	(54.0)	—	—
Interest expense, net	—	(81.1)	(2.0)	0.8	—	(82.3)
Loss on early extinguishment/modification of debt	—	(0.8)	(4.3)	(10.4)	—	(15.5)
Intergroup other, net	—	32.0	(13.4)	(18.6)	—	—
Foreign exchange loss on financing activities, net	—	(17.7)	(0.7)	(48.7)	—	(67.1)
Other, net	—	—	—	(0.3)	—	(0.3)
Other (expenses) income, net	—	(6.1)	(27.9)	(131.2)	—	(165.2)
(Loss) income from continuing operations before taxes	—	(9.2)	(33.3)	89.2	(1.3)	45.4
Income tax (benefit) provision	—	(22.9)	(7.2)	20.5	(0.4)	(10.0)
Net income (loss) from continuing operations	—	13.7	(26.1)	68.7	(0.9)	55.4
Income (loss) from discontinued operations, net of tax	—	47.1	(17.2)	(95.0)	0.1	(65.0)
Gain (loss) on sale of discontinued operations, net of tax	—	454.0	(48.5)	1,265.0	—	1,670.5
Equity in undistributed earnings of subsidiaries	1,659.9	1,145.1	59.9	1,659.9	(4,524.8)	—
Net income (loss)	1,659.9	1,659.9	(31.9)	2,898.6	(4,525.6)	1,660.9
Net income attributable to the noncontrolling interest - discontinued operations	—	—	—	(1.0)	—	(1.0)
Net income attributable to Rockwood Holdings, Inc. shareholders	$ 1,659.9	$1,659.9	$ (31.9)	$ 2,897.6	$ (4,525.6)	$ 1,659.9

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2013
(Dollars in millions)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net income (loss)	$ 1,659.9	$1,659.9	$ (31.9)	$ 2,898.6	$ (4,525.6)	$ 1,660.9
Other comprehensive income	116.3	116.3	4.0	224.3	(315.6)	145.3
Comprehensive income (loss)	1,776.2	1,776.2	(27.9)	3,122.9	(4,841.2)	1,806.2
Comprehensive income attributable to noncontrolling interest	—	—	—	(2.4)	—	(2.4)
Comprehensive income (loss) attributable to Rockwood Holdings, Inc. shareholders	$ 1,776.2	$1,776.2	$ (27.9)	$ 3,120.5	$ (4,841.2)	$ 1,803.8

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012
(Dollars in millions)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net sales	$ —	$ —	$ 313.2	$ 1,097.3	$ (86.7)	$ 1,323.8
Cost of products sold	—	—	205.8	$ 614.3	(83.0)	737.1
Gross profit	—	—	107.4	483.0	(3.7)	586.7
Selling, general and administrative expenses	—	(3.4)	104.7	254.9	—	356.2
Restructuring and other severance costs	—	—	16.8	18.5	—	35.3
Asset write-downs and other	—	—	0.2	0.1	—	0.3
Operating income (loss)	—	3.4	(14.3)	209.5	(3.7)	194.9
Other income (expenses), net:						
Intergroup interest, net	—	50.5	(7.4)	(43.1)	—	—
Interest expense, net	—	(60.7)	(1.0)	(2.8)	—	(64.5)
Loss on early extinguishment/modification of debt	—	(1.2)	(4.2)	(6.6)	—	(12.0)
Intergroup other, net	—	0.2	16.0	(16.2)	—	—
Foreign exchange loss on financing activities, net	—	(2.9)	(0.7)	(6.7)	—	(10.3)
Other income (expenses), net	—	(14.1)	2.7	(75.4)	—	(86.8)
(Loss) income from continuing operations before taxes	—	(10.7)	(11.6)	134.1	(3.7)	108.1
Income tax (benefit) provision	—	(153.9)	(13.0)	43.4	(1.3)	(124.8)
Net income from continuing operations	—	143.2	1.4	90.7	(2.4)	232.9
Income from discontinued operations, net of tax	—	3.6	27.6	131.6	(1.8)	161.0
Equity in undistributed earnings of subsidiaries	379.2	232.4	57.6	379.2	(1,048.4)	—
Net income	379.2	379.2	86.6	601.5	(1,052.6)	393.9
Net income attributable to the noncontrolling interest - discontinued operations	—	—	—	(14.7)	—	(14.7)
Net income attributable to Rockwood Holdings, Inc. shareholders	$ 379.2	$ 379.2	$ 86.6	$ 586.8	$ (1,052.6)	$ 379.2

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2012
(Dollars in millions)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net income	$ 379.2	$379.2	$ 86.6	$ 601.5	$ (1,052.6)	$ 393.9
Other comprehensive loss	(25.1)	(26.8)	(1.6)	(75.4)	91.0	(37.9)
Comprehensive income	354.1	352.4	85.0	526.1	(961.6)	356.0
Comprehensive income attributable to noncontrolling interest	—	—	—	(1.9)	—	(1.9)
Comprehensive income attributable to Rockwood Holdings, Inc. shareholders	$ 354.1	$352.4	$ 85.0	$ 524.2	$ (961.6)	$ 354.1

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2011
(Dollars in millions)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net sales	$ —	$ —	$ 294.0	$ 1,142.0	$ (81.9)	$ 1,354.1
Cost of products sold	—	—	194.6	$ 660.1	(81.9)	772.8
Gross profit	—	—	99.4	481.9	—	581.3
Selling, general and administrative expenses	—	0.7	121.7	264.8	—	387.2
Restructuring and other severance costs	—	—	2.4	9.0	—	11.4
Asset write-downs and other	—	—	0.7	0.2	—	0.9
Operating (loss) income	—	(0.7)	(25.4)	207.9	—	181.8
Other income (expenses), net:						
Intergroup interest, net	—	77.7	(10.0)	(67.7)	—	—
Interest expense, net	—	(77.9)	(0.7)	(4.5)	—	(83.1)
Loss on early extinguishment/modification of debt	—	(1.3)	(4.9)	(10.4)	—	(16.6)
Intergroup other, net	—	113.1	(94.7)	(18.4)	—	—
Foreign exchange gain (loss) on financing activities, net	—	6.1	—	(2.9)	—	3.2
Other, net	—	—	—	0.2	—	0.2
Other income (expenses), net	—	117.7	(110.3)	(103.7)	—	(96.3)
Income (loss) from continuing operations before taxes	—	117.0	(135.7)	104.2	—	85.5
Income tax provision (benefit)	0.3	1.4	(16.6)	30.2	—	15.3
Net (loss) income from continuing operations	(0.3)	115.6	(119.1)	74.0	—	70.2
Income from discontinued operations, net of tax	—	9.1	36.5	204.9	—	250.5
Gain (loss) on sale of discontinued operations, net of tax	—	45.8	129.5	(56.0)	—	119.3
Equity in undistributed earnings of subsidiaries	399.7	229.2	33.1	399.7	(1,061.7)	—
Net income	399.4	399.7	80.0	622.6	(1,061.7)	440.0
Net income attributable to the noncontrolling interest - discontinued operations	—	—	—	(40.6)	—	(40.6)
Net income attributable to Rockwood Holdings, Inc. shareholders	$ 399.4	$399.7	$ 80.0	$ 582.0	$ (1,061.7)	$ 399.4

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2011
(Dollars in millions)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net income	$ 399.4	$ 399.7	$ 80.0	$ 622.6	$ (1,061.7)	$ 440.0
Other comprehensive loss	(121.1)	(121.1)	(8.7)	(108.3)	225.9	(133.3)
Comprehensive income	278.3	278.6	71.3	514.3	(835.8)	306.7
Comprehensive income attributable to noncontrolling interest	—	—	—	(28.4)	—	(28.4)
Comprehensive income attributable to Rockwood Holdings, Inc. shareholders	$ 278.3	$ 278.6	$ 71.3	$ 485.9	$ (835.8)	$ 278.3

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2013
(Dollars in millions)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
ASSETS						
Current assets:						
Cash and cash equivalents	$ —	$ 12.9	$ 30.9	$ 1,479.0	$ —	$ 1,522.8
Accounts receivable, net	—	—	42.6	185.5	—	228.1
Intergroup receivable	—	840.0	541.9	15.3	(1,397.2)	—
Inventories	—	—	56.8	176.4	(5.0)	228.2
Deferred income taxes	—	2.5	35.2	7.6	0.1	45.4
Prepaid expenses and other current assets	—	—	17.0	73.1	—	90.1
Assets of discontinued operations	3.0	94.8	197.8	1,423.1	(169.6)	1,549.1
Total current assets	3.0	950.2	922.2	3,360.0	(1,571.7)	3,663.7
Property, plant and equipment, net	—	—	134.8	708.0	—	842.8
Investment in subsidiary	3,381.0	2,447.2	490.5	3,381.0	(9,699.7)	—
Goodwill	—	—	25.4	634.2	—	659.6
Other intangible assets, net	—	—	33.5	94.4	—	127.9
Intergroup receivable	94.7	1,264.7	118.0	2.5	(1,479.9)	—
Deferred financing costs, net	—	17.9	—	—	—	17.9
Deferred income taxes	—	103.8	18.0	34.7	—	156.5
Other assets	—	—	0.9	63.0	—	63.9
Total assets	$ 3,478.7	$4,783.8	$ 1,743.3	$ 8,277.8	$ (12,751.3)	$ 5,532.3
LIABILITIES						
Current liabilities:						
Accounts payable	$ —	$ —	$ 10.4	$ 81.8	$ —	$ 92.2
Intergroup payable	533.5	0.6	850.0	12.8	(1,396.9)	—
Income taxes payable	—	—	1.9	11.6	—	13.5
Accrued compensation	—	—	17.0	53.0	—	70.0
Accrued expenses and other current liabilities	—	13.6	22.2	53.2	—	89.0
Deferred income taxes	—	—	—	3.7	(1.4)	2.3
Long-term debt, current portion	—	—	—	10.3	—	10.3
Liabilities of discontinued operations	—	5.4	176.5	472.7	(168.1)	486.5
Total current liabilities	533.5	19.6	1,078.0	699.1	(1,566.4)	763.8
Long-term debt	—	1,250.0	—	35.1	—	1,285.1
Pension and related liabilities	—	—	9.3	259.6	—	268.9
Intergroup payable	24.9	120.5	388.1	946.2	(1,479.7)	—
Deferred income taxes	—	—	—	38.4	—	38.4
Other liabilities	—	12.7	24.1	65.9	—	102.7
Total liabilities	558.4	1,402.8	1,499.5	2,044.3	(3,046.1)	2,458.9
Restricted stock units	24.2	—	—	—	—	24.2
EQUITY						
Rockwood Holdings, Inc. stockholders' equity:						
Common stock	0.8	—	190.6	164.7	(355.3)	0.8
Paid-in capital	1,269.8	1,037.1	515.6	1,694.4	(3,247.1)	1,269.8
Accumulated other comprehensive income	103.7	105.0	6.3	269.6	(380.9)	103.7
Retained earnings (deficit)	1,923.1	2,238.9	(468.7)	3,951.7	(5,721.9)	1,923.1
Treasury stock, at cost	(401.3)	—	—	—	—	(401.3)
Total Rockwood Holdings, Inc. stockholders' equity	2,896.1	3,381.0	243.8	6,080.4	(9,705.2)	2,896.1
Noncontrolling interest	—	—	—	153.1	—	153.1
Total equity	2,896.1	3,381.0	243.8	6,233.5	(9,705.2)	3,049.2
Total liabilities and equity	$ 3,478.7	$4,783.8	$ 1,743.3	$ 8,277.8	$ (12,751.3)	$ 5,532.3

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2012
(Dollars in millions)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
ASSETS						
Current assets:						
Cash and cash equivalents	$ —	$ 665.3	$ 11.4	$ 589.4	$ —	$ 1,266.1
Accounts receivable, net	—	—	34.4	171.1	—	205.5
Intergroup receivable	—	263.5	34.8	7.8	(306.1)	—
Inventories	—	—	59.2	159.8	(6.3)	212.7
Deferred income taxes	—	—	0.0	6.8	0.7	7.5
Prepaid expenses and other current assets	—	—	14.2	33.7	—	47.9
Assets of discontinued operations	—	134.3	252.6	2,339.1	(142.8)	2,583.2
Total current assets	—	1,063.1	406.6	3,307.7	(454.5)	4,322.9
Property, plant and equipment, net	—	—	137.4	582.2	—	719.6
Investment in subsidiary	1,611.7	1,189.6	441.7	1,611.8	(4,854.8)	—
Goodwill	—	—	25.4	585.1	—	610.5
Intergroup receivable	70.3	1,415.6	146.4	55.5	(1,687.8)	—
Other intangible assets, net	—	—	41.8	81.6	—	123.4
Deferred financing costs, net	—	21.9	5.1	6.2	—	33.2
Deferred income taxes	—	130.9	18.6	7.9	—	157.4
Other assets	—	—	0.7	45.9	—	46.6
Total assets	$ 1,682.0	$3,821.1	$ 1,223.7	$ 6,283.9	$ (6,997.1)	$ 6,013.6
LIABILITIES						
Current liabilities:						
Accounts payable	$ —	$ —	$ 12.7	$ 60.5	$ —	$ 73.2
Intergroup payable	30.2	—	270.2	5.7	(306.1)	—
Income taxes payable	—	—	—	23.7	—	23.7
Accrued compensation	—	—	9.4	48.0	—	57.4
Accrued expenses and other current liabilities	—	20.6	23.9	42.7	—	87.2
Deferred income taxes	—	0.7	0.2	4.4	(1.4)	3.9
Long-term debt, current portion	—	30.6	—	7.8	—	38.4
Liabilities of discontinued operations	—	—	163.0	1,237.8	(142.8)	1,258.0
Total current liabilities	30.2	51.9	479.4	1,430.6	(450.3)	1,541.8
Long-term debt	—	2,143.5	—	37.9	—	2,181.4
Pension and related liabilities	—	—	15.3	260.8	—	276.1
Intergroup payable	16.7	2.1	440.2	1,228.7	(1,687.7)	—
Deferred income taxes	—	—	—	30.4	—	30.4
Other liabilities	—	11.9	27.7	56.1	—	95.7
Total liabilities	46.9	2,209.4	962.6	3,044.5	(2,138.0)	4,125.4
Restricted stock units	12.5	—	—	—	—	12.5
EQUITY						
Rockwood Holdings, Inc. stockholders' equity:						
Common stock	0.8	—	190.6	164.7	(355.3)	0.8
Paid-in capital	1,243.1	1,044.0	505.8	1,691.1	(3,240.9)	1,243.1
Accumulated other comprehensive (loss) income	(12.6)	(11.3)	2.3	74.1	(65.1)	(12.6)
Retained earnings (deficit)	392.7	579.0	(437.6)	1,056.4	(1,197.8)	392.7
Treasury stock, at cost	(1.4)	—	—	—	—	(1.4)
Total Rockwood Holdings, Inc. stockholders' equity	1,622.6	1,611.7	261.1	2,986.3	(4,859.1)	1,622.6
Noncontrolling interest	—	—	—	253.1	—	253.1
Total equity	1,622.6	1,611.7	261.1	3,239.4	(4,859.1)	1,875.7
Total liabilities and equity	$ 1,682.0	$3,821.1	$ 1,223.7	$ 6,283.9	$ (6,997.1)	$ 6,013.6

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013
(Dollars in millions)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net income	$ 1,659.9	$ 1,659.9	$ (31.9)	$ 2,898.6	$ (4,525.6)	$ 1,660.9
Adjustments to reconcile net income to net cash (used in) provided by operating activities:						
Equity in undistributed earnings of subsidiaries	(1,659.9)	(1,145.1)	(59.9)	(1,659.9)	4,524.8	—
Income from discontinued operations, net of tax	—	(47.1)	17.2	95.0	(0.1)	65.0
Gain on sale of discontinued operations, net of tax		(454.0)	48.5	(1,265.0)	—	(1,670.5)
Depreciation and amortization	—	—	25.6	67.9	—	93.5
Deferred financing costs amortization	—	2.7	0.8	0.9	—	4.4
Loss on early extinguishment/modification of debt	—	0.8	4.3	10.4	—	15.5
Gain on previously held equity interest	—	—	—	(16.0)	—	(16.0)
Foreign exchange loss on financing activities, net	—	17.7	0.7	48.7	—	67.1
Bad debt provision	—	—	0.1	0.7	—	0.8
Stock-based compensation	—	—	7.6	5.1	—	12.7
Deferred income taxes	—	2.8	(1.5)	(55.3)	(0.4)	(54.4)
Asset write-downs and other	—	—	3.9	0.2	—	4.1
Excess tax benefits from stock-based payment arrangements	—	—	(13.2)	(3.8)	—	(17.0)
Changes in assets and liabilities, net of the effect of foreign currency translation and acquisitions:						
Accounts receivable	—	—	(8.4)	(10.0)	—	(18.4)
Inventories	—	—	0.4	(13.5)	1.3	(11.8)
Prepaid expenses and other assets	—	—	1.4	(12.0)	—	(10.6)
Accounts payable	—	—	(0.2)	9.0	—	8.8
Income taxes payable	—	(54.9)	(1.6)	36.2	—	(20.3)
Accrued expenses and other liabilities	(0.3)	(6.6)	6.6	7.3	—	7.0
Intercompany operating activities, net	—	(19.0)	4.1	14.9	—	—
Net cash (used in) provided by operating activities of continuing operations	(0.3)	(42.8)	4.5	159.4	—	120.8
Net cash provided by operating activities of discontinued operations	—	54.0	12.1	173.4	—	239.5
Net cash (used in) provided by operating activities	(0.3)	11.2	16.6	332.8	—	360.3
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital expenditures (a)	—	—	(20.5)	(151.8)	—	(172.3)
Acquisitions	—	—	—	(34.3)	—	(34.3)
Proceeds on sale of assets	—	—	2.2	0.4	—	2.6
Proceeds from intercompany investing related activity	—	1,271.5	—	1,142.0	(2,413.5)	—
Intercompany investing related payments	—	(1,512.9)	—	(1,105.0)	2,617.9	—
Net cash used in investing activities of continuing operations	—	(241.4)	(18.3)	(148.7)	204.4	(204.0)
Net cash provided by (used in) investing activities of discontinued operations (b)	—	540.3	(50.8)	1,733.9	(8.9)	2,214.5
Net cash provided by (used in) investing activities	—	298.9	(69.1)	1,585.2	195.5	2,010.5
CASH FLOWS FROM FINANCING ACTIVITIES:						
Issuance of common stock, net of fees	24.5	—	—	—	—	24.5
Excess tax benefits from stock-based payment arrangements	—	—	13.2	3.8	—	17.0
Payments of long-term debt	—	(1,128.1)	—	(2.9)	—	(1,131.0)
Proceeds from long-term debt	—	204.0	—	0.6	—	204.6
Fees related to early extinguishment/modification of debt	—	(0.1)	—	(5.1)	—	(5.2)
Purchase of noncontrolling interest	—	(1.0)	—	(129.3)	—	(130.3)
Dividends distributions to shareholders	(127.6)	—	—	—	—	(127.6)
Share repurchases	(399.9)	—	—	—	—	(399.9)
Proceeds from intercompany financing related activity	503.3	1,105.0	81.9	947.3	(2,637.5)	—
Intercompany financing related payments	—	(1,141.5)	—	(1,271.5)	2,413.0	—
Net cash provided by (used in) financing activities of continuing operations	0.3	(961.7)	95.1	(457.1)	(224.5)	(1,547.9)
Net cash used in financing activities of discontinued operations	—	—	(22.5)	(533.1)	29.0	(526.6)
Net cash provided by (used in) financing activities	0.3	(961.7)	72.6	(990.2)	(195.5)	(2,074.5)
Effect of exchange rate changes on cash and cash equivalents	—	(0.8)	(0.6)	(44.8)	—	(46.2)
Net (decrease) increase in cash and cash equivalents	—	(652.4)	19.5	883.0	—	250.1
Less net increase in cash and cash equivalents from discontinued operations	—	—	—	(6.6)	—	(6.6)
(Decrease) increase in cash and cash equivalents from continuing operations	—	(652.4)	19.5	889.6	—	256.7
Cash and cash equivalents, beginning of period	—	665.3	11.4	589.4	—	1,266.1
Cash and cash equivalents, end of period	$ —	$ 12.9	$ 30.9	$ 1,479.0	$ —	$ 1,522.8

(a) Net of governments grants of $2.2 million.
(b) Includes net proceeds of $2,395.9 million from the sale of the Advanced Ceramics segment and Clay-based Additives business.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012
(Dollars in millions)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net income	$ 379.2	$ 379.2	$ 86.6	$ 601.5	$ (1,052.6)	$ 393.9
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Equity in undistributed earnings of subsidiaries	(379.2)	(232.4)	(57.6)	(379.2)	1,048.4	—
Income from discontinued operations, net of tax	—	(3.6)	(27.6)	(131.6)	1.8	(161.0)
Depreciation and amortization	—	—	29.2	60.1	—	89.3
Deferred financing costs amortization	—	1.0	1.2	1.8	—	4.0
Loss on early extinguishment/modification of debt	—	1.2	4.2	6.6	—	12.0
Foreign exchange loss on financing activities, net	—	2.9	0.7	6.7	—	10.3
Bad debt provision	—	—	0.3	0.4	—	0.7
Stock-based compensation	—	—	6.3	5.1	—	11.4
Deferred income taxes	—	(149.4)	(6.3)	(0.3)	(1.3)	(157.3)
Asset write-downs and other	—	—	13.4	11.1	—	24.5
Excess tax benefits from stock-based payment arrangements	—	—	—	(3.7)	—	(3.7)
Changes in assets and liabilities, net of the effect of foreign currency translation and acquisitions:						
Accounts receivable	—	—	(1.5)	(12.3)	—	(13.8)
Inventories	—	—	(14.8)	(2.1)	3.7	(13.2)
Prepaid expenses and other assets	—	(0.9)	(9.2)	(17.5)	—	(27.6)
Accounts payable	—	—	(0.6)	(1.0)	—	(1.6)
Income taxes payable	—	(4.6)	(3.9)	(0.7)	—	(9.2)
Accrued expenses and other liabilities	—	7.1	(4.4)	(12.4)	—	(9.7)
Intercompany operating activities, net	—	62.7	(60.1)	(2.6)	—	—
Net cash provided by (used in) operating activities of continuing operations	—	63.2	(44.1)	129.9	—	149.0
Net cash provided by operating activities of discontinued operations	—	10.0	50.2	239.9	—	300.1
Net cash provided by operating activities	—	73.2	6.1	369.8	—	449.1
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital expenditures (a)	—	—	(45.9)	(94.9)	—	(140.8)
Acquisitions	—	—	—	0.2	—	0.2
Proceeds on sale of assets	—	—	—	0.5	—	0.5
Proceeds from intercompany investing related activity	—	261.5	—	10.5	(272.0)	—
Intercompany investing related payments	—	(430.4)	—	(0.5)	430.9	—
Net cash used in investing activities of continuing operations	—	(168.9)	(45.9)	(84.2)	158.9	(140.1)
Net cash used in investing activities of discontinued operations	—	—	(23.0)	(195.7)	—	(218.7)
Net cash used in investing activities	—	(168.9)	(68.9)	(279.9)	158.9	(358.8)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Issuance of common stock, net of fees	8.9	—	—	—	—	8.9
Excess tax benefits from stock-based payment arrangements	—	—	—	3.7	—	3.7
Payments of long-term debt	—	(805.7)	—	(2.1)	—	(807.8)
Proceeds from long-term debt	—	1,600.0	—	6.2	—	1,606.2
Deferred financing costs	—	(29.3)	—	—	—	(29.3)
Fees related to early extinguishment/modification of debt	—	(6.8)	—	—	—	(6.8)
Dividends paid to shareholders	(81.8)	—	—	—	—	(81.8)
Intercompany financing related payments	—	—	(29.3)	(242.7)	272.0	—
Proceeds from intercompany financing related activity	30.2	—	70.7	330.0	(430.9)	—
Net cash (used in) provided by financing activities of continuing operations	(42.7)	758.2	41.4	95.1	(158.9)	693.1
Net cash provided by financing activities of discontinued operations	—	—	3.5	160.5	—	164.0
Net cash (used in) provided by financing activities	(42.7)	758.2	44.9	255.6	(158.9)	857.1
Effect of exchange rate changes on cash and cash equivalents	—	2.8	(0.6)	2.5	—	4.7
Net (decrease) increase in cash and cash equivalents	(42.7)	665.3	(18.5)	348.0	—	952.1
Less net increase in cash and cash equivalents from discontinued operations	—	—	—	1.2	—	1.2
(Decrease) increase in cash and cash equivalents from continuing operations	(42.7)	665.3	(18.5)	346.8	—	950.9
Cash and cash equivalents, beginning of period	42.7	—	29.9	242.6	—	315.2
Cash and cash equivalents, end of period	$ —	$ 665.3	$ 11.4	$ 589.4	$ —	$ 1,266.1

(a) Net of governments grants of $9.4 million.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011
(Dollars in millions)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net income	$ 399.4	$ 399.7	$ 80.0	$ 622.6	$ (1,061.7)	$ 440.0
Adjustments to reconcile net income to net cash (used in) provided by operating activities:						
Equity in undistributed earnings of subsidiaries	(399.7)	(229.2)	(33.1)	(399.7)	1,061.7	—
Loss (income) from discontinued operations, net of tax	—	(9.1)	(36.5)	(204.9)	—	(250.5)
Gain on sale of discontinued operations, net of tax	—	(45.8)	(129.5)	56.0	—	(119.3)
Depreciation and amortization	—	—	26.3	61.7	—	88.0
Deferred financing costs amortization	—	0.2	0.7	2.1	—	3.0
Loss on early extinguishment/modification of debt	—	1.3	4.9	10.4	—	16.6
Foreign exchange (gain) loss on financing activities, net	—	(6.1)	—	2.9	—	(3.2)
Fair value adjustment of derivatives	—	(2.1)	—	—	—	(2.1)
Bad debt provision	—	—	(0.3)	0.2	—	(0.1)
Stock-based compensation	—	—	8.4	4.2	—	12.6
Deferred income taxes	0.3	1.6	(13.6)	(2.9)	—	(14.6)
Asset write-downs and other	—	—	0.7	0.2	—	0.9
Excess tax benefits from stock-based payment arrangements	—	—	—	(4.0)	—	(4.0)
Changes in assets and liabilities, net of the effect of foreign currency translation and acquisitions:						
Accounts receivable	—	—	(3.0)	(17.0)	—	(20.0)
Inventories	—	—	(7.6)	(21.3)	—	(28.9)
Prepaid expenses and other assets	—	—	10.1	(21.4)	—	(11.3)
Accounts payable	—	—	2.3	(1.9)	—	0.4
Income taxes payable	—	3.0	(8.6)	(11.8)	—	(17.4)
Accrued expenses and other liabilities	—	(24.2)	(9.3)	2.1	—	(31.4)
Intercompany operating activities, net	(4.5)	(10.6)	22.6	(7.5)	—	—
Net cash (used in) provided by operating activities of continuing operations	(4.5)	78.7	(85.5)	70.0	—	58.7
Net cash provided by operating activities of discontinued operations	—	12.8	53.3	323.7	—	389.8
Net cash (used in) provided by operating activities	(4.5)	91.5	(32.2)	393.7	—	448.5
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital expenditures (a)	—	—	(34.8)	(77.2)	—	(112.0)
Acquisitions	—	—	—	(0.8)	—	(0.8)
Proceeds on sale of assets	—	—	—	0.7	—	0.7
Intercompany investing related payments	—	(12.7)	—	—	12.7	—
Proceeds from intercompany investing related activity	—	123.7	—	27.9	(151.6)	—
Net cash provided by (used in) investing activities of continuing operations	—	111.0	(34.8)	(49.4)	(138.9)	(112.1)
Net cash provided by investing activities of discontinued operations (b)	—	196.8	200.9	(132.8)	(131.7)	133.2
Net cash used in investing activities	—	307.8	166.1	(182.2)	(270.6)	21.1
CASH FLOWS FROM FINANCING ACTIVITIES:						
Issuance of common stock, net of fees	14.6	—	—	—	—	14.6
Excess tax benefits from stock-based payment arrangements	—	—	—	4.0	—	4.0
Payments of long-term debt	—	(380.4)	—	(42.5)	—	(422.9)
Deferred financing costs	—	(5.3)	—	—	—	(5.3)
Fees related to early extinguishment/modification of debt	—	(13.4)	—	—	—	(13.4)
Proceeds from intercompany financing related activity	—	—	8.3	—	(8.3)	—
Intercompany financing related payments	—	—	(23.5)	(123.7)	147.2	—
Net cash provided by (used in) financing activities of continuing operations	14.6	(399.1)	(15.2)	(162.2)	138.9	(423.0)
Net cash used in financing activities of discontinued operations	—	—	(126.8)	(63.9)	131.7	(59.0)
Net cash provided by (used in) financing activities	14.6	(399.1)	(142.0)	(226.1)	270.6	(482.0)
Effect of exchange rate changes on cash and cash equivalents	—	(1.7)	(0.3)	(4.8)	—	(6.8)
Net increase (decrease) in cash and cash equivalents	10.1	(1.5)	(8.4)	(19.4)	—	(19.2)
Less net decrease in cash and cash equivalents from discontinued operations	—	—	—	(18.3)	—	(18.3)
Increase (decrease) in cash and cash equivalents from continuing operations	10.1	(1.5)	(8.4)	(1.1)	—	(0.9)
Cash and cash equivalents, beginning of period	32.6	1.5	38.3	243.7	—	316.1
Cash and cash equivalents, end of period	$ 42.7	$ 0.0	$ 29.9	$ 242.6	$ —	$ 315.2

(a) Net of governments grants of $16.0 million.
(b) Includes net proceeds of $300.6 million from the sale of the plastic compounding business.

20. IMMATERIAL CORRECTIONS:

During the financial closing period for the third quarter of 2013, the Company determined, after a formal investigation, that management at a single location in Italy within the Color Pigments and Services business of its former Performance Additives segment (reported in discontinued operations effective September 2013 - see Note 2, "Discontinued Operations," for further details) had falsified accounting records supporting certain asset, liability and income statement balances, beginning in 2007. Based on the investigation, the Company has identified amounts in need of correction and concluded that they were not material individually or in the aggregate to any of its previously issued annual and interim financial statements, including the presentation of the Color Pigments and Services business as discontinued operations. Although management has determined the amounts individually and in the aggregate are not material to prior periods, in accordance with authoritative accounting literature on considering the effects of misstatements in prior years when quantifying misstatements in the current year, the financial statements included herein have been adjusted to correct for the impact of these items. In completing its investigation of this matter during the fourth quarter of 2013, the Company identified additional errors that were not previously reported in its Form 10-Q for the quarterly period ended September 30, 2013. The effect of these additional adjustments is a $4.8 million and $4.6 million cumulative reduction in retained earnings as of December 31, 2012 and December 31, 2011, respectively, with corresponding effects to varying financial statement line items. These items have been reflected in the "Adjustments" and "As Corrected and Reclassified" amounts below.

The Company has corrected the relevant financial information from previous reporting periods contained in these financial statements, now classified within discontinued operations, as well as the "Non-Guarantor Subsidiaries" column in the Company's guarantor financial information (See Note 19, "Guarantor Financial Statements"). The major adjustments to the relevant balances as originally reported in continuing operations would have been as follows:

- Cost of products sold would have increased by $6.0 million and $9.3 million (including depreciation of $1.4 million and $1.2 million) for the years ended December 31, 2012 and 2011, respectively (with gross profit correspondingly decreased). After tax effects, net income would have decreased $4.3 million ($0.05 per share on a diluted basis) and $11.9 million ($0.15 per share on a diluted basis) for the years ended December 31, 2012 and 2011, respectively.
- Inventories would have decreased by $12.8 million as of December 31, 2012.
- Accounts receivable, prepaid expenses and other current assets and other assets (non-current) would have decreased by $16.0 million as of December 31, 2012.
- Property, plant and equipment, net and other intangible assets, net would have increased by $13.0 million as of December 31, 2012.
- Accounts payable and other accrued liabilities would have increased by $21.1 million as of December 31, 2012.
- Long-term debt, including current portion, would have increased by $4.5 million as of December 31, 2012.
- Deferred income taxes would have decreased by $7.4 million as of December 31, 2012.

The following tables set forth the impact of the corrections of immaterial errors in the Company's consolidated statements of operations and statement of cash flows for the years ended December 31, 2012 and 2011 and the consolidated balance sheet as of December 31, 2012. As noted above, certain of the immaterial adjustments related to periods prior to fiscal 2011 and have been reflected as a decrease in retained earnings as of January 1, 2011 in the Company's consolidated statements of changes in stockholders' equity. The cumulative (after-tax) effect of those adjustments prior to 2011 is $19.5 million.

	Year ended December 31, 2012			
	As Previously Reported	Adjustments	Reclassifications for Discontinued Operations (See Note 2)	As Corrected and Reclassified
Cost of products sold	$ 2,351.8	$ 6.0	$ (1,620.7)	$ 737.1
Gross profit	1,155.1	(6.0)	(562.4)	586.7
Operating income	453.3	(6.0)	(252.4)	194.9
Income from continuing operations before taxes	342.3	(6.3)	(227.9)	108.1
Income from continuing operations	398.2	(4.3)	(161.0)	232.9
Net income	398.2	(4.3)	—	393.9
Net income attributable to Rockwood Holdings, Inc. shareholders	383.5	(4.3)	—	379.2

	Year ended December 31, 2011			
	As Previously Reported	Adjustments	Reclassifications for Discontinued Operations (See Note 2)	As Corrected and Reclassified
Cost of products sold	$ 2,380.0	$ 9.3	$ (1,616.5)	$ 772.8
Gross profit	1,289.3	(9.3)	(698.7)	581.3
Operating income	567.3	(13.0)	(372.5)	181.8
Income from continuing operations before taxes	456.1	(13.3)	(357.3)	85.5
Income from continuing operations	331.7	(11.9)	(249.6)	70.2
Net income	451.9	(11.9)	—	440.0
Net income attributable to Rockwood Holdings, Inc. shareholders	411.3	(11.9)	—	399.4

	As of December 31, 2012			
	As Previously Reported	Adjustments	Reclassifications for Discontinued Operations (See Note 2)	As Corrected and Reclassified
Total current assets (a)	$ 2,666.5	$ (28.7)	$ 1,685.1	$ 4,322.9
Total assets	5,973.7	(15.8)	55.7	6,013.6
Total current liabilities (b)	1,081.2	18.3	442.3	1,541.8
Total liabilities (c)	4,051.5	18.2	55.7	4,125.4
Retained earnings	428.4	(35.7)	—	392.7
Total equity	1,909.7	(34.0)	—	1,875.7

(a) Adjustments primarily in inventories, prepaid and other current assets.
(b) Adjustments primarily in accounts payable.
(c) Adjustments primarily in long-term debt and deferred income taxes.

	Year ended December 31, 2012			
	As Previously Reported	Adjustments	Reclassifications for Discontinued Operations	As Corrected and Reclassified
Net cash provided by operating activities from continuing operations	$ 444.9	$ 6.9	$ (302.8)	$ 149.0
Net cash used by investing activities from continuing operations	(353.4)	(5.4)	218.7	(140.1)
Net cash used by financing activities from continuing operations	858.6	(1.5)	(164.0)	693.1

	Year ended December 31, 2011			
	As Previously Reported	Adjustments	Reclassifications for Discontinued Operations	As Corrected and Reclassified
Net cash provided by operating activities from continuing operations	$ 450.8	$ (0.5)	$ (391.6)	$ 58.7
Net cash used by investing activities from continuing operations	(279.4)	(0.1)	167.4	(112.1)
Net cash used by financing activities from continuing operations	(482.6)	0.6	59.0	(423.0)

21. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

($ in millions, except per share amounts)	First Quarter (a)	Second Quarter	Third Quarter (b)	Fourth Quarter (c)
2013				
Net sales	$ 337.1	$ 347.9	$ 345.8	$ 347.0
Gross profit	153.1	157.5	152.7	154.7
Amounts attributable to Rockwood Holdings, Inc. shareholders:				
Income from continuing operations	$ 6.5	$ 25.7	$ 8.4	$ 14.8
Income (loss) from discontinued operations, net of tax	11.3	5.4	(61.0)	(21.7)
Gain on sale of discontinued operations, net of tax	—	—	1,163.8	506.7
Net income	$ 17.8	$ 31.1	$ 1,111.2	$ 499.8
Basic earnings per share attributable to Rockwood Holdings, Inc. shareholders:				
Basic earnings from continuing operations	$ 0.08	$ 0.33	$ 0.11	$ 0.20
Basic earnings from discontinued operations	0.15	0.07	14.85	6.62
Basic earnings per share	$ 0.23	$ 0.40	$ 14.96	$ 6.82
Diluted earnings per share attributable to Rockwood Holdings, Inc. shareholders:				
Diluted earnings from continuing operations	$ 0.08	$ 0.33	$ 0.11	$ 0.20
Diluted earnings from discontinued operations	0.14	0.06	14.53	6.49
Diluted earnings per share	$ 0.22	$ 0.39	$ 14.64	$ 6.69

($ in millions, except per share amounts)	First Quarter (d)	Second Quarter (e)	Third Quarter	Fourth Quarter (f)
2012				
Net sales	$ 340.0	$ 340.9	$ 320.9	$ 322.0
Gross profit	151.5	151.8	142.6	140.8
Amounts attributable to Rockwood Holdings, Inc. shareholders:				
Income from continuing operations	$ 7.8	$ 168.0	$ 28.8	$ 28.3
Income (loss) from discontinued operations, net of tax	67.3	55.7	30.6	(7.3)
Net income	$ 75.1	$ 223.7	$ 59.4	$ 21.0
Basic earnings per share attributable to Rockwood Holdings, Inc. shareholders:				
Basic earnings from continuing operations	$ 0.10	$ 2.16	$ 0.37	$ 0.36
Basic earnings (loss) from discontinued operations	0.87	0.72	0.39	(0.09)
Basic earnings per share	$ 0.97	$ 2.88	$ 0.77	$ 0.27
Diluted earnings per share attributable to Rockwood Holdings, Inc. shareholders:				
Diluted earnings from continuing operations	$ 0.10	$ 2.10	$ 0.36	$ 0.35
Diluted earnings (loss) from discontinued operations	0.84	0.70	0.38	(0.09)
Diluted earnings per share	$ 0.94	$ 2.80	$ 0.74	$ 0.26

(a) In the first quarter of 2013, the Company wrote off deferred financing costs of $17.6 million in connection with the prepayment of the Titanium Dioxide Pigments facility agreement.

(b) In the third quarter of 2013, the Company recorded a gain, after tax, of $1,163.8 million related to the sale of the Advanced Ceramics segment in August 2013. Also, the Company recorded an estimated loss, after tax, of $52.7 million in connection with the sale of the TiO2 Pigments and Other Businesses. In addition, in the third quarter, the Company recorded a gain of $16.0 million as a result of revaluing our previously held equity interest to fair value related to the acquisition of the remaining 50% interest in a Surface Treatment joint venture in India and recorded a charge of $15.5 million consisting of the write-off of deferred financing costs of $10.3 million and fees of $5.2 million in connection with the repayment of all outstanding borrowings under the senior secured credit facility.

(c) In the fourth quarter of 2013, the Company recorded a gain, after tax, of $506.3 million related to the sale of the Clay-based Additives business. Also we recorded an estimated loss, after tax, of $45.3 million in connection with the sale of the TiO2 Pigments and Other Businesses.

(d) In the first quarter of 2012, the Company wrote-off a trade name in the amount of $10.3 million in the Lithium segment related to the reorganization of our Specialty Chemicals segment.

In addition, in the first quarter, the Company recorded a loss on early extinguishment/modification of debt of $9.7 million comprised of redemption premiums of $6.7 million and the write-off of deferred financing costs of $3.0 million in connection with the redemption of the 2014 Notes.

(e) In the second quarter of 2012, the Company recorded an income tax benefit of $139.0 million related to the reversal of our federal valuation allowance against our net federal deferred tax assets.

In addition, in the second quarter, the Company recorded a loss on early extinguishment/modification of debt of $2.7 million comprised of fees of $2.4 million and the write-off of deferred financing costs of $0.3 million in connection with the refinancing of the titanium dioxide pigments venture facility agreement.

(f) In the fourth quarter of 2012, the Company recorded a write-down of $12.0 million of machinery and equipment related to the closure of a facility in the U.S. for our Lithium segment.

In addition, in the fourth quarter, the Company recorded a loss on early extinguishment/modification of debt of $2.3 million related to the write-off of deferred financing costs in connection with the repayment of $250 million of term loan B under our senior secured credit facility in October 2012.

The basic and diluted earnings (loss) per common share amounts are calculated independently for each of the quarters presented. The sum of the quarters may not equal the full year amounts.

EXHIBIT 99.3

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in millions, except per share amounts; shares in thousands)
(Unaudited)

	Three months ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net sales	$ 362.3	$ 347.9	$ 716.8	$ 685.0
Cost of products sold	199.3	190.4	391.9	374.4
Gross profit	163.0	157.5	324.9	310.6
Selling, general and administrative expenses	108.5	99.7	219.5	203.2
Equity in earnings of unconsolidated affiliates	(2.4)	(2.7)	(4.8)	(5.1)
Restructuring and other severance costs	1.5	2.3	5.6	8.6
Asset write-downs and other	1.7	4.7	1.7	4.7
Operating income	53.7	53.5	102.9	99.2
Other expenses, net:				
Interest expense, net	(13.6)	(23.3)	(27.8)	(46.7)
Foreign exchange gain (loss) on financing activities, net	6.4	4.6	5.8	(10.5)
Other, net	(0.1)	(0.1)	—	—
Other expenses, net	(7.3)	(18.8)	(22.0)	(57.2)
Income from continuing operations before taxes	46.4	34.7	80.9	42.0
Income tax provision	12.3	9.0	25.1	9.8
Income from continuing operations	34.1	25.7	55.8	32.2
Income (loss) from discontinued operations, net of tax	14.3	6.5	(29.1)	15.8
Gain on sale of discontinued operations, net of tax	0.1	—	2.1	—
Net income	48.5	32.2	28.8	48.0
Net (income) loss attributable to noncontrolling interest - discontinued operations	(1.8)	(1.1)	(2.9)	0.9
Net income attributable to Rockwood Holdings, Inc. stockholders	$ 46.7	$ 31.1	$ 25.9	$ 48.9
Amounts attributable to Rockwood Holdings, Inc.:				
Income from continuing operations	$ 34.1	$ 25.7	$ 55.8	$ 32.2
Income (loss) from discontinued operations	12.6	5.4	(29.9)	16.7
Net income	$ 46.7	$ 31.1	$ 25.9	$ 48.9
Basic earnings per share attributable to Rockwood Holdings, Inc. stockholders:				
Earnings from continuing operations	$ 0.47	$ 0.33	$ 0.76	$ 0.41
Earnings (loss) from discontinued operations	0.18	0.07	(0.41)	0.22
Basic earnings per share	$ 0.65	$ 0.40	$ 0.35	$ 0.63
Diluted earnings per share attributable to Rockwood Holdings, Inc. stockholders:				
Earnings from continuing operations	$ 0.47	$ 0.33	$ 0.75	$ 0.41
Earnings (loss) from discontinued operations	0.17	0.06	(0.40)	0.21
Diluted earnings per share	$ 0.64	$ 0.39	$ 0.35	$ 0.62
Dividends declared per share of common stock	$ 0.45	$ 0.40	$ 0.90	$ 0.80
Weighted average number of basic shares outstanding	72,288	77,089	73,147	77,806
Weighted average number of diluted shares outstanding	73,252	78,746	74,153	79,461

See accompanying notes to condensed consolidated financial statements.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income	$ 48.5	$ 32.2	$ 28.8	$ 48.0
Other comprehensive (loss) income, net of tax:				
Pension related adjustments	2.0	2.2	3.5	10.6
Foreign currency translation	(5.4)	0.9	(2.4)	(29.2)
Intercompany foreign currency loans	(2.4)	11.2	(1.3)	(10.8)
Foreign exchange contracts and other	—	0.1	—	—
Other comprehensive (loss) income	(5.8)	14.4	(0.2)	(29.4)
Comprehensive income	42.7	46.6	28.6	18.6
Comprehensive income attributable to noncontrolling interest	(1.8)	(1.1)	(2.9)	(0.4)
Comprehensive income attributable to Rockwood Holdings, Inc. stockholders	$ 40.9	$ 45.5	$ 25.7	$ 18.2

See accompanying notes to condensed consolidated financial statements.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in millions, except per share amounts;
shares in thousands)
(Unaudited)

	June 30, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 696.3	$ 1,522.8
Accounts receivable, net	245.1	228.1
Inventories	230.9	228.2
Deferred income taxes	49.0	45.4
Prepaid expenses and other current assets	54.2	90.1
Assets of discontinued operations	1,574.2	1,549.1
Total current assets	2,849.7	3,663.7
Property, plant and equipment, net	884.4	842.8
Goodwill	657.9	659.6
Other intangible assets, net	120.1	127.9
Deferred financing costs, net	16.6	17.9
Deferred income taxes	154.6	156.5
Investment in unconsolidated affiliates	544.8	34.2
Other assets	29.5	29.7
Total assets	$5,257.6	$ 5,532.3
LIABILITIES		
Current liabilities:		
Accounts payable	$ 87.1	$ 92.2
Income taxes payable	13.5	13.5
Accrued compensation	66.4	70.0
Accrued expenses and other current liabilities	81.0	89.0
Deferred income taxes	2.4	2.3
Long-term debt, current portion	10.3	10.3
Liabilities of discontinued operations	490.5	486.5
Total current liabilities	751.2	763.8
Long-term debt	1,282.0	1,285.1
Pension and related liabilities	266.3	268.9
Deferred income taxes	37.4	38.4
Other liabilities	95.9	102.7
Total liabilities	2,432.8	2,458.9
Commitments and Contingencies - See Note 17		
Restricted stock units	19.5	24.2
EQUITY		
Rockwood Holdings, Inc. stockholders' equity:		
Common stock ($0.01 par value, 400,000 shares authorized, 80,538 shares issued and 71,244 shares outstanding at June 30, 2014; 400,000 shares authorized, 80,219 shares issued and 73,892 shares outstanding at December 31, 2013)	0.8	0.8
Paid-in capital	1,279.0	1,269.8
Accumulated other comprehensive loss	103.5	103.7
Retained earnings	1,882.7	1,923.1
Treasury stock, at cost (9,294 shares and 6,327 shares, respectively)	(615.5)	(401.3)
Total Rockwood Holdings, Inc. stockholders' equity	2,650.5	2,896.1
Noncontrolling interest	154.8	153.1
Total equity	2,805.3	3,049.2
Total liabilities and equity	$5,257.6	$ 5,532.3

See accompanying notes to condensed consolidated financial statements.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)
(Unaudited)

	Six Months Ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 28.8	$ 48.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss (income) from discontinued operations, net of tax	29.1	(15.8)
Gain on sale of discontinued operations, net of tax	(2.1)	—
Depreciation and amortization	51.1	45.2
Deferred financing costs amortization	1.3	2.6
Equity in earnings of unconsolidated affiliates	(4.8)	(5.1)
Foreign exchange (gain) loss on financing activities, net	(5.8)	10.5
Stock-based compensation	5.6	6.6
Deferred income taxes	5.1	(25.3)
Asset write-downs and other	4.7	4.7
Excess tax benefits from stock-based payment arrangements	(4.8)	(2.4)
Changes in assets and liabilities, net of the effect of foreign currency translation and acquisitions:		
Accounts receivable	(16.4)	(39.3)
Inventories	(2.4)	(16.8)
Prepaid expenses and other assets	(0.8)	(10.2)
Accounts payable	(1.9)	3.6
Income taxes payable	(4.0)	7.4
Accrued expenses and other liabilities	(20.3)	5.2
Net cash provided by operating activities of continuing operations	62.4	18.9
Net cash provided by operating activities of discontinued operations	36.7	116.8
Net cash provided by operating activities	99.1	135.7
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(88.6)	(82.9)
Acquisition of 49% equity interest in Talison	(516.7)	—
Other acquisitions	(2.5)	(3.6)
Proceeds on sale of assets	1.9	0.3
Net cash used in investing activities of continuing operations	(605.9)	(86.2)
Net cash used in investing activities of discontinued operations	(41.4)	(70.2)
Net cash used in investing activities	(647.3)	(156.4)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock, net of fees	2.0	5.2
Excess tax benefits from stock-based payment arrangements	4.8	2.4
Payments of long-term debt	(3.1)	(14.6)
Proceeds from long term debt	0.1	0.6
Purchase of noncontrolling interest	—	(130.3)
Dividend distributions to shareholders	(65.5)	(61.9)
Share repurchases	(214.2)	(216.4)
Net cash used in financing activities of continuing operations	(275.9)	(415.0)
Net cash used in financing activities of discontinued operations	(4.2)	(510.6)
Net cash used in financing activities	(280.1)	(925.6)
Effect of exchange rate changes on cash and cash equivalents	4.0	(5.6)
Net decrease in cash and cash equivalents	(824.3)	(951.9)
Less net increase in cash and cash equivalents from discontinued operations	2.2	0.7
Decrease in cash and cash equivalents from continuing operations	(826.5)	(952.6)
Cash and cash equivalents, beginning of period	1,522.8	1,266.1
Cash and cash equivalents, end of period	$ 696.3	$ 313.5
Supplemental disclosures of cash flow information:		
Interest paid	$ 29.7	$ 48.2
Income taxes paid, net of refunds	23.8	27.7
Non-cash investing activities:		
Acquisition of capital equipment included in accounts payable	15.3	6.3

See accompanying notes to condensed consolidated financial statements.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Dollars in millions)
(Unaudited)

		Rockwood Holdings, Inc. Stockholders' Equity					
	Total	Common Stock	Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Treasury Stock	Noncontrolling Interest
Balance, January 1, 2014	$3,049.2	$ 0.8	$1,269.8	$ 103.7	$1,923.1	$(401.3)	$ 153.1
Issuance of common stock	2.0	—	2.0	—	—	—	—
Deferred compensation	6.4	—	6.4	—	—	—	—
Share repurchases	(214.2)	—	—	—	—	(214.2)	—
Dividend paid to shareholders ($0.90 per share)	(65.5)	—	0.8	—	(66.3)	—	—
Distributions to noncontrolling shareholders	(1.2)	—	—	—	—	—	(1.2)
Other comprehensive loss, net of tax	(0.2)	—	—	(0.2)	—	—	—
Net income	28.8	—	—	—	25.9	—	2.9
Balance, June 30, 2014	$2,805.3	$ 0.8	$1,279.0	$ 103.5	$1,882.7	$(615.5)	$ 154.8
Balance, January 1, 2013	$1,875.7	$ 0.8	$1,243.1	$ (12.6)	$ 392.7	$ (1.4)	$ 253.1
Issuance of common stock	5.2	—	5.2	—	—	—	—
Deferred compensation	1.1	—	1.1	—	—	—	—
Share repurchases	(216.4)	—	—	—	—	(216.4)	—
Dividend paid to shareholders ($0.80 per share)	(61.9)	—	1.2	—	(63.1)	—	—
Distributions to noncontrolling shareholders	(2.1)	—	—	—	—	—	(2.1)
Purchase of noncontrolling interest	(130.3)	—	(6.9)	(27.6)	—	—	(95.8)
Other comprehensive (loss) income, net of tax	(29.4)	—	—	(30.7)	—	—	1.3
Net income (loss)	48.0	—	—	—	48.9	—	(0.9)
Balance, June 30, 2013	$1,489.9	$ 0.8	$1,243.7	$ (70.9)	$ 378.5	$(217.8)	$ 155.6

See accompanying notes to condensed consolidated financial statements.

1. BASIS OF PRESENTATION AND NEW ACCOUNTING STANDARDS:

Basis of Presentation— Rockwood Holdings, Inc., which may be referred to as "Rockwood" or the "Company" prepared these unaudited condensed consolidated financial statements following the requirements of the Securities and Exchange Commission and accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim reporting. Under those rules, certain footnotes and other financial information that are normally required for annual financial statements can be condensed or omitted. The Company is responsible for the condensed consolidated financial statements included in this Form 10-Q. These condensed consolidated financial statements include all normal and recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the financial position as of June 30, 2014 and December 31, 2013, and the results of operations and comprehensive income for the three and six months ended June 30, 2014 and 2013, and cash flows and changes in stockholders' equity for the six months ended June 30, 2014 and 2013. All intercompany balances and transactions have been eliminated. Material subsequent events are evaluated through the report issuance date and disclosed where applicable. These unaudited condensed consolidated financial statements and the related notes should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013 included in the Company's Annual Report on Form 10-K. Revenues, expenses, assets and liabilities can vary during each quarter of the year. Accordingly, the results and trends in these unaudited condensed consolidated financial statements may not be indicative of the full year results.

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the periods reported. These estimates include, among other things, assessing the collectability of accounts receivable, the use and recoverability of inventory, the valuation of deferred tax assets, the measurement of the accrual for uncertain tax benefits, impairment of goodwill as well as property, plant and equipment and other intangible assets, the accrual of environmental and legal reserves and the useful lives of tangible and intangible assets, among others. Actual results could differ from those estimates. Such estimates also include the fair value of assets acquired and liabilities assumed allocated to the purchase price of business combinations consummated.

In May 2014, the Company completed the purchase of a 49% equity interest in Windfield Holdings Pty Ltd ("Windfield"), which is the parent of Talison Lithium Pty. Ltd ("Talison"), thereby creating a joint venture with Sichuan Tianqi Lithium Industries Inc. ("Tianqi") giving the Company an indirect ownership interest in Talison. See Note 2, "Investment in Unconsolidated Affiliates," for further details. The Company's condensed consolidated statements of operations for the three and six month periods ended June 30, 2013 was reclassified to conform to current-year presentation for the presentation of equity in earnings of unconsolidated affiliates and the Company's condensed consolidated balance sheet as of December 31, 2013 was reclassified to conform to current-year presentation for the presentation of investment in unconsolidated affiliates.

In July 2014, the Company entered into a definitive agreement with Albemarle Corporation, a Virginia corporation ("Albemarle") and Albemarle Holdings Corporation, a Delaware corporation and wholly-owned subsidiary of Albemarle ("Merger Sub"). See Note 20, "Subsequent Events," for further details.

In the second quarter of 2014, the Company reorganized its Metal Sulfides business and began reporting it within its Surface Treatment segment. The Metal Sulfides business was previously reported in the "Other" category. As a result, the Company's condensed consolidated financial statements have been reclassified to reflect this segment change for all periods presented. See Note 4, "Segment Information," for further details.

During 2013, the Company sold its Advanced Ceramics segment and Clay-based Additives business, and entered into a definitive agreement to sell its Titanium Dioxide Pigments, Color Pigments and Services, Timber Treatment Chemicals, Rubber/Thermoplastics Compounding and Water Chemistry businesses ("TiO2 Pigments and Other Businesses"). As of June 30, 2014, all of these transactions met the criteria for being reported as discontinued operations. As a result, the Company's condensed consolidated financial statements have been reclassified to reflect discontinued operations for these transactions for all periods presented. See Note 3, "Discontinued Operations," for further details of these transactions.

Noncontrolling interest represents the total of the noncontrolling party's interest in certain investments (principally the former Titanium Dioxide Pigments venture and the Timber Treatment joint venture) that are consolidated but less than 100% owned. On February 15, 2013, the Company acquired Kemira Oyj's ("Kemira") 39% interest in its former Titanium Dioxide Pigments venture for a purchase price of €97.5 million ($130.3 million based on the rate in effect on the date of purchase).

Unless otherwise noted, all balance sheet-related items which are denominated in Euros are translated at the June 30, 2014 exchange rate of €1.00 = $1.3692. For the three months ended June 30, 2014 and 2013 and the six months ended June 30, 2014 and 2013, the average rate of exchange of the Euro to the U.S. dollar is $1.3715 and $1.3061, respectively, and $1.3711 and $1.3131, respectively.

Foreign Currency Translation—The functional currency of each of the Company's foreign subsidiaries is primarily the respective local currency. Balance sheet accounts of the foreign operations are translated into U.S. dollars at period-end exchange rates and income and expense accounts are translated at average exchange rates during the period. Translation gains and losses related to net assets located outside the U.S. are shown as a component of accumulated other comprehensive income. Gains and losses resulting from foreign currency transactions (transactions denominated in a currency other than the entity's functional currency), including intercompany financing arrangements for which settlement is planned or anticipated, are included in determining net income for the period in which exchange rates change. Gains or losses on certain intercompany loans that are of a long-term investment nature for which settlement is not planned or anticipated in the foreseeable future are reported and accumulated in the same manner as translation adjustments. These loans are all related to intercompany debt arrangements. As of June 30, 2014, intercompany debt arrangements deemed to be of a long-term investment nature for which settlement is not planned or anticipated in the foreseeable future equaled €367.0 million ($502.5 million). In addition, gains or losses on Euro-denominated debt that is designated as a net investment hedge of the Company's Euro-denominated investments are reported and accumulated in the same manner as translation adjustments.

Recently Issued Accounting Standards:

In April 2014, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") that changes the criteria for reporting discontinued operations. Under the new guidance, only disposals representing a strategic shift that has (or will have) a major effect on an entity's operations and financial results should be presented as discontinued operations. Examples of these include disposals of a major geographic area, a major line of business or a major equity method investment. In addition, the new guidance requires expanded disclosures about discontinued operations, as well as requiring disclosure of pre-tax income attributable to a disposal of a significant part of an organization that does not qualify for discontinued operations reporting. This ASU is effective for the Company in its first quarter beginning January 1, 2015 and is not expected to have a material impact on the Company's consolidated financial statements.

In May 2014, the FASB and the International Accounting Standards Board ("IASB") issued their final standard on revenue from contracts with customers. The standard, issued as an ASU by the FASB and as International Financial Reporting Standards 15 by the IASB, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU is effective for the Company in its first quarter beginning January 1, 2017 and is not expected to have a material impact on the Company's consolidated financial statements.

In June 2014, the FASB issued an ASU that clarified that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. Therefore, an entity would not record compensation expense related to an award for which transfer to the employee is contingent on the entity's satisfaction of a performance target until it becomes probable that the performance target is met. This ASU is effective for the Company in its first quarter beginning January 1, 2016 and is not expected to have a material impact on the Company's consolidated financial statements.

2. INVESTMENT IN UNCONSOLIDATED AFFILIATES:

In May 2014, the Company completed the purchase of a 49% equity interest in Windfield, which is the parent of Talison, thereby creating a joint venture with Tianqi, giving the Company an indirect ownership interest in Talison with cash on hand for an aggregate amount of $512.1 million, which includes the original purchase price of $475.3 million plus an adjustment for estimated net cash and certain other customary adjustments. The Company's ownership in the joint venture is accounted for under the equity method of accounting.

As part of the transaction, Rockwood Specialties Group GmbH, a wholly-owned subsidiary of Rockwood, granted Tianqi an option to purchase from 20% to 30% of the equity interests in Rockwood Lithium GmbH, which is a wholly-owned subsidiary of Rockwood Specialties Group GmbH. Rockwood Lithium GmbH controls the European and Asian arms of Rockwood's global lithium business. The option is exercisable by Tianqi at any time through December 31, 2016 at an exercise price equal to the trailing 12-month EBITDA of Rockwood Lithium GmbH multiplied by 14, minus the debt of Rockwood Lithium GmbH, calculated based on the (indirect) portion of Rockwood Lithium GmbH that is subject to Tianqi's purchase, subject to adjustments based on the financial condition of Rockwood Lithium GmbH at the time of exercise.

Talison, a leading global producer of lithium for over 25 years, mines and processes lithium-bearing mineral spodumene at its operations located at Greenbushes, Western Australia (the "Greenbushes Lithium Operations"). The Greenbushes Lithium Operations is estimated to be the world's largest known reserves of lithium spodumene minerals. Talison has a leading position in the lithium concentrates market and produces two categories of lithium concentrates: (i) technical-grade lithium concentrates which have low iron content for use in the manufacture of glass, ceramics and heat-proof cookware; and (ii) a high-yielding chemical-grade lithium concentrate, which is used to produce lithium chemicals which form the basis for manufacture of lithium-ion batteries for laptop computers, mobile phones,

electric bicycles and electric vehicles.

3. DISCONTINUED OPERATIONS:

In August 2013, the Company completed the sale of its Advanced Ceramics segment for cash proceeds of $2.0 billion and a gain on sale of $1,166.4 million. In October 2013, the Company completed the sale of its Clay-based Additives business, which was part of the Performance Additives segment, for cash proceeds of $626.6 million and a gain on sale of $506.1 million. In September 2013, the Company entered into a definitive agreement to sell its TiO2 Pigments and Other Businesses with a current purchase price of $1.275 billion, including the assumption of $225 million in pension obligations, and subject to other adjustments. This transaction is expected to close during the third quarter of 2014, subject to the receipt of regulatory approval by the European Commission. The transaction is currently in phase II review by the European Commission. As of June 30, 2014, all of these transactions met the criteria for being reported as discontinued operations. The Company's condensed consolidated financial statements have been reclassified to reflect discontinued operations for these transactions for all periods presented.

In 2013, the Company recorded a charge of $98.0 million related to an expected loss on sale of the TiO2 Pigments and Other Businesses. In the first quarter of 2014, the Company recorded an additional charge of $73.4 million related to the expected loss on the sale, in part as a result of a $50 million contribution in the form of a purchase price reduction to assist the purchaser in proposing a remedy to the European Commission competition authorities. In the second quarter of 2014, the Company recorded an additional charge of $27.9 million related to the expected loss on the sale. The expected loss on sale represents the difference between the carrying value of these businesses and the expected proceeds. This carrying value includes the assumed recognition of actuarial (pension-related) losses and unrealized foreign exchange losses currently recorded in accumulated other comprehensive income within stockholders' equity, which must be recognized upon completion of the sale. The fair value of the assets to be sold is categorized as Level 3 in the fair value hierarchy, as the fair value was determined based on expected sale proceeds (see Note 6, "Financial Instruments and Fair Value Measurements," for a description of the fair value levels).

Results of the discontinued operations of the Advanced Ceramics segment, the Clay-based Additives business and the TiO2 Pigments and Other Businesses included in the condensed consolidated statements of operations for the three and six months ended June 30, 2014 and 2013 are as follows:

($ in millions)	Advanced Ceramics	Clay-based Additives	TiO2 Pigments and Other	Total
Three months ended June 30, 2014				
Net sales	$ —	$ —	$ 428.8	$ 428.8
Income before taxes	—	—	23.5	23.5
Three months ended June 30, 2013				
Net sales	$ 150.0	$ 51.3	$ 423.1	$ 624.4
Income (loss) before taxes	25.2	12.7	(29.6)	8.3
Six months ended June 30, 2014				
Net sales	$ —	$ —	$ 829.3	$ 829.3
Loss before taxes	—	—	(10.2)	(10.2)
Six months ended June 30, 2013				
Net sales	$ 292.9	$ 99.3	$ 829.7	$1,221.9
Income (loss) before taxes	54.3	25.4	(55.4)	24.3

The carrying values of the assets and liabilities of the TiO2 Pigments and Other Businesses included as discontinued operations in the condensed consolidated balance sheets as of June 30, 2014 and December 31, 2013 are as follows:

($ in millions)	TiO2 Pigments and Other	
	June 30, 2014	December 31, 2013
ASSETS		
Accounts receivable, net	$ 246.2	$ 200.3
Inventories	429.1	401.9
Property, plant and equipment, net	823.3	749.2
Other intangible assets, net	1.4	64.3
Other assets	74.2	133.4
Total assets	$1,574.2	$ 1,549.1
LIABILITIES		
Accounts payable and other current liabilities	$ 253.3	$ 249.9
Pension and related liabilities	206.9	205.0
Other liabilities	30.3	31.6
Total liabilities	$ 490.5	$ 486.5

The Company has a non-interest bearing note receivable from its former titanium dioxide pigments venture partner in the amount of $29.4 million that is due in August 2028, with a carrying value of $7.7 million and $7.4 million in the condensed consolidated balance sheets as of June 30, 2014 and December 31, 2013, respectively. Interest is imputed at an effective rate of 8.96%. The fair value of the note receivable was approximately $13.9 million and $13.6 million at June 30, 2014 and December 31, 2013, respectively, and is categorized as Level 3 in the fair value hierarchy. The fair value was determined based on an internally developed valuation that uses current interest rates to develop the present value of the receivable.

Included in other liabilities are reclamation obligations of $7.9 million and $8.1 million as of June 30, 2014 and December 31, 2013, respectively. These obligations primarily relate to post-closure reclamation of landfills in the Titanium Dioxide Pigments business.

During the three months ended June 30, 2014, an out-of-period adjustment of $7.9 million was recorded to income from discontinued operations and deferred tax assets to recognize a tax benefit in relation to TiO2 Pigments and Other Businesses, and represented the correction of an immaterial error in the year ended December 31, 2013.

4. SEGMENT INFORMATION:

The Company is a leading global developer, manufacturer and marketer of technologically advanced and high value-added specialty chemicals used for industrial and commercial purposes. As discussed in Note 3, “Discontinued Operations,” in 2013, the Company sold its Advanced Ceramics segment and Clay-based Additives business, and entered into a definitive agreement to sell its TiO2 Pigments and Other Businesses. As a result, the Company operates in two reportable segments, Lithium and Surface Treatment, based on the nature and economic characteristics of its products and services as well as the manner in which the information is used internally by the Company’s chief operating decision maker, who is the Company’s Chief Executive Officer.

Items that cannot be readily attributed to individual segments have been classified as “Other.” Other operating loss primarily represents payroll, professional fees and other operating expenses of centralized functions such as treasury, tax, legal, internal audit and consolidation accounting as well as the cost of operating the Company’s central offices (including some costs maintained based on legal or tax considerations). The Other classification also includes the results of operations of the wafer reclaim businesses.

Summarized financial information for each of the reportable segments is provided in the following tables:

($ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Sales:				
Lithium	$ 116.7	$ 125.7	$232.5	$244.2
Surface Treatment	242.3	218.6	477.9	433.8
Other	3.3	3.6	6.4	7.0
Total	$ 362.3	$ 347.9	$716.8	$685.0

The Company uses Adjusted EBITDA on a segment basis to assess the ongoing performance of the Company's business segments and reporting units. Because the Company views Adjusted EBITDA on a segment basis as an operating performance measure, the Company uses income (loss) before taxes as the most comparable U.S. GAAP measure. The summary of segment information below includes "Adjusted EBITDA," a non-GAAP financial measure used by the Company's chief operating decision maker and senior management to evaluate the operating performance of each segment. See Note 3, "Segment Information," in the Company's 2013 Annual Report on Form 10-K for a discussion of the use of Adjusted EBITDA as a non-GAAP financial measure.

($ in millions)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Adjusted EBITDA:				
Lithium	$ 44.8	$ 49.0	$ 85.9	$ 95.9
Surface Treatment	56.3	48.5	109.7	94.1
Other	(12.4)	(11.4)	(26.1)	(26.5)
Total	$ 88.7	$ 86.1	$169.5	$163.5

The following table presents the identifiable assets for each of the reportable segments:

($ in millions)	Identifiable Assets as of June 30, 2014	Identifiable Assets as of December 31, 2013
Lithium	$1,871.9	$ 1,373.4
Surface Treatment	1,205.3	1,152.9
Other (a)	1,026.7	1,872.9
Eliminations (b)	(420.5)	(416.0)
Total (c)	$3,683.4	$ 3,983.2

(a) Other identifiable assets primarily represent the operating assets of the businesses included herein described above, primarily cash and cash equivalent balances maintained in accordance with centralized cash management techniques, as well as assets (primarily real estate) of legacy businesses formerly belonging to the Dynamit Nobel businesses acquired in 2004 and deferred income tax assets.

(b) Amounts included in "Eliminations" represent individual subsidiaries' retained interest in their cumulative net cash balance (deposits less withdrawals) included in the corporate cash concentration arrangements. These amounts are eliminated as the cash concentration arrangement balances are included in the Other segment's identifiable assets.

(c) Amounts do not include $1,574.2 million and $1,549.1 million of identifiable assets at June 30, 2014 and December 31, 2013, respectively, from discontinued operations. Total identifiable assets including these amounts were $5,257.6 million and $5,532.3 million as of June 30, 2014 and December 31, 2013, respectively.

Geographic information regarding net sales based on seller's location and long-lived assets are described in Note 3, "Segment Information," in the Company's 2013 Annual Report on Form 10-K.

Major components within the reconciliation of income (loss) from continuing operations before taxes to Adjusted EBITDA are described more fully below:

($ in millions)	Lithium	Surface Treatment	Other	Consolidated
Three months ended June 30, 2014				
Income (loss) from continuing operations before taxes	$ 30.4	$ 40.2	$(24.2)	$ 46.4
Interest (income) expense, net	(0.3)	3.0	10.9	13.6
Depreciation and amortization	12.1	8.8	5.0	25.9
Restructuring and other severance costs (a)	0.1	1.4	—	1.5
Equity investment adjustments (b)	3.0	1.3	—	4.3
Systems/organization establishment expenses (c)	0.9	0.2	—	1.1
Acquisition and disposal costs (d)	—	0.4	0.1	0.5
Asset write-downs and other (e)	1.6	(0.1)	0.2	1.7
Foreign exchange (gain) loss on financing activities, net (f)	(3.0)	1.0	(4.4)	(6.4)
Other	—	0.1	—	0.1
Total Adjusted EBITDA from continuing operations	$ 44.8	$ 56.3	$(12.4)	$ 88.7
Three months ended June 30, 2013				
Income (loss) from continuing operations before taxes	$ 29.2	$ 34.3	$(28.8)	$ 34.7
Interest expense, net	0.7	2.9	19.7	23.3
Depreciation and amortization	11.8	8.6	2.4	22.8
Restructuring and other severance costs (a)	0.5	1.2	0.6	2.3
Systems/organization establishment expenses (c)	0.4	0.1	—	0.5
Acquisition and disposal costs (d)	—	0.8	0.9	1.7
Asset write-downs and other (e)	4.7	—	—	4.7
Foreign exchange loss (gain) on financing activities, net (f)	1.7	0.6	(6.9)	(4.6)
Other	—	—	0.7	0.7
Total Adjusted EBITDA from continuing operations	$ 49.0	$ 48.5	$(11.4)	$ 86.1
Six months ended June 30, 2014				
Income (loss) from continuing operations before taxes	$ 58.5	$ 80.3	$(57.9)	$ 80.9
Interest (income) expense, net	(0.5)	6.1	22.2	27.8
Depreciation and amortization	23.6	17.5	10.0	51.1
Restructuring and other severance costs (a)	3.6	2.0	—	5.6
Equity investment adjustments (b)	3.1	2.1	—	5.2
Systems/organization establishment expenses (c)	1.1	0.3	—	1.4
Acquisition and disposal costs (d)	—	0.7	0.9	1.6
Asset write-downs and other (e)	1.6	(0.1)	0.2	1.7
Foreign exchange (gain) loss on financing activities, net (f)	(5.1)	0.8	(1.5)	(5.8)
Total Adjusted EBITDA from continuing operations	$ 85.9	$ 109.7	$(26.1)	$ 169.5
Six months ended June 30, 2013				
Income (loss) from continuing operations before taxes	$ 59.6	$ 66.5	$(84.1)	$ 42.0
Interest expense, net	1.4	6.1	39.2	46.7
Depreciation and amortization	22.9	17.4	4.9	45.2
Restructuring and other severance costs (a)	4.4	3.4	0.8	8.6
Systems/organization establishment expenses (c)	0.5	0.7	—	1.2
Acquisition and disposal costs (d)	0.1	0.8	2.6	3.5
Asset write-downs and other (e)	4.7	—	—	4.7
Foreign exchange loss (gain) on financing activities, net (f)	2.3	(1.3)	9.5	10.5
Other	—	0.5	0.6	1.1
Total Adjusted EBITDA from continuing operations	$ 95.9	$ 94.1	$(26.5)	$ 163.5

(a) See Note 15, “Restructuring and Other Severance Costs,” for further details.

(b) The following table represents adjustments to the EBITDA of unconsolidated affiliates included in the calculation of Adjusted EBITDA, consistent with the adjustments made on a consolidated basis:

($ in millions)	Lithium	Surface Treatment	Consolidated
Three months ended June 30, 2014			
Interest income, net	$ (0.1)	$ (0.2)	$ (0.3)
Depreciation and amortization	0.4	0.2	0.6
Income tax provision	—	1.1	1.1
Acquisition method inventory charges (g)	2.7	—	2.7
Other	—	0.2	0.2
Total adjustments	$ 3.0	$ 1.3	$ 4.3
Six months ended June 30, 2014			
Interest income, net	$ (0.1)	$ (0.2)	$ (0.3)
Depreciation and amortization	0.4	0.3	0.7
Income tax provision	0.1	1.8	1.9
Acquisition method inventory charges (g)	2.7	—	2.7
Other	—	0.2	0.2
Total adjustments	$ 3.1	$ 2.1	$ 5.2

(c) Primarily represents costs incurred in conjunction with the integration of businesses acquired.

(d) Primarily represents professional fees incurred in connection with exploring strategic options.

(e) For the three and six months ended June 30, 2014, the charge primarily relates to the impairment of a brine pond in Chile in the Lithium segment related to damage from unfavorable weather conditions. For the three and six months ended June 30, 2013, the charge primarily represents the write-off of assets related to the termination of a geothermal energy project at the Silver Peak, Nevada lithium facility.

(f) For the three and six months ended June 30, 2014, foreign exchange gains were primarily related to the impact of a weaker Euro on U.S. denominated cash equivalents recorded in a Euro-denominated entity, as well as non-operating Euro-denominated transactions. For the three months ended June 30, 2013, foreign exchange gains were primarily reported in connection with non-operating Euro-denominated transactions. For the six months ended June 30, 2013, foreign exchange losses were primarily reported in connection with intercompany Euro-denominated loans put in place to fund the repayment of the outstanding borrowings under the Titanium Dioxide Pigments facility agreement.

(g) All inventories acquired in an acquisition must be revalued to “fair value,” resulting in a reduction in earnings as the inventory is sold in the ordinary course of business. This adjustment recognizes the effect based on the inventory values from the Company’s acquisition of a 49% interest in the joint venture related to Talison in May 2014.

5. VARIABLE INTEREST ENTITIES:

As discussed in Note 3, “Discontinued Operations,” the Company entered into a definitive agreement in September 2013 to sell its TiO2 Pigments and Other Businesses, which include Titanium Dioxide Pigments and the Timber Treatment Chemicals business. This transaction is expected to close during the third quarter of 2014, subject to the receipt of regulatory approval by the European Commission. Our discontinued operations include the following variable interest entities:

Titanium Dioxide Pigments

The Company formed a Titanium Dioxide Pigments venture with Kemira in September 2008. The Company previously owned 61% of the venture and consolidated it based on the “voting interest” model given its majority ownership and ability to control decision making. On February 15, 2013, the Company acquired Kemira’s 39% interest in the Titanium Dioxide Pigments venture for a purchase price of €97.5 million ($130.3 million based on the rate in effect on the date of purchase). The increase in ownership was accounted for as an equity transaction. As a result, the Company owns 100% of the Titanium Dioxide Pigments business. In conjunction with this venture, there is a power plant that was previously determined to be a variable interest entity (“VIE”). Subsequent to the purchase of Kemira’s 39% interest, the power plant will continue to be a VIE.

Viance LLC

The Company has a variable interest entity in its Viance LLC ("Viance") venture, which is part of the Timber Treatment Chemicals business, that provides an extensive range of advanced wood treatment technologies and services to the global wood treatment industry. The Company has concluded that Rockwood is the primary beneficiary of Viance and as such has consolidated the joint venture. This conclusion was made as Rockwood has the obligation to absorb losses of Viance that could potentially be significant to Viance and/or the right to receive benefits from Viance that could potentially be significant to Viance. In addition, Chemical Specialties, Inc. ("CSI") has the power to direct the activities of Viance that most significantly impact Viance's performance, as Viance does not own manufacturing facilities. As a result, Viance primarily relies on CSI to provide product and distribution requirements through a supply agreement.

As of June 30, 2014 and December 31, 2013, no consolidated assets of the Company were pledged as collateral for any obligations of Viance and the general creditors of Viance had no recourse against the Company. Viance's assets can only be used to settle direct obligations of Viance.

The carrying values of the assets and liabilities of the Viance joint venture included in assets of discontinued operations and liabilities of discontinued operations in the consolidated balance sheets are as follows:

($ in millions)	June 30, 2014	December 31, 2013
Total assets (a)	$ 67.0	$ 65.3
Total liabilities	$ 3.7	$ 3.6

(a) The majority of these assets are other intangible assets.

Continuing Operations

As of June 30, 2014 and December 31, 2013, Rockwood's aggregate net investment in ventures, particularly in the Surface Treatment segment, that are considered variable interest entities but are not consolidated as Rockwood is not the primary beneficiary, were $22.8 million and $32.3 million, respectively.

In May 2014, the Company completed the purchase of a 49% equity interest in Windfield, which is the parent of Talison, thereby creating a joint venture with Tianqi, in which the Company's indirect ownership in Talison is accounted for under the equity method of accounting. As the parties share risks and benefits disproportionate to their voting interests, the Company has concluded that Talison is a VIE. However, the Company has also concluded that it should not consolidate this VIE as it is not the primary beneficiary. The Company does not have the power and/or ability to direct the activities most affecting the venture's performance due to the governance structure which gives the Company protective rights only. As of June 30, 2014, the Company's investment in Talison is $520.3 million.

These investments are classified as "Investments in unconsolidated affiliates" in the condensed consolidated balance sheets and represent Rockwood's approximate exposure to losses on these investments. Rockwood does not guarantee debt for or have other financial support obligations to these ventures.

See Item 8. Financial Statements and Supplementary Data - Note 4, "Variable Interest Entities," in the Company's 2013 Annual Report for further details.

6. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS:

Financial instruments include cash and cash equivalents, accounts receivable, accounts payable and debt instruments. Due to their short-term maturity, the carrying amount of receivables and payables approximates fair value. Cash equivalents primarily consist of highly liquid investments with original maturities of three months or less at the time of purchase and are recorded at cost, which approximates fair value. The Company has exposure to market risk from changes in interest rates and foreign currency exchange rates.

The Company follows a fair value measurement hierarchy to measure assets and liabilities. As of June 30, 2014 and December 31, 2013, the assets and liabilities measured at fair value on a recurring basis are cash equivalents and government securities. In addition, the Company measures its pension plan assets at fair value (see Item 8. Financial Statements and Supplementary Data - Note 14, "Employee Benefit Plans" in the Company's 2013 Annual Report on Form 10-K for further details). The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy as follows:

Level 1 — Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. The fair values of cash equivalents and government securities are based on unadjusted quoted market prices from various financial information service providers and securities exchanges.

Level 2 — Inputs are directly or indirectly observable, which include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means. The fair values of derivatives, when used by the Company, are based on quoted market prices from various banks for similar instruments. The valuation of these instruments reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including forward curves.

Level 3 — Inputs are unobservable inputs that are used to measure fair value to the extent observable inputs are not available. The Company does not have any recurring financial assets or liabilities that are recorded on its condensed consolidated balance sheets as of June 30, 2014 and December 31, 2013 that are classified as Level 3 inputs.

In accordance with the fair value hierarchy, the following table provides the fair value of the Company's recurring financial assets and liabilities that are measured at fair value in the condensed consolidated balance sheets as of June 30, 2014 and December 31, 2013:

	As of June 30, 2014		As of December 31, 2013	
($ in millions)	Total	Level 1	Total	Level 1
Assets				
Cash equivalents	$482.3	$482.3	$1,370.5	$ 1,370.5
Government securities	0.1	0.1	0.1	0.1
Total assets at fair value	$482.4	$482.4	$1,370.6	$ 1,370.6

Debt

As of June 30, 2014 and December 31, 2013, the Company's estimated fair value of its unsecured Senior Notes due in 2020 ("2020 Notes") was $1,304.0 million and $1,273.8 million, respectively, based on quoted market values in active markets from financial service providers. The Company's principal carrying amount of the 2020 Notes was $1,249.3 million and $1,250.0 million at June 30, 2014 and December 31, 2013, respectively. The Company categorizes these 2020 Notes as Level 1 in the fair value hierarchy.

7. INVENTORIES:

Inventories are comprised of the following:

($ in millions)	June 30, 2014	December 31, 2013
Raw materials	$ 64.0	$ 64.7
Work-in-process	59.7	53.4
Finished goods	107.2	110.1
Total	$230.9	$ 228.2

8. GOODWILL:

Goodwill balances and activity by segment are as follows:

($ in millions)	Lithium	Surface Treatment	Total
Balance, December 31, 2013	$275.1	$ 384.5	$659.6
Foreign exchange	(1.0)	(0.7)	(1.7)
Balance, June 30, 2014	$274.1	$ 383.8	$657.9

9. OTHER INTANGIBLE ASSETS, NET:

Other intangible assets, net consist of:

($ in millions)	As of June 30, 2014			As of December 31, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Patents and other intellectual property	$ 113.1	$ (85.9)	$ 27.2	$ 111.7	$ (81.1)	$ 30.6
Trade names and trademarks	47.9	(24.4)	23.5	47.9	(23.6)	24.3
Customer relationships	147.9	(89.3)	58.6	146.1	(83.8)	62.3
Other	38.5	(27.7)	10.8	37.3	(26.6)	10.7
Total	$ 347.4	$ (227.3)	$120.1	$ 343.0	$ (215.1)	$127.9

Amortization of other intangible assets was $6.7 million and $6.5 million in the three months ended June 30, 2014 and 2013, respectively, and $13.4 million and $12.9 million in the six months ended June 30, 2014 and 2013, respectively.

Estimated amortization expense for each of the next five fiscal years is as follows:

($ in millions) Year ending	Amortization Expense
2014	$ 24.7
2015	21.4
2016	19.4
2017	17.7
2018	10.4

10. LONG-TERM DEBT:

Long-term debt is summarized as follows:

($ in millions)	June 30, 2014	December 31, 2013
2020 Unsecured senior notes	$1,249.3	$ 1,250.0
Capitalized lease obligations	29.9	31.5
Other loans	13.1	13.9
	1,292.3	1,295.4
Less current maturities	(10.3)	(10.3)
	$1,282.0	$ 1,285.1

In April 2014, the Company announced that its wholly-owned subsidiary, Rockwood Specialties Group, Inc. (“RSGI”), commenced a cash tender offer (the “Asset Sale Offer”) to purchase up to $400 million in the aggregate principal amount of its $1.25 billion of 4.625% Senior Notes due in 2020 (“2020 Notes”), at a purchase price of 100% of the principal amount thereof, plus accrued and unpaid interest thereon, to but not including the date of purchase. The Asset Sale Offer is being made pursuant to the indenture governing the 2020 Notes as a result of the Company’s sale of the Advanced Ceramics segment and Clay-based Additives business. Those sales constituted “Asset Sales” under the indenture governing the 2020 Notes. Prior to the expiration of the Asset Sale Offer on May 14, 2014, the principal amount of the Notes tendered and accepted was $0.7 million.

For further details of the terms of the Company’s long-term debt, see Item 8. Financial Statements and Supplementary Data - Note 10, “Long-Term Debt” in the Company’s 2013 Annual Report on Form 10-K.

11. INCOME TAXES:

The effective tax rate on income from continuing operations was 26.5% and 31.0% for the three and six months ended June 30, 2014, respectively. The income tax rate is lower than the U.S. statutory rate of 35% primarily due to a beneficial foreign earnings mix and the reversal of tax reserves due to a lapse in statute of limitations, partially offset by a tax provision recorded on foreign exchange gains in connection with the repayment of an intercompany loan that was formerly deemed to be of a long-term investment nature.

The effective tax rate on income from continuing operations was 25.9% and 23.3% for the three and six months ended June 30, 2013, respectively. The income tax rate is lower than the U.S. statutory rate of 35% primarily due to a beneficial earnings mix.

The following table reflects the activity in the Company's worldwide valuation allowance attributable to deferred tax assets:

($ in millions)	Valuation Allowance
Balance as of December 31, 2013	$ 18.5
U.S. valuation allowance - State	(0.7)
Foreign valuation allowance	0.6
Balance as of June 30, 2014	$ 18.4

Unrecognized tax benefits at June 30, 2014 were $28.7 million, all of which, if recognized, would impact the effective tax rate. The Company had accrued $5.3 million for interest and penalties as of June 30, 2014. The Company recognizes interest and penalties related to unrecognized tax benefits in its income tax provision.

The Company is currently under audit in certain jurisdictions and during the next twelve months, it is reasonably possible that resolution of these audits could result in a benefit of up to $1.3 million.

12. STOCK-BASED COMPENSATION:

In December 2013, the Company awarded 161,156 of market-based restricted stock unit awards to its management and key employees which will vest on January 1, 2017 as long as the employee continues to be employed by the Company on this date and upon the achievement of certain performance targets approved by the Compensation Committee. In January 2014, the performance targets that formed the basis for vesting of these restricted stock units were set. As a result, the Company recognized compensation cost beginning in January 2014. A portion of the share units vest based on the percentage change in the price of the Company's common stock over the award period January 1, 2014 to December 31, 2016. The remaining portion vest based upon the Company's total shareholder return as compared to the total shareholder return for the Dow Jones U.S. Chemical Index for the period January 1, 2014 to December 31, 2016.

All restricted stock units contain a provision in which the units shall immediately vest and become converted into the right to receive a cash payment payable on the original vesting date after a change in control as defined in the award agreement. As the provisions for redemption are outside the control of the Company, the fair value of these units as of June 30, 2014 and December 31, 2013 has been recorded as mezzanine equity (outside of permanent equity) in the condensed consolidated balance sheets. As discussed in Note 20, "Subsequent Events," the Company, Albemarle and the Merger Sub entered into an Agreement and Plan of Merger on July 15, 2014. As a result, on the closing date of the transaction, approximately 550,000 restricted stock units (such amount may be increased up to 150% depending upon performance) shall immediately become converted into the right to receive a cash payment on the original vesting date. Such payment may be accelerated if employment is terminated by the Company prior to such date.

The aggregate compensation cost for restricted stock units and Board of Director stock grants recorded under the stock-based compensation plans was $2.9 million and $3.3 million for the three months ended June 30, 2014 and 2013, respectively, and $5.6 million and $6.6 million for the six months ended June 30, 2014 and 2013, respectively. The total tax benefit recognized related to stock awards was $1.6 million and $1.7 million for the three months ended June 30, 2014 and 2013, respectively, and $1.8 million and $2.1 million for the six months ended June 30, 2014 and 2013, respectively.

See Item 8. Financial Statements and Supplementary Data - Note 13, "Stock-Based Compensation," in the Company's 2013 Annual Report on Form 10-K for further details of the Company's stock-based compensation plans.

13. PENSION AND POSTRETIREMENT LIABILITIES:

The following table represents the net periodic benefit cost of defined benefit pension plans:

($ in millions)	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Service cost	$ 1.0	$ 0.9	$ 2.0	$ 1.9
Interest cost	4.0	3.6	7.9	7.2
Expected return on assets	(2.2)	(2.1)	(4.4)	(4.2)
Amortization of actuarial losses	1.1	1.5	2.2	3.0
Amortization of prior service cost	0.1	0.1	0.3	0.3
Total pension cost	$ 4.0	$ 4.0	$ 8.0	$ 8.2

Contributions to defined benefit pension plans, including benefit payments paid directly to plan participants, are expected to approximate $17.7 million during 2014, of which $8.8 million was contributed in the six months ended June 30, 2014.

The Company also sponsors and participates in various defined contribution and multi-employer plans. The expense for the defined contribution plans was $1.7 million and $1.6 million for the three months ended June 30, 2014 and 2013, respectively, and $3.7 million and $3.2 million for the six months ended June 30, 2014 and 2013, respectively. The expense for the multi-employer plans was $0.5 million and $0.4 million for the three months ended June 30, 2014 and 2013, respectively, and $0.9 million and $0.8 million for the six months ended June 30, 2014 and 2013, respectively.

14. EARNINGS PER COMMON SHARE:

Basic and diluted earnings per common share ("EPS") were computed using the following common share data:

($ in millions, except per share amounts; shares in thousands)	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
EPS Numerator:				
Amounts attributable to Rockwood Holdings, Inc.:				
Income from continuing operations	$ 34.1	$ 25.7	$ 55.8	$ 32.2
Income (loss) from discontinued operations	12.6	5.4	(29.9)	16.7
Net income	$ 46.7	$ 31.1	$ 25.9	$ 48.9
EPS Denominator:				
Basic weighted average number of common shares outstanding	72,288	77,089	73,147	77,806
Effect of dilutive stock options and other incentives	964	1,657	1,006	1,655
Diluted weighted average number of common shares outstanding and common stock equivalents	73,252	78,746	74,153	79,461
Basic earnings per share attributable to Rockwood Holdings, Inc. shareholders:				
Earnings from continuing operations	$ 0.47	$ 0.33	$ 0.76	$ 0.41
Earnings (loss) from discontinued operations	0.18	0.07	(0.41)	0.22
Basic earnings per share	$ 0.65	$ 0.40	$ 0.35	$ 0.63
Diluted earnings per share attributable to Rockwood Holdings, Inc. shareholders:				
Earnings from continuing operations	$ 0.47	$ 0.33	$ 0.75	$ 0.41
Earnings (loss) from discontinued operations	0.17	0.06	(0.40)	0.21
Diluted earnings per share	$ 0.64	$ 0.39	$ 0.35	$ 0.62

For the three and six months ended June 30, 2014 and 2013, there were no outstanding shares that would have had an anti-dilutive effect.

15. RESTRUCTURING AND OTHER SEVERANCE COSTS:

The Company records restructuring liabilities that represent charges incurred in connection with consolidations and cessations of certain of its operations, including operations from acquisitions, as well as headcount reduction programs. These charges consist primarily of asset write-downs, severance and facility/entity closure costs. Severance charges are based on various factors, including the employee's length of service, contract provisions, salary levels and local governmental legislation. At the time a related charge is recorded, the Company calculates its best estimate based upon detailed analysis. Although significant changes are not expected, actual costs may differ from these estimates.

The following table provides the restructuring and other severance costs for the three and six months ended June 30, 2014 and 2013:

($ in millions)	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Severance/Relocation	$ 0.5	$ 1.2	$ 1.0	$ 2.0
Facility/entity closure and other	1.0	0.6	1.6	4.9
Asset write-downs	—	—	3.0	—
Restructuring charge	1.5	1.8	5.6	6.9
Other severance costs	—	0.5	—	1.7
Total	$ 1.5	$ 2.3	$ 5.6	$ 8.6

For the three months ended June 30, 2014, the restructuring charges were primarily incurred in the Surface Treatment segment due to closure and severance costs. For the six months ended June 30, 2014, the restructuring charges primarily relate to asset write-downs, as well as severance and closure costs, in connection with the closure of a lithium manufacturing facility in India, as well as closure and severance costs in the Surface Treatment segment. For the three and six months ended June 30, 2013, the restructuring charges primarily relate to organizational changes in the Surface Treatment segment and the closure of a lithium manufacturing facility in the U.S.

All restructuring actions still in progress as of June 30, 2014 are expected to be substantially complete within the next twelve months. However, payouts of certain liabilities resulting from these actions will take place over several years. There are no significant future costs related to open restructuring plans remaining. Selected information for outstanding liabilities from recent restructuring actions is as follows:

($ in millions)	Severance/ Relocation	Facility/Entity Closure and Other	Total
Liability balance, December 31, 2013	$ 2.4	$ 4.8	$ 7.2
Restructuring charge in 2014	1.0	4.6	5.6
Utilized	(1.0)	(2.5)	(3.5)
Foreign exchange and other	—	(3.0)	(3.0)
Liability balance, June 30, 2014	$ 2.4	$ 3.9	$ 6.3

16. ACCUMULATED OTHER COMPREHENSIVE INCOME:

Changes in accumulated other comprehensive income (loss) are as follows:

($ in millions)	Pension related adjustments, net of tax	Foreign currency translation	Intercompany foreign currency loans	Net investment hedge, net of tax	Total accumulated other comprehensive income
Balance at December 31, 2013	$ (123.2)	$ 269.1	$ 147.7	$ (189.9)	$ 103.7
Other comprehensive income before reclassifications	—	(2.4)	(1.3)	—	(3.7)
Amounts reclassified from accumulated other comprehensive income to net income	3.5	—	—	—	3.5
Balance at June 30, 2014	$ (119.7)	$ 266.7	$ 146.4	$ (189.9)	$ 103.5

The amounts reclassified from accumulated other comprehensive income (loss) into net income are as follows:

Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income			
	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Pension related adjustments:				
Actuarial losses (a)	$ (2.1)	$ (4.1)	$ (4.3)	$ (8.3)
Prior service costs (a)	(0.2)	(0.2)	(0.4)	(0.4)
	(2.3)	(4.3)	(4.7)	(8.7)
Income tax provision	0.6	1.2	1.2	2.4
Total reclassifications for the period	$ (1.7)	$ (3.1)	$ (3.5)	$ (6.3)

(a) These accumulated other comprehensive loss components are included in the computation of net periodic pension costs that are recorded in costs of products sold and selling, general and administrative expenses in the condensed consolidated statements of operations. In addition, these accumulated other comprehensive loss components include the effect of actuarial losses and prior service costs from discontinued operations.

17. COMMITMENTS AND CONTINGENCIES:

Legal Proceedings—The Company is involved in various legal proceedings, including commercial, intellectual property, product liability, regulatory and environmental matters of a nature considered normal for its business. The Company accrues for amounts related to these matters if it is probable that a liability has been incurred, and an amount can be reasonably estimated. The Company discloses such matters when there is at least a reasonable possibility that a material loss may have been incurred. However, the Company cannot predict the outcome of any litigation or the potential for future litigation.

Shareholder Litigation

On July 22, 2014 and August 1, 2014, purported class actions were filed in the Superior Court of New Jersey Chancery Division, in Mercer County and in the Court of Chancery of the State of Delaware, respectively, relating to Rockwood's pending merger with a subsidiary of Albemarle Corporation ("Albemarle"). The lawsuits, *Thwaites v. Rockwood Holdings Inc.* and *Rudman Partners, L.P. v. Rockwood Holdings Inc.*, respectively, name Rockwood, its directors and Albemarle as defendants. The *Rudman Partners* case also names the merger subsidiary as a defendant. The lawsuits, which contain substantially similar allegations, include allegations that the directors of Rockwood breached their fiduciary duties in connection with the merger by failing to ensure that Rockwood's shareholders will receive the maximum value for their shares, failing to conduct an appropriate sale process and putting their own interests ahead of Rockwood's shareholders. Rockwood and Albemarle are alleged to have aided and abetted the alleged fiduciary breaches. The lawsuits seek a variety of equitable and injunctive relief, including enjoining Rockwood's directors from proceeding with the proposed merger unless and until they have acted in accordance with their fiduciary duties to maximize shareholder value and rescission of the merger to the extent implemented, and, in the *Rudman Partners* case, any damages arising from the defendant's alleged breaches, and attorneys' fees and costs. Rockwood intends to vigorously defend the lawsuits. Rockwood is unable to estimate the loss, or possible range of loss, for these matters.

Former Glass Sealants Business

A subsidiary in the Surface Treatment segment formerly manufactured and distributed sealants for insulating glass. This business was sold in 2003. This subsidiary has been named as a defendant, or third-party defendant, in several lawsuits, which were initiated prior to and after the sale of the business, relating to allegedly defective manufacturing of those products. The six remaining lawsuits are pending in the Netherlands (High Court of Hertogenbosch). The court of the first instance in those litigations concluded in March 2012 that the Company's subsidiary breached certain implied product warranties and is responsible for certain alleged damages to be determined. The Company's subsidiary has appealed the decisions. The subsidiary may be required to compensate the eventual damage claims still to be asserted by the various plaintiffs in these actions. Although the Company expects its subsidiary to have coverage under its product liability insurance policies should damages ultimately be awarded or agreed to, in such an event, its insurance may not cover such damages and, if not, its subsidiary may not have sufficient cash flow to pay them. The Company estimates that the possible range of loss from those damage claims, net of expected insurance recoveries, is from €0.7 million ($1.0 million) to €4.0 million ($5.5 million) as of June 30, 2014. The Company does not believe that the resolution of these matters will have a material effect on its consolidated financial condition, results of operations or cash flows.

Real Estate Transfer Tax Matter

In December 2009, the Company received a tax assessment from German tax authorities, claiming that the Company's acquisition of Dynamit Nobel in 2004 triggered a real estate transfer tax obligation. The Company appealed the assessment to the German tax authorities on the grounds that it had already paid the relevant real estate transfer tax and that the further assessment would constitute duplicate taxation of the real estate transfers. However, in October 2011, the German tax authorities affirmed their position with regard to the assessment. Consequently, the Company appealed this assessment with the German Fiscal Court and intends to vigorously defend its position in this matter. The Company estimates that the possible range of loss from these claims as of June 30, 2014 is from €0.0 million to €5.7 million ($7.8 million). The Company does not expect this matter to have a material impact on its consolidated financial condition, results of operations or cash flows.

La Negra Construction Project

In August 2013, a subsidiary of the Company's Lithium segment sought to terminate a construction agreement to which it is a party for a breach of the construction agreement by the other party/contractor in connection with the expansion project in La Negra, Chile. As a result of the eventual termination, the contractor tendered an arbitration claim under the construction agreement in March 2014. The Company's subsidiary issued a counterclaim in April 2014 seeking damages resulting from such contractor's breach. The parties are currently participating in a binding arbitration process with a third party arbitrator in Chile under the Santiago Chamber of Commerce rules as required under the construction agreement. The Company estimates that the possible range of loss from these claims as of June 30, 2014 is from $0.0 million to $4.7 million. The Company does not expect this matter to have a material impact on its consolidated financial condition, results of operations or cash flows.

Other Matters

Although the Company expects to continue to pay legal fees in connection with the above matters and other legal actions such as chromated copper arsenate and other product liability matters, based on currently available facts, the Company does not believe that any other individual action will have a material effect on its consolidated financial condition, results of operations or cash flows.

Reserves in connection with known product liability matters, net of expected insurance recoveries, do not individually exceed $1.9 million and in the aggregate equal $2.8 million as of June 30, 2014. The Company's reserve estimates are based on available facts, including damage claims and input from its internal and external legal counsel, past experience, and, in some instances where defense costs are being paid by its insurer, known or expected insurance recoveries. The Company is unable to estimate the amount or range of any potential incremental charges should facts and circumstances change and may in the future revise its estimates based on new information becoming available. Further, the Company cannot predict the outcome of any litigation or the potential for future litigation.

Indemnity Matters—The Company is indemnified by third parties in connection with certain matters related to acquired and divested businesses. The Company has no reason to believe that the financial condition of those parties who may have indemnification obligations to the Company is other than sound, except as regards to pension obligations disclosed below. However, in the event the Company seeks indemnity under any of these agreements or through other means, there can be no assurance that any party who may have obligations to indemnify the Company will adhere to their obligations and the Company may have to resort to legal action to enforce its rights under the indemnities. In cases where the Company's indemnification claims to such third parties are uncontested, the Company expects to realize recoveries within the short term.

The Company may be subject to indemnity claims relating to properties or businesses it divested. For example, the Company has agreed to indemnify the buyer of its former plastic compounding, Clay-based Additives and TiO2 Pigments and Other Businesses for certain tax and environmental matters that may arise in the future that relate to the period prior to the closing or other matters related to such businesses.

The Company's pension liability includes defined benefit obligations to employees of a previously divested company which cannot legally be transferred to the owners under local law. The owner of the business had agreed to indemnify the Company for these obligations, however, such company has filed for bankruptcy. Accordingly, as of June 30, 2014, the Company has recorded a reserve of €4.9 million ($6.7 million) against its related receivable of €5.4 million ($7.4 million) due from the current owner. The Company cannot predict the ultimate outcome of this matter.

In the opinion of management, and based upon information currently available, the ultimate resolution of any indemnification obligations owed to the Company or by the Company is not expected to have a material effect on the Company's consolidated financial condition, results of operations or cash flows.

Safety, Health and Environmental Matters

For further details of the Company's Safety, Health and Management Systems, SHE Capital Expenditures, and Regulatory

Developments, see Item 8. Financial Statements and Supplementary Data - Note 18, “Commitments and Contingencies” in the Company’s 2013 Annual Report on Form 10-K.

Environmental Reserves

Environmental laws have a significant effect on the nature and scope of any cleanup of contamination at current and former operating facilities, the costs of transportation and storage of chemicals and finished products and the costs of the storage and disposal of wastes.

In addition, “Superfund” statutes in the United States as well as statutes in other jurisdictions impose strict, joint and several liability for cleanup costs on the entities that generated waste and/or arranged for its disposal at contaminated third-party sites, as well as the past and present owners and operators of contaminated sites. All responsible parties may be required to bear some or all of the clean-up costs regardless of fault, legality of the original disposal or ownership of the disposal site.

The following table provides a list of the Company’s present and former facilities with environmental contamination or reclamation obligations for which the Company has reserved for at June 30, 2014:

Country	Location	(a)	(b)	(c)	(d)	(e)
Brazil	Diadema			X		X
Chile	La Negra			X	X	
	Salar de Atacama				X	
China	Shenzhen			X		
France	Sens	X				
Germany	Duisburg				X	
	Empelde	X				X
	Hainhausen	X				
	Liebenau			X		
	Stadeln	X	X			
	Troisdorf	X	X	X		
The Netherlands	Oss	X				
South Africa	Boksburg	X				
Sweden	Balsta			X		
United Kingdom	Birtley			X		
United States	Beltsville, MD	X				
	East St. Louis, IL			X		
	Easton, PA			X		
	Kings Mountain, NC				X	
	Pineville, NC					X
	Silver Peak, NV				X	
	Sunbright, VA	X				X
	Valdosta, GA	X				

(a) The Company is currently operating groundwater monitoring and/or remediation systems at these locations.
(b) The Company is currently operating groundwater monitoring and/or remediation systems at these locations for which prior owners or insurers have assumed all or most of the responsibility.
(c) The Company is currently conducting investigations into additional possible soil and/or groundwater contamination at these locations.
(d) The Company has land restoration obligations generally relating to landfill activities or surface mining at these locations.
(e) The Company is responsible for certain liabilities related to environmental matters at these formerly owned or closed facilities.

The Company is also responsible for environmental matters at one of its former off-site disposal locations owned by a third party. This site is considered a Superfund site as defined by the EPA or state regulatory authority. The Company is a potentially responsible party or *de minimis* participant at a Superfund location in South Gate, CA. Although the Company cannot provide assurances in this regard, the Company does not believe that these issues will have a material effect on its consolidated financial condition, results of operations or cash flows. Nonetheless, the discovery of contamination arising from present or historical industrial operations at some of the Company’s or its predecessor’s former and present properties and/or at sites where the Company and its predecessor disposed wastes

could expose the Company to clean up obligations and other damages in the future.

In connection with the sale of TiO2 Pigments and Other Businesses, the Company agreed to retain liability for certain environmental matters at the following operating sites where the Company currently has environmental reserves; Birtley, UK, Hainhausen, Germany, Shenzhen, China, Beltsville, Maryland, East St. Louis, Illinois, Easton, Pennsylvania and Valdosta, Georgia. The Company also agreed to retain certain operating sites and lease them to the purchaser. Thus, the reserves for the above sites, and for two other sites, include estimates for further environmental investigation costs. Accordingly, the reserves for these sites remain in continuing operations. The reserves for remaining TiO2 Pigments and Other Businesses operating sites are included in discontinued operations (Duisburg, Uerdingen, and Schwarzheide, Germany, Kipsikorpi, Finland, Harrisburg, North Carolina and Turin, Italy). The Company also agreed to indemnify the buyer for certain environmental matters at such other operating sites of the businesses for a limited period subject to certain limitations, caps and deductibles.

The Company has established financial reserves relating to anticipated environmental cleanup obligations, site reclamation and remediation and closure costs, which are reviewed at least quarterly based on currently available information. Liabilities are recorded when potential liabilities are either known or believed to be probable and can be reasonably estimated. In the event that the Company establishes a financial reserve in connection with site remediation costs, the Company records a reserve for the estimated cost of the remediation, even though the costs of the remediation will likely be spread out over many years. The Company does not include unasserted claims in its reserves.

The Company’s liability estimates are based upon available facts, existing technology, indemnities from or to third parties, past experience and, in some instances, insurance recoveries where the remediation costs are being paid by its insurers, and are generated by several means, including state-mandated schedules, environmental consultants and internal experts, depending on the circumstances.

On a consolidated basis, the Company has accrued $42.2 million and $42.0 million for environmental liabilities as of June 30, 2014 and December 31, 2013, respectively, most of which were classified as other non-current liabilities in the condensed consolidated balance sheets. Included in the environmental liabilities are reclamation obligations of $15.6 million and $15.3 million as of June 30, 2014 and December 31, 2013, respectively. These obligations primarily relate to post-closure reclamation in the surface mining and manufacturing sites within the Lithium segment.

The remaining environmental liabilities ($26.6 million and $26.7 million as of June 30, 2014 and December 31, 2013, respectively) represent remediation obligations. The Company estimates that the potential range for such environmental matters (excluding reclamation obligations) as of June 30, 2014 is from $26.6 million to $46.4 million. Of these accruals, $14.5 million and $14.3 million as of June 30, 2014 and December 31, 2013, respectively, represent liabilities discounted using discount rates ranging from 2.8% to 7.0%.

The Company’s remediation liabilities are payable over periods of up to 30 years. At a number of the sites described above, the extent of contamination has not yet been fully investigated or the final scope of remediation is not yet determinable and could potentially affect the range. For the six months ended June 30, 2014, the Company recorded charges of $0.7 million to increase its environmental liabilities and made payments of $0.5 million for reclamation and remediation costs, which reduced its environmental liabilities. For the six months ended June 30, 2014, the recurring cost of managing hazardous substances for ongoing operations is $5.5 million.

The Company believes these accruals are adequate based on currently available information. The Company may incur losses in excess of the amounts accrued; however, based on currently available information, it does not believe the additional amount of potential losses would have a material effect on its business or consolidated financial condition, but may have a material effect on the results of operations or cash flows in any given quarterly or annual reporting period. The Company does not believe that any known individual environmental matter would have a material effect on its consolidated financial condition, results of operations or cash flows. The Company is unable to estimate the amount or range of any potential incremental charges should facts and circumstances change and may in the future revise its estimates based on new information becoming available.

In the event that manufacturing operations are discontinued at any of the Company’s facilities with known contamination, regulatory authorities may impose more stringent requirements on the Company including soil remediation. The Company does not contemplate any such action occurring in the foreseeable future, as these facilities’ remaining lives are not known, except for those sites we expect to lease to the purchaser of the TiO2 Pigments and Other Businesses. Given the indeterminate useful life of these facilities and the corresponding indeterminate settlement date of any soil remediation obligations, the Company does not have sufficient information to estimate a range of potential settlement dates for its obligations. Consequently, the Company cannot employ a present value technique to estimate fair value and, accordingly, has not accrued for any environmental-related costs to remediate soil at these facilities.

18. GUARANTOR FINANCIAL STATEMENTS:

Rockwood Holdings Inc. (“Parent Company”) and certain of its 100% owned domestic subsidiaries (“Guarantor Subsidiaries”) jointly and severally, and fully and unconditionally guarantee the 2020 Notes in the aggregate principal amount of $1.25 billion issued in September 2012 by RSGI, an indirect 100% owned subsidiary of the Company. The following presents the consolidating financial

information separately for:

- Parent Company Guarantor — the Parent Company owns a 100% direct investment in Rockwood Specialties Consolidated, Inc. (“RSCI”). RSCI owns a 100% direct investment in Rockwood Specialties International, Inc. (“RSII”). RSII owns a 100% direct investment in RSGI. Each of these entities is a domestic holding company;
- Issuer - RSGI, the issuer of the guaranteed obligations, owns direct or indirect investments in all other domestic and foreign subsidiaries;
- Guarantor Subsidiaries — these represent substantially all of RSGI’s domestic subsidiaries on a combined basis. The “investment in subsidiary” and “equity in undistributed earnings of subsidiaries” represents all non-guarantor subsidiaries of such guarantors;
- Non-Guarantor Subsidiaries — these include all of the Company’s foreign subsidiaries, two domestic subsidiaries and RSCI and RSII (because they are non-guarantors) on a consolidated basis. As a result, the “investment in subsidiary” and “equity in undistributed earnings of subsidiaries” presented in the Non-Guarantor Subsidiaries column includes all of the subsidiaries of RSCI;
- Consolidating Adjustments — represent adjustments to (a) eliminate intercompany transactions between or among the Parent Company, RSGI, the Guarantor Subsidiaries and the Non-Guarantor subsidiaries, (b) eliminate the investments in subsidiaries and (c) offset deferred income taxes within the same tax jurisdictions; and
- Total Consolidated Amounts - Parent Company and its subsidiaries on a consolidated basis.

Each entity in the consolidating financial information follows the same accounting policies as described in the consolidated financial statements.

The Parent Company Guarantor, Issuer, Guarantor Subsidiaries and Non-Guarantor Subsidiaries are parties to cash concentration arrangements with three financial institutions to maximize the availability of cash for general corporate and operating purposes. Cash balances under one of the cash concentration arrangements are swept daily from the accounts of the entities who are party to the arrangement into the concentration account. There are no restrictions under the cash concentration arrangements on the movement of cash between the Parent Company Guarantor, the Issuer, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries. There are no significant restrictions on the ability of RSGI or any Guarantor Subsidiaries to obtain funds by dividend or loan. However, there are restrictions contained in the indenture governing the 2020 Notes on the ability of the Parent Company to obtain funds from RSGI and its subsidiaries. See Item 8. Financial Statements and Supplementary Data - Note 10, “Long-term Debt” in the Company’s 2013 Annual Report on Form 10-K for further details.

The guarantor financial statements for the three and six months ended June 30, 2013 were adjusted for discontinued operations (described in Note 3, “Discontinued Operations”), the adjustment related to Turin, Italy (described in Note 19, “Immaterial Corrections”), a correction of misclassifications among operating, investing and financing activities in the guarantor statements of cash flows for the six months ended June 30, 2013 for intercompany pooling/lending arrangements, and other changes to conform to current year presentation.

The following tables present the Company’s consolidating statement of operations and comprehensive income for the three and six months ended June 30, 2014 and 2013, the consolidating statement of cash flows for the six months ended June 30, 2014 and 2013, and the consolidating balance sheets as of June 30, 2014 and December 31, 2013:

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
THREE MONTHS ENDED JUNE 30, 2014
(Dollars in millions)
(Unaudited)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net sales	$ —	$ —	$ 89.8	$ 293.7	$ (21.2)	$ 362.3
Cost of products sold	—	—	53.9	167.3	(21.9)	199.3
Gross profit	—	—	35.9	126.4	0.7	163.0
Selling, general and administrative expenses	—	—	30.8	77.7	—	108.5
Equity in earnings of unconsolidated affiliates	—	—	—	(2.4)	—	(2.4)
Restructuring and other severance costs	—	—	0.4	1.1	—	1.5
Asset write-downs and other	—	—	—	1.7	—	1.7
Operating income	—	—	4.7	48.3	0.7	53.7
Other (expenses) income, net:						
Intergroup interest, net	—	9.6	(2.2)	(7.4)	—	—
Interest (expense) income, net	—	(15.0)	(0.3)	1.7	—	(13.6)
Intergroup other, net	—	—	4.8	(4.8)	—	—
Foreign exchange (loss) gain on financing activities, net	—	(1.0)	(0.1)	7.5	—	6.4
Other, net	—	—	—	(0.1)	—	(0.1)
Other (expenses) income, net	—	(6.4)	2.2	(3.1)	—	(7.3)
(Loss) income from continuing operations before taxes	—	(6.4)	6.9	45.2	0.7	46.4
Income tax provision (benefit)	—	1.1	(1.6)	12.6	0.2	12.3
Net (loss) income from continuing operations	—	(7.5)	8.5	32.6	0.5	34.1
Income (loss) from discontinued operations, net of tax	—	8.6	(2.4)	8.5	(0.4)	14.3
Gain on sale of discontinued operations, net of tax	—	—	—	0.1	—	0.1
Equity in undistributed earnings of subsidiaries	46.7	45.6	16.5	46.7	(155.5)	—
Net income	46.7	46.7	22.6	87.9	(155.4)	48.5
Net income attributable to the noncontrolling interest - discontinued operations	—	—	—	(1.8)	—	(1.8)
Net income attributable to Rockwood Holdings, Inc. stockholders	$ 46.7	$ 46.7	$ 22.6	$ 86.1	$ (155.4)	$ 46.7

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED JUNE 30, 2014
(Dollars in millions)
(Unaudited)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net income	$ 46.7	$46.7	$ 22.6	$ 87.9	$ (155.4)	$ 48.5
Other comprehensive (loss) income	(5.8)	(5.8)	1.1	(9.1)	13.8	(5.8)
Comprehensive income	40.9	40.9	23.7	78.8	(141.6)	42.7
Comprehensive income attributable to noncontrolling interest	—	—	—	(1.8)	—	(1.8)
Comprehensive income attributable to Rockwood Holdings, Inc. stockholders	$ 40.9	$40.9	$ 23.7	$ 77.0	$ (141.6)	$ 40.9

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2014
(Dollars in millions)
(Unaudited)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net sales	$ —	$ —	$ 174.8	$ 589.4	$ (47.4)	$ 716.8
Cost of products sold	—	—	106.2	333.7	(48.0)	391.9
Gross profit	—	—	68.6	255.7	0.6	324.9
Selling, general and administrative expenses	—	0.7	62.9	155.9	—	219.5
Equity in earnings of unconsolidated affiliates	—	—	—	(4.8)	—	(4.8)
Restructuring and other severance costs	—	—	0.5	5.1	—	5.6
Asset write-downs and other	—	—	—	1.7	—	1.7
Operating (loss) income	—	(0.7)	5.2	97.8	0.6	102.9
Other income (expenses), net:						
Intergroup interest, net	—	22.1	(4.4)	(17.7)	—	—
Interest (expense) income, net	—	(30.0)	(0.5)	2.7	—	(27.8)
Intergroup other, net	—	—	10.2	(10.2)	—	—
Foreign exchange (loss) gain on financing activities, net	—	(0.2)	(0.2)	6.2	—	5.8
Other, net	—	—	—	—	—	—
Other (expenses) income, net	—	(8.1)	5.1	(19.0)	—	(22.0)
(Loss) income from continuing operations before taxes	—	(8.8)	10.3	78.8	0.6	80.9
Income tax provision (benefit)	—	12.6	(8.3)	20.5	0.3	25.1
Net (loss) income from continuing operations	—	(21.4)	18.6	58.3	0.3	55.8
Income (loss) from discontinued operations, net of tax	—	10.6	(7.7)	(31.4)	(0.6)	(29.1)
(Loss) gain on sale of discontinued operations, net of tax	—	(0.1)	—	2.2	—	2.1
Equity in undistributed earnings of subsidiaries	25.9	36.8	31.3	25.9	(119.9)	—
Net income	25.9	25.9	42.2	55.0	(120.2)	28.8
Net income attributable to the noncontrolling interest - discontinued operations	—	—	—	(2.9)	—	(2.9)
Net income attributable to Rockwood Holdings, Inc. stockholders	$ 25.9	$ 25.9	$ 42.2	$ 52.1	$ (120.2)	$ 25.9

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2014
(Dollars in millions)
(Unaudited)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net income	$ 25.9	$25.9	$ 42.2	$ 55.0	$ (120.2)	$ 28.8
Other comprehensive (loss) income	(0.2)	(0.2)	0.3	0.6	(0.7)	(0.2)
Comprehensive income	25.7	25.7	42.5	55.6	(120.9)	28.6
Comprehensive income attributable to noncontrolling interest	—	—	—	(2.9)	—	(2.9)
Comprehensive income attributable to Rockwood Holdings, Inc. stockholders	$ 25.7	$25.7	$ 42.5	$ 52.7	$ (120.9)	$ 25.7

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
THREE MONTHS ENDED JUNE 30, 2013
(Dollars in millions)
(Unaudited)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net sales	$ —	$ —	$ 85.6	$ 285.8	$ (23.5)	$ 347.9
Cost of products sold	—	—	53.6	159.6	(22.8)	190.4
Gross profit	—	—	32.0	126.2	(0.7)	157.5
Selling, general and administrative expenses	—	—	27.5	72.2	—	99.7
Equity in earnings of unconsolidated affiliates	—	—	—	(2.7)	—	(2.7)
Restructuring and other severance costs	—	—	2.0	0.3	—	2.3
Asset write-downs and other	—	—	4.7	—	—	4.7
Operating (loss) income	—	—	(2.2)	56.4	(0.7)	53.5
Other income (expenses), net:						
Intergroup interest, net	—	18.8	(1.8)	(17.0)	—	—
Interest expense, net	—	(22.7)	(0.4)	(0.2)	—	(23.3)
Intergroup other, net	—	—	4.8	(4.8)	—	—
Foreign exchange gain (loss) on financing activities, net	—	6.9	0.5	(2.8)	—	4.6
Other, net	—	—	—	(0.1)	—	(0.1)
Other income (expenses), net	—	3.0	3.1	(24.9)	—	(18.8)
Income from continuing operations before taxes	—	3.0	0.9	31.5	(0.7)	34.7
Income tax provision	—	1.2	0.4	7.6	(0.2)	9.0
Net income from continuing operations	—	1.8	0.5	23.9	(0.5)	25.7
Income from discontinued operations, net of tax	—	—	5.6	0.8	0.1	6.5
Equity in undistributed earnings of subsidiaries	31.1	29.3	19.4	31.1	(110.9)	—
Net income	31.1	31.1	25.5	55.8	(111.3)	32.2
Net income attributable to the noncontrolling interest - discontinued operations	—	—	—	(1.1)	—	(1.1)
Net income attributable to Rockwood Holdings, Inc. stockholders	$ 31.1	$ 31.1	$ 25.5	$ 54.7	$ (111.3)	$ 31.1

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED JUNE 30, 2013
(Dollars in millions)
(Unaudited)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net income	$ 31.1	$31.1	$ 25.5	$ 55.8	$ (111.3)	$ 32.2
Other comprehensive income (loss)	14.4	14.4	(0.9)	17.5	(31.0)	14.4
Comprehensive income	45.5	45.5	24.6	73.3	(142.3)	46.6
Comprehensive income attributable to noncontrolling interest	—	—	—	(1.1)	—	(1.1)
Comprehensive income attributable to Rockwood Holdings, Inc. stockholders	$ 45.5	$45.5	$ 24.6	$ 72.2	$ (142.3)	$ 45.5

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2013
(Dollars in millions)
(Unaudited)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net sales	$ —	$ —	$ 160.8	$ 567.0	$ (42.8)	$ 685.0
Cost of products sold	—	—	100.0	316.8	(42.4)	374.4
Gross profit	—	—	60.8	250.2	(0.4)	310.6
Selling, general and administrative expenses	—	0.4	60.4	142.4	—	203.2
Equity in earnings of unconsolidated affiliates	—	—	—	(5.1)	—	(5.1)
Restructuring and other severance costs	—	—	6.9	1.7	—	8.6
Asset write-downs and other	—	—	4.7	—	—	4.7
Operating (loss) income	—	(0.4)	(11.2)	111.2	(0.4)	99.2
Other income (expenses), net:						
Intergroup interest, net	—	34.8	(3.6)	(31.2)	—	—
Interest expense, net	—	(45.4)	(0.8)	(0.5)	—	(46.7)
Intergroup other, net	—	—	11.1	(11.1)	—	—
Foreign exchange (loss) gain on financing activities, net	—	(6.4)	0.3	(4.4)	—	(10.5)
Other (expenses) income, net	—	(17.0)	7.0	(47.2)	—	(57.2)
(Loss) income from continuing operations before taxes	—	(17.4)	(4.2)	64.0	(0.4)	42.0
Income tax (benefit) provision	—	(4.5)	(1.5)	15.9	(0.1)	9.8
Net (loss) income from continuing operations	—	(12.9)	(2.7)	48.1	(0.3)	32.2
Income (loss) from discontinued operations, net of tax	—	3.7	13.2	(0.7)	(0.4)	15.8
Equity in undistributed earnings of subsidiaries	48.9	58.1	33.3	48.9	(189.2)	—
Net income	48.9	48.9	43.8	96.3	(189.9)	48.0
Net income attributable to the noncontrolling interest - discontinued operations	—	—	—	0.9	—	0.9
Net income attributable to Rockwood Holdings, Inc. stockholders	$ 48.9	$ 48.9	$ 43.8	$ 97.2	$ (189.9)	$ 48.9

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2013
(Dollars in millions)
(Unaudited)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net income	$ 48.9	$ 48.9	$ 43.8	$ 96.3	$ (189.9)	$ 48.0
Other comprehensive loss	(58.3)	(58.3)	(0.8)	(77.6)	165.6	(29.4)
Comprehensive (loss) income	(9.4)	(9.4)	43.0	18.7	(24.3)	18.6
Comprehensive income attributable to noncontrolling interest	—	—	—	(0.4)	—	(0.4)
Comprehensive (loss) income attributable to Rockwood Holdings, Inc. stockholders	$ (9.4)	$ (9.4)	$ 43.0	$ 18.3	$ (24.3)	$ 18.2

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
JUNE 30, 2014
(Dollars in millions)
(Unaudited)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
ASSETS						
Current assets:						
Cash and cash equivalents	$ —	$ 21.7	$ 17.9	$ 656.7	$ —	$ 696.3
Accounts receivable, net	—	—	46.6	198.5	—	245.1
Intergroup receivable	—	1,160.5	818.8	8.2	(1,987.5)	—
Inventories	—	—	57.8	177.4	(4.3)	230.9
Deferred income taxes	—	3.1	37.5	8.4	—	49.0
Prepaid expenses and other current assets	0.1	—	9.8	44.3	—	54.2
Assets of discontinued operations	3.2	94.7	267.8	1,388.7	(180.2)	1,574.2
Total current assets	3.3	1,280.0	1,256.2	2,482.2	(2,172.0)	2,849.7
Property, plant and equipment, net	—	—	136.1	748.3	—	884.4
Investment in subsidiary	3,406.7	2,485.8	520.8	3,406.7	(9,820.0)	—
Goodwill	—	—	25.5	632.4	—	657.9
Other intangible assets, net	—	—	32.3	87.8	—	120.1
Intergroup receivable	95.9	910.6	118.0	—	(1,124.5)	—
Deferred financing costs, net	—	16.6	—	—	—	16.6
Deferred income taxes	—	99.3	21.2	34.1	—	154.6
Investment in unconsolidated affiliates	—	4.8	—	540.0	—	544.8
Other assets	—	—	0.9	28.6	—	29.5
Total assets	$ 3,505.9	$4,797.1	$ 2,111.0	$ 7,960.1	$ (13,116.5)	$ 5,257.6
LIABILITIES						
Current liabilities:						
Accounts payable	$ —	$ —	$ 9.6	$ 77.5	$ —	$ 87.1
Intergroup payable	811.1	0.1	1,168.7	7.6	(1,987.5)	—
Income taxes payable	—	—	—	13.5	—	13.5
Accrued compensation	—	—	16.0	50.4	—	66.4
Accrued expenses and other current liabilities	—	13.4	17.4	50.2	—	81.0
Deferred income taxes	—	—	—	3.7	(1.3)	2.4
Long-term debt, current portion	—	—	—	10.3	—	10.3
Liabilities of discontinued operations	—	4.8	193.1	470.4	(177.8)	490.5
Total current liabilities	811.1	18.3	1,404.8	683.6	(2,166.6)	751.2
Long-term debt	—	1,249.3	—	32.7	—	1,282.0
Pension and related liabilities	—	—	8.8	257.5	—	266.3
Intergroup payable	24.8	118.0	387.4	594.3	(1,124.5)	—
Deferred income taxes	—	—	—	37.4	—	37.4
Other liabilities	—	4.8	24.3	66.8	—	95.9
Total liabilities	835.9	1,390.4	1,825.3	1,672.3	(3,291.1)	2,432.8
Restricted stock units	19.5	—	—	—	—	19.5
EQUITY						
Rockwood Holdings, Inc. stockholders' equity:						
Common stock	0.8	—	190.6	164.7	(355.3)	0.8
Paid-in capital	1,279.0	1,037.1	515.1	1,694.4	(3,246.6)	1,279.0
Accumulated other comprehensive income	103.5	104.8	6.6	270.1	(381.5)	103.5
Retained earnings (deficit)	1,882.7	2,264.8	(426.6)	4,003.8	(5,842.0)	1,882.7
Treasury stock, at cost	(615.5)	—	—	—	—	(615.5)
Total Rockwood Holdings, Inc. stockholders' equity	2,650.5	3,406.7	285.7	6,133.0	(9,825.4)	2,650.5
Noncontrolling interest	—	—	—	154.8	—	154.8
Total equity	2,650.5	3,406.7	285.7	6,287.8	(9,825.4)	2,805.3
Total liabilities and equity	$ 3,505.9	$4,797.1	$ 2,111.0	$ 7,960.1	$ (13,116.5)	$ 5,257.6

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2013
(Dollars in millions)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
ASSETS						
Current assets:						
Cash and cash equivalents	$ —	$ 12.9	$ 30.9	$ 1,479.0	$ —	$ 1,522.8
Accounts receivable, net	—	—	42.6	185.5	—	228.1
Intergroup receivable	—	840.0	541.9	15.3	(1,397.2)	—
Inventories	—	—	56.8	176.4	(5.0)	228.2
Deferred income taxes	—	2.5	35.2	7.6	0.1	45.4
Prepaid expenses and other current assets	—	—	17.0	73.1	—	90.1
Assets of discontinued operations	3.0	94.8	197.8	1,423.1	(169.6)	1,549.1
Total current assets	3.0	950.2	922.2	3,360.0	(1,571.7)	3,663.7
Property, plant and equipment, net	—	—	134.8	708.0	—	842.8
Investment in subsidiary	3,381.0	2,447.2	490.5	3,381.0	(9,699.7)	—
Goodwill	—	—	25.4	634.2	—	659.6
Other intangible assets, net	—	—	33.5	94.4	—	127.9
Intergroup receivable	94.7	1,264.7	118.0	2.5	(1,479.9)	—
Deferred financing costs, net	—	17.9	—	—	—	17.9
Deferred income taxes	—	103.8	18.0	34.7	—	156.5
Investment in unconsolidated affiliates	—	—	—	34.2	—	34.2
Other assets	—	—	0.9	28.8	—	29.7
Total assets	$ 3,478.7	$4,783.8	$ 1,743.3	$ 8,277.8	$ (12,751.3)	$ 5,532.3
LIABILITIES						
Current liabilities:						
Accounts payable	$ —	$ —	$ 10.4	$ 81.8	$ —	$ 92.2
Intergroup payable	533.5	0.6	850.0	12.8	(1,396.9)	—
Income taxes payable	—	—	1.9	11.6	—	13.5
Accrued compensation	—	—	17.0	53.0	—	70.0
Accrued expenses and other current liabilities	—	13.6	22.2	53.2	—	89.0
Deferred income taxes	—	—	—	3.7	(1.4)	2.3
Long-term debt, current portion	—	—	—	10.3	—	10.3
Liabilities of discontinued operations	—	5.4	176.5	472.7	(168.1)	486.5
Total current liabilities	533.5	19.6	1,078.0	699.1	(1,566.4)	763.8
Long-term debt	—	1,250.0	—	35.1	—	1,285.1
Pension and related liabilities	—	—	9.3	259.6	—	268.9
Intergroup payable	24.9	120.5	388.1	946.2	(1,479.7)	—
Deferred income taxes	—	—	—	38.4	—	38.4
Other liabilities	—	12.7	24.1	65.9	—	102.7
Total liabilities	558.4	1,402.8	1,499.5	2,044.3	(3,046.1)	2,458.9
Restricted stock units	24.2	—	—	—	—	24.2
EQUITY						
Rockwood Holdings, Inc. stockholders' equity:						
Common stock	0.8	—	190.6	164.7	(355.3)	0.8
Paid-in capital	1,269.8	1,037.1	515.6	1,694.4	(3,247.1)	1,269.8
Accumulated other comprehensive income	103.7	105.0	6.3	269.6	(380.9)	103.7
Retained earnings (deficit)	1,923.1	2,238.9	(468.7)	3,951.7	(5,721.9)	1,923.1
Treasury stock, at cost	(401.3)	—	—	—	—	(401.3)
Total Rockwood Holdings, Inc. stockholders' equity	2,896.1	3,381.0	243.8	6,080.4	(9,705.2)	2,896.1
Noncontrolling interest	—	—	—	153.1	—	153.1
Total equity	2,896.1	3,381.0	243.8	6,233.5	(9,705.2)	3,049.2
Total liabilities and equity	$ 3,478.7	$4,783.8	$ 1,743.3	$ 8,277.8	$ (12,751.3)	$ 5,532.3

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2014
(Dollars in millions)
(Unaudited)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net income	$ 25.9	$ 25.9	$ 42.2	$ 55.0	$ (120.2)	$ 28.8
Adjustments to reconcile net income to net cash (used in) provided by operating activities:						
Equity in undistributed earnings of subsidiaries	(25.9)	(36.8)	(31.3)	(25.9)	119.9	—
(Income) loss from discontinued operations, net of tax	—	(10.6)	7.7	31.4	0.6	29.1
Gain on sale of discontinued operations, net of tax		0.1	—	(2.2)	—	(2.1)
Depreciation and amortization	—	—	12.3	38.8	—	51.1
Deferred financing costs amortization	—	1.3	—	—	—	1.3
Equity in earnings of unconsolidated affiliates	—	—	—	(4.8)	—	(4.8)
Foreign exchange loss (gain) on financing activities, net	—	0.2	0.2	(6.2)	—	(5.8)
Stock-based compensation	—	—	4.1	1.5	—	5.6
Deferred income taxes	—	15.9	(5.5)	(5.6)	0.3	5.1
Asset write-downs and other	—	—	—	4.7	—	4.7
Excess tax benefits from stock-based payment arrangements	—	—	(3.8)	(1.0)	—	(4.8)
Changes in assets and liabilities, net of the effect of foreign currency translation and acquisitions:						
Accounts receivable	—	—	(4.0)	(12.4)	—	(16.4)
Inventories	—	—	(1.0)	(0.8)	(0.6)	(2.4)
Prepaid expenses and other assets	—	(1.1)	4.4	(4.1)	—	(0.8)
Accounts payable	—	—	(0.8)	(1.1)	—	(1.9)
Income taxes payable	—	(3.3)	(3.7)	3.0	—	(4.0)
Accrued expenses and other liabilities	—	(0.7)	(15.8)	(3.8)	—	(20.3)
Intercompany operating activities, net	—	(4.5)	(5.8)	10.3	—	—
Net cash (used in) provided by operating activities of continuing operations	—	(13.6)	(0.8)	76.8	—	62.4
Net cash provided by (used in) operating activities of discontinued operations	—	1.7	(17.9)	52.9	—	36.7
Net cash (used in) provided by operating activities	—	(11.9)	(18.7)	129.7	—	99.1
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital expenditures	—	—	(11.3)	(77.3)	—	(88.6)
Acquisition of 49% equity interest of Talison	—	(3.7)	—	(513.0)	—	(516.7)
Other acquisitions	—	—	(2.5)	—	—	(2.5)
Proceeds on sale of assets	—	—	1.3	0.6	—	1.9
Proceeds from intercompany investing related activity		355.0	—	—	(355.0)	—
Intercompany investing related payment	—	(329.7)	—	(0.3)	330.0	—
Net cash provided by (used in) investing activities of continuing operations	—	21.6	(12.5)	(590.0)	(25.0)	(605.9)
Net cash used in investing activities of discontinued operations	—	(0.2)	(38.7)	(2.5)		(41.4)
Net cash provided by (used in) investing activities	—	21.4	(51.2)	(592.5)	(25.0)	(647.3)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Issuance of common stock, net of fees	2.0	—	—	—	—	2.0
Excess tax benefits from stock-based payment arrangements	—	—	3.8	1.0	—	4.8
Payments of long-term debt	—	(0.7)	—	(2.4)	—	(3.1)
Proceeds from long-term debt	—	—	—	0.1	—	0.1
Dividend distributions to stockholders	(65.5)	—	—	—	—	(65.5)
Stock repurchases	(214.2)	—	—	—		(214.2)
Proceeds from intercompany financing related activity	277.7	—	52.3	—	(330.0)	—
Intercompany financing related payments	—	—	—	(355.0)	355.0	—
Net cash (used in) provided by financing activities of continuing operations	—	(0.7)	56.1	(356.3)	25.0	(275.9)
Net cash used in financing activities of discontinued operations	—	—	1.0	(5.2)		(4.2)
Net cash (used in) provided by financing activities	—	(0.7)	57.1	(361.5)	25.0	(280.1)
Effect of exchange rate changes on cash and cash equivalents	—	—	(0.2)	4.2	—	4.0
Net increase (decrease) in cash and cash equivalents	—	8.8	(13.0)	(820.1)	—	(824.3)
Less net increase in cash and cash equivalents from discontinued operations	—	—	—	2.2	—	2.2
Increase (decrease) in cash and cash equivalents from continuing operations	—	8.8	(13.0)	(822.3)	—	(826.5)
Cash and cash equivalents, beginning of period	—	12.9	30.9	1,479.0	—	1,522.8
Cash and cash equivalents, end of period	$ —	$ 21.7	$ 17.9	$ 656.7	$ —	$ 696.3

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2013
(Dollars in millions)
(Unaudited)

	Parent Company Guarantor	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net income	$ 48.9	$ 48.9	$ 43.8	$ 96.3	$ (189.9)	$ 48.0
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Equity in undistributed earnings of subsidiaries	(48.9)	(58.1)	(33.3)	(48.9)	189.2	—
(Income) loss from discontinued operations, net of tax	—	(3.7)	(13.2)	0.7	0.4	(15.8)
Depreciation and amortization	—	—	13.4	31.8	—	45.2
Deferred financing costs amortization	—	1.4	0.6	0.6	—	2.6
Equity in earnings of unconsolidated affiliates	—	—	—	(5.1)	—	(5.1)
Foreign exchange loss (gain) on financing activities, net	—	6.4	(0.3)	4.4	—	10.5
Stock-based compensation	—	—	3.7	2.9	—	6.6
Deferred income taxes	—	10.6	2.6	(38.4)	(0.1)	(25.3)
Asset write-downs and other	—	—	4.7	—	—	4.7
Excess tax benefits from stock-based payment arrangements	—	—	—	(2.4)	—	(2.4)
Changes in assets and liabilities, net of the effect of foreign currency translation and acquisitions:						
Accounts receivable	—	—	(9.5)	(29.8)	—	(39.3)
Inventories	—	—	(2.1)	(15.1)	0.4	(16.8)
Prepaid expenses and other assets	—	(0.1)	(5.4)	(4.7)	—	(10.2)
Accounts payable	—	—	(2.5)	6.1	—	3.6
Income taxes payable	—	(15.1)	(5.0)	27.5	—	7.4
Accrued expenses and other liabilities	—	(4.4)	5.1	4.5	—	5.2
Intercompany operating activities, net	—	3.8	(4.4)	0.6	—	—
Net cash used in operating activities of continuing operations	—	(10.3)	(1.8)	31.0	—	18.9
Net cash provided by operating activities of discontinued operations	—	1.7	16.1	99.0	—	116.8
Net cash (used in) provided by operating activities	—	(8.6)	14.3	130.0	—	135.7
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital expenditures	—	—	(12.0)	(70.9)	—	(82.9)
Other acquisitions	—	—	—	(3.6)	—	(3.6)
Proceeds from intercompany investing related activity	—	375.0	—	0.7	(375.7)	—
Intercompany investing related payments	—	(1,015.1)	—	—	1,015.1	—
Proceeds on sale of assets	—	—	0.1	0.2	—	0.3
Net cash used in investing activities of continuing operations	—	(640.1)	(11.9)	(73.6)	639.4	(86.2)
Net cash used in investing activities of discontinued operations	—	—	(9.2)	(61.0)		(70.2)
Net cash used in investing activities	—	(640.1)	(21.1)	(134.6)	639.4	(156.4)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Issuance of common stock, net of fees	5.2	—	—	—	—	5.2
Excess tax benefits from stock-based payment arrangements	—	—	—	2.4	—	2.4
Payments of long-term debt	—	(13.1)	—	(1.5)	—	(14.6)
Proceeds from long-term debt	—	—	—	0.6	—	0.6
Purchase of noncontrolling interest	—	(1.0)	—	(129.3)	—	(130.3)
Dividend distributions to shareholders	(61.9)	—	—	—	—	(61.9)
Share repurchases	(216.4)	—	—	—	—	(216.4)
Proceeds from intercompany financing related activity	273.1	—	19.1	722.2	(1,014.4)	—
Intercompany financing related payments	—	—	—	(375.0)	375.0	—
Net cash (used in) provided by financing activities of continuing operations	—	(14.1)	19.1	219.4	(639.4)	(415.0)
Net cash provided by (used in) financing activities of discontinued operations	—	—	2.0	(512.6)	—	(510.6)
Net cash (used in) provided by financing activities	—	(14.1)	21.1	(293.2)	(639.4)	(925.6)
Effect of exchange rate changes on cash and cash equivalents	—	(0.8)	(0.3)	(4.5)	—	(5.6)
Net (decrease) increase in cash and cash equivalents	—	(663.6)	14.0	(302.3)	—	(951.9)
Less net increase in cash and cash equivalents from discontinued operations	—	—	—	0.7	—	0.7
(Decrease) increase in cash and cash equivalent from continuing operations	—	(663.6)	14.0	(303.0)	—	(952.6)
Cash and cash equivalents of continuing operations, beginning of period	—	665.3	11.4	589.4	—	1,266.1
Cash and cash equivalents of continuing operations, end of period	$ —	$ 1.7	$ 25.4	$ 286.4	$ —	$ 313.5

19. IMMATERIAL CORRECTIONS:

During 2013, the Company determined, after a formal investigation, that management at a single location in Italy within the Color Pigments and Services business of its former Performance Additives segment (reported in discontinued operations - see Note 3, “Discontinued Operations,” for further details) had falsified accounting records supporting certain asset, liability and income statement balances, beginning in 2007. Based on the investigation, the Company has identified amounts in need of correction and concluded that they were not material individually or in the aggregate to any of its previously issued annual and interim financial statements, including the presentation of the Color Pigments and Services business as discontinued operations. Although management has determined that the amounts individually and in the aggregate are not material to prior periods, in accordance with authoritative accounting literature on considering the effects of misstatements in prior years when quantifying misstatements in the current year, the financial statements included herein have been adjusted to correct for the impact of these items.

The Company has corrected the relevant financial information from previous reporting periods contained in these financial statements, now classified within discontinued operations, as well as the “Non-Guarantor Subsidiaries” column in the Company’s guarantor financial information (See Note 18, “Guarantor Financial Statements”). The major adjustments to the relevant balances as originally reported in continuing operations would have been as follows:

- Cost of products sold would have increased by $1.5 million (including depreciation of $0.4 million) and $3.1 million (including depreciation of $0.8 million) for the three and six months ended June 30, 2013 (with gross profit correspondingly decreased), respectively.
- Net income would have decreased $1.2 million ($0.02 per share on a diluted basis) and $2.3 million ($0.03 per share on a diluted basis) for the three and six months ended June 30, 2013, respectively.

The following tables set forth the impact of the corrections of immaterial errors in the Company’s condensed consolidated statement of operations for the three and six months ended June 30, 2013:

	Three months ended June 30, 2013			
($ in millions)	As Previously Reported	Adjustments	Reclassifications for Discontinued Operations (See Note 3)	As Corrected and Reclassified
Cost of products sold	$ 621.2	$ 1.5	$ (432.3)	$ 190.4
Gross profit	201.1	(1.5)	(42.1)	157.5
Operating income	39.0	(1.5)	16.0	53.5
Income from continuing operations before taxes	19.9	(1.6)	16.4	34.7
Income from continuing operations	16.3	(1.2)	10.6	25.7
Net income	33.4	(1.2)	—	32.2
Net income attributable to Rockwood Holdings, Inc. stockholders	32.3	(1.2)	—	31.1

	Six months ended June 30, 2013			
($ in millions)	As Previously Reported	Adjustments	Reclassifications for Discontinued Operations (See Note 3)	As Corrected and Reclassified
Cost of products sold	$ 1,203.0	$ 3.1	$ (831.7)	$ 374.4
Gross profit	411.0	(3.1)	(97.3)	310.6
Operating income	96.2	(3.1)	6.1	99.2
Income from continuing operations before taxes	15.2	(3.2)	30.0	42.0
Income from continuing operations	11.5	(2.3)	23.0	32.2
Net income	50.3	(2.3)	—	48.0
Net income attributable to Rockwood Holdings, Inc. stockholders	51.2	(2.3)	—	48.9

The following tables set forth the impact of the corrections of immaterial errors in the Company's condensed consolidated statement of cash flows for the six months ended June 30, 2013:

	Six months ended June 30, 2013			
($ in millions)	As Previously Reported	Adjustments	Reclassifications for Discontinued Operations	As Corrected and Reclassified
Net cash provided by operating activities from continuing operations	$ 66.3	$ 1.5	$ (48.9)	$ 18.9
Net cash used in investing activities from continuing operations	(126.7)	(0.7)	41.2	(86.2)
Net cash used in financing activities from continuing operations	(924.2)	(0.8)	510.0	(415.0)

20. SUBSEQUENT EVENTS:

On July 15, 2014, the Company, Albemarle and the Merger Sub entered into an Agreement and Plan of Merger (the "Merger Agreement"). The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, Merger Sub will merge with and into the Company, with the Company as the surviving entity (the "Merger"). As a result of the Merger, the Company will become a wholly-owned subsidiary of Albemarle.

At the effective time of the Merger, each outstanding share of Rockwood common stock (other than shares owned, directly or indirectly, by Albemarle, the Company or Merger Sub or any stockholder who is entitled to demand and properly demands appraisal of such shares pursuant to, and who complies in all material respects with, Section 262 of the Delaware General Corporation Law) will convert into the right to receive (x) $50.65 in cash and (y) 0.4803 of a share of Albemarle common stock ((x) and (y) together, the "Merger Consideration"). The transaction is subject to Albemarle and Rockwood shareholder and regulatory approvals and other customary closing conditions and is expected to close in the first quarter of 2015.

Exhibit 99.4

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the merger. Under the terms of the merger agreement, each outstanding share of Rockwood common stock (other than any Rockwood excluded share) will be converted into the right to receive $50.65 in cash, without interest, and 0.4803 of a share of Albemarle common stock.

The following unaudited pro forma condensed combined financial statements give effect to the merger under the acquisition method of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (which we refer to in this joint proxy statement/prospectus as ASC) Topic 805, *Business Combinations* (which we refer to in this joint proxy statement/prospectus as ASC 805), with Albemarle treated as the acquirer. The historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the merger, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results of Albemarle and Rockwood. Although Albemarle has entered into the merger agreement, there is no guarantee that the merger will be completed. The unaudited pro forma condensed combined balance sheet is based on the individual historical consolidated balance sheets of Albemarle and Rockwood as of June 30, 2014, and has been prepared to reflect the merger as if it occurred on June 30, 2014. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013 and the six-months ended June 30, 2014 combines the historical results of operations of Albemarle and Rockwood, giving effect to the merger as if it occurred on January 1, 2013.

The unaudited pro forma condensed combined statements of operations exclude the impact of the Rockwood pigments business and the impact of Albemarle's antioxidant, ibuprofen and propofol businesses and assets, which are classified as discontinued operations in Rockwood's and Albemarle's historical financial statements, respectively. In addition, the unaudited pro forma condensed combined balance sheet assumes the consummation of the Pigments Sale; however, we have not reflected the potential sale of Albemarle's discontinued operations and related assets in these unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined statements of operations do not reflect future events that may occur after the merger, including, but not limited to, the anticipated realization of ongoing savings from operating synergies; and certain one-time charges Albemarle expects to incur in connection with the transaction, including, but not limited to, costs in connection with integrating the operations of Albemarle and Rockwood.

These unaudited pro forma condensed combined financial statements are for informational purposes only. They do not purport to indicate the results that would actually have been obtained had the merger been completed on the assumed date or for the periods presented, or which may be realized in the future. To produce the pro forma financial information, Albemarle adjusted Rockwood's assets and liabilities to their estimated fair values. As of the date of this joint proxy statement/prospectus, Albemarle has not completed the detailed valuation work necessary to arrive at the required estimates of the fair value of the Rockwood assets to be acquired and the liabilities to be assumed and the related allocation of purchase price, nor has it identified all adjustments necessary to conform Rockwood's accounting policies to Albemarle's accounting policies. A final determination of the fair value of Rockwood's assets and liabilities will be based on the actual net tangible and intangible assets and liabilities of Rockwood that exist as of the date of completion of the merger and, therefore, cannot be made prior to that date. Additionally, the value of the portion of the merger consideration to be paid in shares of Albemarle common stock will be determined based on the trading price of shares of Albemarle common stock at the time of the completion of the merger. Accordingly, the accompanying unaudited pro forma purchase price allocation is preliminary and is subject to further adjustments as additional information becomes available and as additional analyses are performed. The preliminary unaudited pro forma purchase price allocation has been made solely for the purpose of preparing the accompanying unaudited pro forma condensed combined financial statements. The preliminary purchase price allocation was based on reviews of publicly disclosed allocations for other acquisitions in the chemical industry, Albemarle's historical experience, data that was available through the public domain and Albemarle's due diligence review of Rockwood's business. Until the merger is completed, both companies are limited in their ability to share information with each other. Upon the completion of the merger, valuation work will be performed and any increases or decreases in the fair value of relevant statement of financial position amounts will result in adjustments to the statement of financial position and/or statements of operations until the purchase price allocation is finalized. There can be no assurance that such finalization will not result in material changes from the preliminary purchase price allocation included in the accompanying unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements should be read in conjunction with:

- The accompanying notes to the unaudited pro forma condensed combined financial statements, beginning on page 115;
- Albemarle's audited consolidated financial statements and related notes thereto contained in its Current Report on Form 8-K which was filed on August 8, 2014, to recast certain portions of Albemarle's Annual Report on Form

10-K for the year ended December 31, 2013 to reflect the antioxidant, ibuprofen and propofol businesses as discontinued operations and to reflect a change in reportable segments which became effective on January 1, 2014, Albemarle's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014; and

- Rockwood's audited consolidated financial statements and related notes thereto contained in its Annual Report on Form 10-K for the year ended December 31, 2013 and Rockwood's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014.

Albemarle Corporation
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of June 30, 2014
(in thousands)

	Historical		Effect of Accounting Change & Reclassification (Note 2)	Pro Forma Adjustments	Adjusted Pro Forma Rockwood	Pro Forma Adjustments		Pro Forma Condensed Combined
	Albemarle Corporation	Rockwood		Sale of Discontinued Operations (Note 3)		Acquisition Adjustments (Note 4 and 5)		
Assets								
Cash and cash equivalents	$ 515,119	$ 696,300	$ —	$ 1,005,700	$ 1,702,000	$ (2,163,287)	(a)	$ 53,832
Trade accounts receivable, net	407,298	245,100	—	—	245,100	—		652,398
Other accounts receivable	39,413	—	12,400	—	12,400	—		51,813
Inventories	370,564	230,900	—	—	230,900	80,129	(b)	681,593
Assets of discontinued operations	137,984	1,574,200	—	(1,574,200)	—	—		137,984
Deferred income taxes	2,811	49,000	—	—	49,000	—		51,811
Other current assets	52,694	54,200	(12,400)		41,800	35,309	(h,i)	129,803
Total current assets	1,525,883	2,849,700	—	(568,500)	2,281,200	(2,047,849)		1,759,234
Property, plant and equipment, net	1,239,586	884,390	—	—	884,390	689,130	(c)	2,813,106
Investments	224,050	—	544,800	—	544,800	—		768,850
Investment in unconsolidated affiliates	—	544,800	(544,800)	—	—	—		—
Other assets	59,957	29,500	—	—	29,500	—		89,457
Goodwill	265,231	657,879	—	—	657,879	1,736,403	(d)	2,659,513
Other intangibles, net	43,419	120,131	—	—	120,131	1,609,869	(e)	1,773,419
Deferred financing costs, net	4,717	16,600	—	—	16,600	13,400	(f)	34,717
Deferred income taxes	91,689	154,600	2,291	—	156,891	(15,572)	(k)	233,008
Total assets	$ 3,454,532	$5,257,600	$ 2,291	$ (568,500)	$ 4,691,391	$ 1,985,381		$10,131,304
Liabilities and Stockholders' Equity								
Accounts payable	$ 185,024	$ 87,100	$ —	$ —	$ 87,100	$ —		$ 272,124
Accrued expenses	209,533	81,000	66,400	—	147,400	25,882	(h)	382,815
Current portion of long-term debt	377,521	10,300	—	—	10,300	—		387,821
Dividends payable	21,268	—	—	—	—	—		21,268
Liabilities of discontinued operations	11,178	490,500	—	(490,500)	—	—		11,178
Income taxes payable	4,691	13,500	—	4,620	18,120	—		22,811
Accrued compensation	—	66,400	(66,400)	—	—	—		—
Deferred income taxes	6,699	2,400	—	—	2,400	28,045	(k)	37,144
Total current liabilities	815,914	751,200	—	(485,880)	265,320	53,927		1,135,161
Long-term debt	685,845	1,282,000	—	—	1,282,000	1,604,720	(f)	3,572,565
Pension and postretirement benefits	124,775	266,300	6,546	—	272,846	35,467	Note 2	433,088
Other noncurrent liabilities	96,472	95,900	—	—	95,900	41,843	(j)	234,215
Deferred income taxes	106,436	37,400	—	—	37,400	804,650	(k)	948,486
Total liabilities	1,829,442	2,432,800	6,546	(485,880)	1,953,466	2,540,607		6,323,515
Restricted stock units	—	19,500	—	—	19,500	(19,500)	(j)	—
Stockholders' equity:								
Common stock	782	800	—	—	800	(458)	(i)	1,124
Additional paid-in capital	3,213	1,279,000	—	—	1,279,000	952,107	(i)	2,234,320
Accumulated other comprehensive income	99,644	103,500	—	63,600	167,100	(167,100)	(i)	99,644
Retained earnings	1,399,342	1,882,700	(4,255)	8,580	1,887,025	(1,935,775)	(i)	1,350,592
Treasury stock	—	(615,500)	—	—	(615,500)	615,500	(i)	—
Total stockholders' equity	1,502,981	2,650,500	(4,255)	72,180	2,718,425	(535,726)		3,685,680
Noncontrolling interest	122,109	154,800	—	(154,800)	—	—		122,109
Total equity	1,625,090	2,805,300	(4,255)	(82,620)	2,718,425	(535,726)		3,807,789
Total liabilities and equity	$ 3,454,532	$5,257,600	$ 2,291	$ (568,500)	$ 4,691,391	$ 1,985,381		$10,131,304

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

Albemarle Corporation
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
Year Ended December 31, 2013
(In thousands except per share data)

	Historical		Effect of Accounting Change & Reclassification (Note 2)	Adjusted Rockwood	Pro Forma Adjustments		Pro Forma Condensed Combined
	Albemarle Corporation	Rockwood			Acquisition Adjustments (Note 4 and 5)		
Net sales	$2,394,270	$1,377,800	$ —	$1,377,800	$ —		$3,772,070
Cost of goods sold	1,543,799	759,800	(3,890)	755,910	12,081	(c,e)	2,311,790
Gross profit	850,471	618,000	3,890	621,890	(12,081)		1,460,280
Selling, general and administrative expenses	158,189	401,800	1,350	403,150	63,426	(c,e,j)	624,765
Research and development expenses	82,246	—	—	—	—		82,246
Restructuring and other charges, net	33,361	17,500	—	17,500	—		50,861
Gain on previously held equity interest	—	(16,000)	—	(16,000)	—		(16,000)
Asset write-downs and other	—	4,100	—	4,100	—		4,100
Operating income (loss)	576,675	210,600	2,540	213,140	(75,507)		714,308
Interest and financing expenses	(31,559)	(82,300)	—	(82,300)	(44,514)	(f)	(158,373)
Other (expenses) income, net	(6,674)	(300)	—	(300)	—		(6,974)
Loss on early extinguishment/modification of debt	—	(15,500)	—	(15,500)	—		(15,500)
Foreign exchange loss on financing activities	—	(67,100)	—	(67,100)	—		(67,100)
Income before income taxes and equity in net income of unconsolidated investments	538,442	45,400	2,540	47,940	(120,021)		466,361
Income tax expense (benefit)	134,445	(10,000)	4,004	(5,996)	(42,007)	(k)	86,442
Income before equity in net income of unconsolidated investments	$ 403,997	$ 55,400	$ (1,464)	$ 53,936	$ (78,014)		$ 379,919
Equity in net income of unconsolidated investments (net of tax)	31,729	—	8,900	8,900	—		40,629
Net income from continuing operations	$ 435,726	$ 55,400	$ 7,436	$ 62,836	$ (78,014)		$ 420,548
Earnings per share:							
Basic	$ 5.20	$ 0.73					$ 3.50
Diluted	$ 5.17	$ 0.72					$ 3.46
Weighted average common shares:							
Basic	83,839	75,781			(39,383)	(l)	120,237
Diluted	84,322	77,390			(40,315)	(l)	121,397

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

Albemarle Corporation
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
Six Months Ended June 30, 2014
(In thousands except per share data)

	Historical		Effect of Accounting Change & Reclassification (Note 2)	Adjusted Rockwood	Pro Forma Adjustments Acquisition Adjustments (Note 4 and 5)		Pro Forma Condensed Combined
	Albemarle Corporation	Rockwood					
Net sales	$1,204,564	$716,800	$ —	$716,800	$ —		$1,921,364
Cost of goods sold	801,602	391,900	(841)	391,059	4,323	(c,e)	1,196,984
Gross profit	402,962	324,900	841	325,741	(4,323)		724,380
Selling, general and administrative expenses	145,115	219,500	(1,633)	217,867	34,448	(c,e,j)	397,430
Research and development expenses	44,509	—	—	—	—		44,509
Equity in earnings of unconsolidated affiliates	—	(4,800)	4,800	—	—		—
Asset write-down and other	—	1,700	—	1,700	—		1,700
Restructuring and other charges, net	25,175	5,600	—	5,600	—		30,775
Operating income (loss)	188,163	102,900	(2,326)	100,574	(38,771)		249,966
Interest and financing expenses	(17,506)	(27,800)	—	(27,800)	(23,157)	(f)	(68,463)
Other (expenses) income, net	164	—	—	—	—		164
Foreign exchange gain on financing activities, net	—	5,800	—	5,800	—		5,800
Income before income taxes and equity in net income of unconsolidated investments	170,821	80,900	(2,326)	78,574	(61,928)		187,467
Income tax expense	34,963	25,100	866	25,966	(21,675)	(k)	39,254
Income before equity in net income of unconsolidated investments	$ 135,858	$ 55,800	$ (3,192)	$ 52,608	$ (40,253)		$ 148,213
Equity in net income of unconsolidated investments (net of tax)	19,550	—	4,800	4,800	—		24,350
Net income from continuing operations	$ 155,408	$ 55,800	$ 1,608	$ 57,408	$ (40,253)		$ 172,563
Earnings per share:							
Basic	$ 1.96	$ 0.76					$ 1.51
Diluted	$ 1.95	$ 0.75					$ 1.50
Weighted average common shares:							
Basic	79,199	73,147			(38,014)	(l)	114,332
Diluted	79,602	74,153			(38,410)	(l)	115,345

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

1. Description of Transaction and Basis of Presentation

On July 15, 2014, Albemarle, Rockwood and Merger Sub entered into the merger agreement, under the terms of which each outstanding share of Rockwood common stock (other than Rockwood excluded shares) will be converted into the right to receive $50.65 in cash, without interest, and 0.4803 of a share of Albemarle common stock.

Also, at the effective time of the merger, each outstanding and unexercised Rockwood stock option, all of which were fully vested at the time of the execution of the merger agreement, will be converted into an option to acquire a number of shares of Albemarle common stock (rounded down to the nearest whole share) determined by multiplying the number of shares of Rockwood common stock underlying such Rockwood stock option by the sum of (a) the exchange ratio (0.4803) plus (b) the quotient obtained by dividing the cash portion of the merger consideration ($50.65) by the volume weighted average price of a share of Albemarle common stock over the five trading days prior to the merger, on substantially the same terms and conditions as were applicable to such option immediately prior to the effective time of the merger. The applicable exercise price will also be appropriately adjusted in a manner designed to maintain the intrinsic value of the Rockwood stock option. For purposes of the unaudited pro forma condensed combined financial statements, the number of shares of Albemarle common stock underlying the Albemarle stock option to be received upon the conversion is equal to the number of shares of Rockwood common stock underlying the Rockwood stock option, multiplied by 1.3 (which conversion ratio is based on the closing price of Albemarle's common stock on the New York Stock Exchange of $64.05 on September 19, 2014 (the most recent practicable date prior to the filing of this joint proxy statement/prospectus)). This conversion is not expected to result in any merger-related compensation expense with respect to the vested options. The conversion ratio of 1.3 times the number of shares of Rockwood common stock is calculated using a five day average volume weighted average price for shares of Albemarle common stock as of September 18, 2014; the actual conversion ratio will be determined at the time of the completion of the merger as provided pursuant to the terms of the merger agreement.

In addition, at the effective time of the merger, all restricted stock units (which we refer to in this joint proxy statement/prospectus as RSUs) of Rockwood, which were issued to certain employees of Rockwood, will be converted into the right to receive a cash payment on the original payment date set out in the applicable award agreement or, if earlier, upon a qualifying termination of employment. Achievement of the performance conditions for purposes of calculating the cash payment will be determined based on total shareholder return compared to a peer group of Rockwood (in the case of performance-based restricted stock units) or the increase in the Rockwood share price (in the case of performance-based market stock units), in each case, from the beginning of the performance period through the effective date of the merger, compared to the "CIC Per Share Price." The "CIC Per Share Price" will equal the sum of (x) the cash portion of the merger consideration ($50.65) plus (y) the product of the exchange ratio (0.4803) and the volume weighted average price of a share of Albemarle common stock over the five trading days prior to the merger. In addition, following the merger and until the vesting date, the amount payable to award recipients will accrue interest at LIBOR plus 2.0% per annum, computed daily on the basis of a year of 364 days. The calculated value of the cash payment for purposes of the unaudited pro forma condensed combined financial statements is $81.41 per Rockwood RSU, based on the closing price of Albemarle's common stock on the New York Stock Exchange of $64.05 on September 19, 2014 (the most recent practicable date prior to the filing of this joint proxy statement/prospectus). Albemarle will assume a liability for the portion of the cash payments related to pre combination services and will recognize post combination expense over the remaining vesting period related to these cash payments. Additionally, the unaudited pro forma condensed combined balance sheet as of June 30, 2014 includes a liability related to payments of retention and/or increased severance amounts expected to be paid to certain of Rockwood's executive officers and other employees for pre combination services according to employment contracts.

The merger is reflected in the unaudited pro forma condensed combined financial statements as being accounted for under the acquisition method in accordance with ASC 805, *Business Combination,* with Albemarle treated as the acquirer. Under the acquisition method, the total estimated purchase price is calculated as described in Note 4. In accordance with ASC 805, the assets acquired and the liabilities assumed have been measured at fair value based on various preliminary estimates. These estimates are based on key assumptions related to the merger, including reviews of publicly disclosed allocations for other acquisitions in the chemical industry, Albemarle's historical experience, data that was available through the public domain and Albemarle's due diligence review of Rockwood's business. Due to the fact that the unaudited pro forma condensed combined financial information has been prepared based on preliminary estimates, the final amounts recorded for the merger may differ materially from the information presented herein. These estimates are subject to change pending further review of the fair value of assets acquired and liabilities assumed. In addition, the final determination of the recognition and measurement of the identified assets acquired and liabilities assumed will be based on the fair market value of actual net tangible and intangible assets and liabilities of Rockwood at the date of completion of the merger.

For purposes of measuring the estimated fair value, where applicable, of the assets acquired and the liabilities assumed as reflected in the unaudited pro forma condensed combined financial information, Albemarle has applied the guidance in ASC 820, *Fair Value Measurements and Disclosures* (which we refer to in this joint proxy statement/prospectus as ASC

820), which establishes a framework for measuring fair value. In accordance with ASC 820, fair value is an exit price and 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." Under ASC 805, acquisition-related transaction costs and acquisition-related restructuring charges are not included as components of consideration transferred but are accounted for as expenses in the period in which the costs are incurred.

The unaudited pro forma condensed combined financial statements were prepared in accordance with GAAP and pursuant to U.S. Securities and Exchange Commission Regulation S-X Article 11, and present the pro forma financial position and results of operations of the consolidated companies based upon the historical information after giving effect to the merger and adjustments described in these footnotes. The unaudited pro forma condensed combined balance sheet is presented as if the merger had occurred on June 30, 2014; and the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013 and the six-month period ended June 30, 2014 is presented as if the merger had occurred on January 1, 2013.

The unaudited pro forma condensed combined financial information does not reflect ongoing cost savings that Albemarle expects to achieve as a result of the merger or the costs necessary to achieve these costs savings or synergies.

2. Accounting Policy Changes and Reclassifications

Albemarle performed certain procedures for the purpose of identifying any material differences in significant accounting policies between Albemarle and Rockwood, and any accounting adjustments that would be required in connection with adopting uniform policies. Procedures performed by Albemarle involved a review of Rockwood's publicly disclosed summary of significant accounting policies, including those disclosed in Rockwood's Annual Report on Form 10-K for the year ended December 31, 2013 and preliminary discussion with Rockwood management regarding Rockwood's significant accounting policies to identify material adjustments. While Albemarle expects to engage in additional discussion with Rockwood's management and continue to evaluate the impact of Rockwood's accounting policies on its historical results after completion of the merger, Albemarle's management does not believe there are any differences in the accounting policies of Rockwood and Albemarle that will result in material adjustments to Albemarle's consolidated financial statements as a result of conforming Rockwood's accounting policies to those of Albemarle, except the accounting for pension and other postretirement benefits and the presentation of certain financial statement line items as discussed below.

Rockwood's historical consolidated financial statements presented or incorporated by reference herein have not been retrospectively adjusted for the change in accounting methodology for pension and other postretirement benefit (which we refer to in this joint proxy statement/prospectus as OPEB) plan actuarial gains and losses, which Albemarle adopted in 2012. Rockwood historically recognized actuarial gains and losses related to its pension and OPEB plans in its consolidated balance sheets as Accumulated other comprehensive income (loss) within shareholders' equity, with amortization of these gains and losses that exceed 10 percent of the greater of plan assets or projected benefit obligations recognized each quarter in its 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 are recognized annually in the consolidated statements of operations in the fourth quarter and whenever a plan is determined to qualify for a remeasurement during a fiscal year. While Rockwood's historical policy of recognizing pension and OPEB plan expense was considered acceptable under GAAP, Albemarle believes that its policy is preferable as it eliminates the delay in recognizing gains and losses within operating results. To present the pro forma information for each company on a comparable basis, the column "Effect of Accounting Change and Reclassification" has been added to reflect the impact of such change on the historical financial statements of Rockwood. The estimated additional mark to market adjustment for Rockwood's pension and OPEB plans was a $6.5 million increase to Pension and postretirement benefits and decrease to retained earnings ($4.2 million net of $2.3 million deferred tax assets) to Rockwood's unaudited adjusted pro forma balance sheet as of June 30, 2014, and an $11.4 million reduction in pension expense for the year ended December 31, 2013, of which $3.9 million and $7.5 million was recognized as a reduction to Cost of goods sold and Selling, general, and administrative expenses, respectively, and a reduction in pension expense of $2.5 million for the six-months ended as of June 30, 2014, of which $0.9 million and $1.6 million was recognized as a reduction of Cost of goods sold and Selling, general, and administrative expenses, respectively, on the unaudited pro forma condensed combined statements of operations. Additionally, the pro forma condensed combined balance sheet as of June 30, 2014 includes a pro forma adjustment of $35.5 million ($23.1 million net of taxes) increase in Pension and postretirement benefits to reflect the assumed pension and postretirement liability at fair value.

Additionally, the historical consolidated financial statements of Rockwood presented herein have been adjusted by condensing certain line items in order to conform to Albemarle's financial statement presentation; these reclassifications are also reflected in the column "Effect of Accounting Change and Reclassifications."

3. Discontinued Operations

In September 2013, Rockwood entered into a definitive agreement to the Rockwood pigments business to Huntsman Corporation (which we refer to in this joint proxy statement/prospectus as Huntsman) for approximately $1.325 billion (since reduced to $1.275 billion), including the assumption by Huntsman of $225 million in pension obligations and subject to other customary adjustments. This transaction closed on October 1, 2014. The Rockwood pigments business is reflected as discontinued operations in the historical financial statements of Rockwood.

As the closing of the transaction between Rockwood and Huntsman was probable and factually supportable when these unaudited pro forma condensed combined financial statements were prepared, for purposes of these unaudited pro forma condensed combined financial statements, we have given recognition to the anticipated sale of the Rockwood pigments business for estimated cash proceeds of $1.01 billion, which reflects expected working capital and other adjustments. As a result the unaudited pro forma condensed combined balance sheet has been adjusted to (i) increase cash by $1,005,700,000, (ii) to eliminate assets held for sale of $1,574,200,000 and (iii) reflect in Retained earnings, since the unaudited pro forma condensed combined statements of operations only reflects continuing operations, the expected gain of $8.6 million net of taxes (or approximately $13.2 million before taxes) on the anticipated sale; in addition a pro forma adjustment to Income taxes payable in the amount of $4.6 million was recorded, which was calculated based on a federal statutory tax rate of 35%. This transaction is reflected in the column “Sale of Discontinued Operations.”

4. Preliminary Consideration Transferred and Preliminary Fair Value of Net Assets Acquired

The merger has been accounted for using the acquisition method of accounting in accordance with ASC 805, which requires, among other things, that the assets acquired and liabilities assumed be recognized at their acquisition date fair values, with any excess of the consideration transferred over the estimated fair values of the identifiable net assets acquired recorded as goodwill. In addition, ASC 805 establishes that the common stock issued to effect the merger be measured at the date the merger is completed at the then-current market price.

Based on (1) the closing price of Albemarle’s common stock on the NYSE of $64.05 per share on September 19, 2014 (the most recent practicable date prior to the filing of this joint proxy statement/prospectus) (2) the number of shares of Rockwood common stock outstanding as of September 19, 2014 (the most recent practicable date prior to the filing of this joint proxy statement/prospectus), and (3) the number of options to purchase Rockwood common stock that are outstanding at June 30, 2014, the total consideration would have been approximately $5.8 billion. Changes in the share price of Albemarle common stock, or changes in the number of outstanding shares of Rockwood common stock or stock options outstanding could result in material differences in the consideration and, thus, the purchase price and related purchase price allocation. At the effective time of the merger, each outstanding share of Rockwood common stock (other than Rockwood excluded shares) will be cancelled and converted into the right to receive (1) $50.65 in cash, without interest, and (2) 0.4803 of a share of Albemarle common stock.

The following is a preliminary estimate of the consideration to be paid by Albemarle in the merger (in millions):

Cash transferred ($50.65 x 71,240 shares of Rockwood common stock outstanding)	$3,608.3
Value of Albemarle shares issued to shareholders of Rockwood (71,240 shares of Rockwood common stock converted to 34,217 shares of Albemarle common stock at a 0.4803 conversion rate)	2,191.6
Value of previously vested Rockwood stock options converted into Albemarle stock options (at specified exchange ratio)	39.9
Total value of consideration transferred	$5,839.8

The estimated value of the consideration does not purport to represent the actual value of the total consideration that will be received by Rockwood’s shareholders when the merger is completed. In accordance with GAAP, the fair value of the equity securities issued as part of the consideration will be measured at the closing date of the merger at the then-current market price. This requirement will likely result in a per share value component different from the $64.05 per share on September 19, 2014 assumed in the calculation, and that difference may be material. For example, an increase or decrease of 10% in the price of Albemarle’s common stock on the closing date of the merger from the price of Albemarle stock assumed in these unaudited pro forma condensed combined financial statements would change the value of the consideration by approximately $219.2 million, which would be reflected as an equivalent increase or decrease to goodwill.

The following is a summary of the preliminary estimated fair values of the net assets acquired (in millions):

Total estimated consideration transferred	$5,839.8
Cash	1,702.0
Accounts receivable	257.5
Inventories	311.0
Other Current Assets	50.9
Deferred tax assets	190.3
Property, plant and equipment	1,573.5
Investments	544.8
Other assets	29.5
Other intangible assets	1,730.0
Total Assets	$6,389.5
Accounts payable, accrued expenses and other liabilities	$ 278.5
Deferred tax liabilities	872.5
Long term debt	1,347.0
Pension and postretirement benefits	308.3
Other noncurrent liabilities	137.7
Noncontrolling interests	—
Net assets to be acquired	$3,445.5
Goodwill	$2,394.3

Albemarle has made preliminary allocation estimates based on limited access to information and will not have sufficient information to make final allocations until after the completion of the merger. The final determination of the purchase price allocation is anticipated to be completed as soon as practicable after the completion of the merger. Albemarle anticipates that the valuations of the acquired assets and liabilities will include, but not be limited to, inventory, property, plant and equipment, customer relationships, brand names, patents and other intellectual property, trade names and trademarks, and other potential intangible assets. The valuations will consist of physical appraisals, discounted cash flow analyses, or other appropriate valuation techniques to determine the fair value of the assets acquired and liabilities assumed.

The final merger consideration, and amounts allocated to assets acquired and liabilities assumed in the merger, could differ materially from the preliminary amounts presented in these unaudited pro forma condensed combined financial statements. A decrease in the fair value of assets acquired or an increase in the fair value of liabilities assumed in the merger from those preliminary valuations presented in these unaudited pro forma condensed combined financial statements would result in a dollar-for-dollar corresponding increase in the amount of goodwill that will result from the merger. In addition, if the value of the acquired assets is higher than the preliminary indication, it may result in higher amortization and depreciation expense than is presented in these unaudited pro forma condensed combined financial statements.

5. Pro Forma Adjustments

Adjustments included in the column labeled “Pro Forma Adjustments” in the unaudited pro forma condensed combined financial statements are as follows:

a) Represents the preliminary net adjustment to cash in connection with the merger (in millions):

Cash portion of merger consideration	$(3,608.3)
Proceeds from additional borrowings, net of refinancing of Albemarle 2015 Senior Notes	1,550.0
Payment of transaction costs	(105.0)
Pro forma adjustment to cash	$(2,163.3)

Components of the adjustment include an increase in cash resulting from new debt expected to be incurred in connection with the merger (net of the use of proceeds to refinance $325.0 million of Albemarle 2015 Senior Notes), a decrease in cash resulting from payment of the cash component of the merger consideration, and estimated transaction related costs of $105 million, consisting of financing fees of $30 million and advisory costs of $75 million. Management of cash balances required to meet the cash component of the merger consideration could result in significant cash tax impacts, which are not estimable and have not been incorporated into the pro forma financial statements.

b) Reflects the preliminary estimated fair value adjustment to inventory acquired in the merger. As raw materials inventory was assumed to be at market value, the adjustment is related to work-in-process and finished goods inventory. The preliminary fair value of finished goods inventory to be acquired in the merger was determined based on an analysis of

estimated future selling prices, costs of disposal, and gross profit on disposal costs. The preliminary fair value of work-in-process inventory also considered costs to complete inventory and estimated profit on these costs. The audited historical condensed statements of operations and unaudited pro forma condensed combined statements of operations do not reflect the impacts on cost of sales of an increase of $80.1 million of the estimated purchase accounting adjustment; this amount is directly related to the merger and is not expected to have a continuing impact on Albemarle's operations.

c) Represents the adjustment to property, plant and equipment to reflect the preliminary fair market value and the depreciation expense related to the change in fair value of property, plant and equipment recorded in relation to the merger. The amounts assigned to property, plant and equipment, the estimated useful lives, and the estimated depreciation expense related to the property, plant and equipment acquired are as follows (in millions):

	Preliminary fair value	Estimated weighted average life (years)	Depreciation expense for the year ended December 31, 2013	Depreciation expense for the six months ended June 30, 2014
Land	$ 116.0	—	$ —	$ —
Buildings and improvements	232.2	12	19.7	9.8
Machinery and equipment	289.0	10	28.9	14.5
Furniture and fixtures	47.6	5	9.5	4.8
Mining rights	640.0	—	23.0	14.1
Construction in progress	248.7	—	—	—
Total	$ 1,573.5		$ 81.1	$ 43.2
Less: Rockwood historical PP&E and depreciation expense	884.4		$ 67.1	$ 37.7
Pro forma adjustments	$ 689.1		$ 14.0	$ 5.5

Depreciation expense has been estimated based upon the nature of activities associated with the property, plant and equipment acquired, and depletion expense related to the mining rights has been estimated based on expected units of production. Therefore, for purposes of these unaudited pro forma condensed combined financial statements, Albemarle has reflected $10.4 million and $3.6 million of estimated additional depreciation and depletion expense in Cost of goods sold and Selling, general and administrative expenses, respectively, for the year ended December 31, 2013; and $3.3 million and $2.2 million, respectively, for the six months ended June 30, 2014. With other assumptions held constant, a 10% increase in the fair value adjustment for property, plant and equipment would increase annual pro forma depreciation and depletion expense by approximately $8.1 million.

d) Reflects the preliminary estimated adjustment to goodwill as a result of the merger. Goodwill represents the excess of the consideration transferred over the preliminary fair value of the assets acquired and liabilities assumed as described in Note 4. The goodwill will not be amortized, but instead will be tested for impairment at least annually and whenever events or circumstances have occurred that may indicate a possible impairment exists. In the event management determines that the value of goodwill has become impaired, Albemarle will incur an accounting charge for the amount of the impairment during the period in which the determination is made. The goodwill is attributable to the expected synergies of the combined business operations, new growth opportunities, and the acquired assembled and trained workforce of Rockwood. The goodwill is not expected to be deductible for tax purposes.

The preliminary pro forma adjustment to goodwill is calculated as follows (in millions):

Preliminary purchase price	$5,839.8
Less: Fair value of net assets to be acquired	3,445.5
Total estimated goodwill	2,394.3
Less: Rockwood historical goodwill	657.9
Pro forma adjustment	$1,736.4

e) Reflects the pro forma impact of the recognized identifiable intangible assets that are being acquired and the related amortization expense related to the change in fair value of identifiable intangible assets acquired. The preliminary amounts assigned to the identifiable intangible assets, the estimated useful lives, and the estimated amortization expense related to these identifiable intangible assets are as follows (in millions):

	Preliminary fair value	Estimated weighted average life (years)	Amortization expense for the year ended December 31, 2013	Amortization expense for the six months ended June 30, 2014
Patents and other intellectual property	$ 60.0	15	$ 4.0	$ 2.0
Trade names and trademarks	440.0	35	12.6	6.3
Customer relationships	990.0	19	52.1	26.0
Brand names	240.0	20	12.0	6.0
Total	$ 1,730.0		$ 80.7	$ 40.3
Less: Rockwood historical intangible assets and amortization expense	120.1		26.3	13.3
Pro forma adjustments	$ 1,609.9		$ 54.4	$ 27.0

Albemarle has reflected the estimated additional amortization expense of $1.7 million and $52.7 million in Cost of goods sold and Selling, general and administrative expenses, respectively for the year ended December 31, 2013; and $1.0 million and $26.0 million in Cost of goods sold and Selling, general and administrative expenses, respectively, for the six months ended June 30, 2014. With other assumptions held constant, a 10% increase in the fair value adjustment for amortizable intangible assets would increase annual pro forma amortization by approximately $8.1 million.

The estimated fair value of amortizable intangible assets is expected to be amortized on a straight-line basis over the estimated useful lives. The amortizable lives reflect the periods over which the assets are expected to provide material economic benefit. The estimated life of the patents is based on the period over which they are expected to provide legal patent protection. The estimated lives of the trade names and brand names reflect the substantial periods over which they are expected to maintain influence in the market. The life of the customer relationships was determined after consideration of Rockwood's historical customer buying and attrition patterns. Albemarle's preliminary evaluations have indicated that there is relatively low turnover in Rockwood's customers and management has no reason to believe that these general patterns will change in the future.

f) To fund transaction-related items, the cash portion of the merger consideration and other one-time costs, and to refinance its existing $325.0 million of 2015 5.1% Senior Notes, Albemarle is expected to incur $1.875 billion of additional debt, with maturities ranging from five to thirty years and an expected weighted average interest rate of 3.738% on the principle amount of the debt.

As of June 30, 2014, Rockwood's estimated fair value of its unsecured Senior Notes due in 2020, which are expected to remain outstanding following the merger, was $1,304.0 million, based on quoted market values in active markets from financial service providers. The preliminary adjustment to long-term debt in connection with the merger is as follows (in millions):

Proceeds from borrowings, net of refinancing of 2015 Senior Notes	$ 1,550.0
Fair value of Rockwood's debt assumed (including lease obligations)	1,347.0
Less: Rockwood's historical long-term debt, including $10.3 of current portion	(1,292.3)
Pro forma adjustment to Long term debt	$ 1,604.7

Albemarle is expected to incur $30 million in debt issuance costs in conjunction with the new borrowings; these debt issuance costs will be capitalized as Deferred financing costs, net on the pro forma balance sheet and amortized over the life of the underlying debt instrument. In addition, deferred financing costs of $16.6 million related to Rockwood's debt were written off in connection with the merger. As such, the net pro forma adjustment to Deferred financing costs on the unaudited pro forma balance sheet is $13.4 million.

The preliminary adjustment reflects the estimated interest expense to be incurred by Albemarle as a result of the new borrowings (in millions):

	Interest expense for the year ended December 31, 2013	Interest expense for the six months ended June 30, 2014
Reversal of amortization of Rockwood deferred financing fees written off in pro forma adjustment	$ (4.4)	$ (1.3)
Amortization of estimated capitalized debt issuance costs related to new borrowings	2.2	1.1
Amortization of fair value adjustment related to assumed debt	(6.8)	(3.4)
Reversal of interest expense on 2015 Senior Notes	(16.6)	(8.3)
Estimated interest expense on borrowings (1)	70.1	35.0
Pro forma adjustment	$ 44.5	$ 23.1

(1) A change of ⅛% (12.5 basis points) in the interest rate would result in a $2.3 million change in annual interest expense.

g) Transaction-related costs recognized as Selling, general, and administrative expenses by Albemarle and Rockwood related to the merger during the year ended December 31, 2013 of $0.4 million and $0.8 million, respectively, and of $0.2 million and $0.5 million for the six months ended June 30, 2014, respectively, have not been eliminated from the unaudited pro forma statement of operations as such amounts are not significant; however, these items are directly attributable to the merger and will not have an ongoing impact.

h) Represents the unaudited pro forma adjustment to accrued expenses of $25.9 million related to payments of retention and/or increased severance amounts expected to be paid to certain of Rockwood's executive officers and other employees for pre combination services according to employment contracts ($16.8 million net of related income taxes receivable of $9.1 million which is recorded in Other current assets in the unaudited pro forma condensed combined balance sheet as of June 30, 2014.

i) Represents the elimination of Rockwood's historical equity balances, certain of which have been adjusted for retrospective application of the accounting methodology change for pensions and OPEB plan actuarial gains and losses described in Note 2. In addition, reflects the issuance of approximately 34.2 million shares of Albemarle common stock at closing (based upon the number of shares of Rockwood common stock at September 19, 2014 and shares underlying equity compensation awards outstanding at June 30, 2014).

The unaudited pro forma adjustment to Common stock is calculated as follows (in millions):

Common stock from merger (34,217 shares issued at par ($0.01)	$ 0.3
Less: Rockwood's historical common stock	(0.8)
Pro forma adjustment	$(0.5)

The unaudited pro forma adjustment to Additional paid-in-capital is calculated as follows (in millions):

Additional paid-in-capital from merger (34,217 shares issued at $64.05 less par)	$ 2,191.2
Value of previously vested Rockwood stock options converted into Albemarle stock options	39.9
Less: Rockwood's historical additional paid-in-capital	(1,279.0)
Pro forma adjustment	$ 952.1

The unaudited pro forma adjustment to Retained earnings is calculated as follows (in millions):

Tax benefit of one-time advisory costs	$ 26.2
Advisory costs	(75.0)
Total other adjustments	(48.8)
Less: Rockwood historical retained earnings, including sale of discontinued operations and accounting change	(1,887.0)
Pro Forma adjustment	$(1,935.8)

Retained earnings was reduced for estimated transaction costs, including estimated remaining transaction fees of $75.0 million related to one-time costs ($48.8 million, net of $26.2 million of related income taxes receivable reflected in Other current assets). These estimated transaction costs have been excluded from the unaudited pro forma condensed

combined statements of operations as they reflect charges directly attributable to the merger that will not have an ongoing impact on Albemarle. No significant transaction costs have been accrued by either Albemarle or Rockwood in their historical financial statements for the year ended December 31, 2013 and for the six months ended June 30, 2014.

j) In connection with the merger, pursuant to the change of control provisions of the RSU agreements, all RSUs will be converted into the right to receive, on the original vesting date or, if earlier, upon a qualifying termination of employment, a fixed cash payment (rather than a cash payment based on the value of shares of Rockwood common stock at the time of payment). Achievement of the performance conditions for purposes of calculating the cash payment will be determined based on total shareholder return compared to a peer group of Rockwood (in the case of performance-based restricted stock units) or the increase in the Rockwood share price (in the case of performance-based market stock units), in each case, from the beginning of the performance period through the effective date of the merger, compared to the "CIC Per Share Price." The "CIC Per Share Price" will equal the sum of (x) the cash portion of the merger consideration ($50.65) plus (y) the product of the exchange ratio (0.4803) and the volume weighted average price of a share of Albemarle common stock over the five trading days prior to the merger. In addition, following the merger and until the vesting date, the amount payable to award recipients will accrue interest at LIBOR plus 2.0% per annum, compounded daily on the basis of a year of 364 days. The calculated value of the cash payment for purposes of the unaudited pro forma condensed combined financial statements is $81.41 per Rockwood RSU based on the closing price of Albemarle's common stock on the NYSE of $64.05 on September 19, 2014 (the most recent practicable date prior to the filing of this joint proxy statement/prospectus). Albemarle will assume a liability in the amount of $41.8 million for the portion of the cash payments related to pre combination services and will recognize post combination expense over the remaining vesting period related to these cash payments. The unaudited pro forma condensed combined balance sheet as of June 30, 2014, includes a pro forma adjustment to Other noncurrent liabilities in the amount of $41.8 million related to this assumed liability. In addition, the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2013 and the six months ended June 30, 2014, includes a pro forma adjustment in the amount of $7.2 and $6.3, respectively, related to post combination expense estimated to be recognized by Albemarle related to these cash payments based upon post combination vesting conditions.

In addition, a pro forma adjustment to eliminate Rockwood's Restricted stock units of $19.5 million was reflected as a result of the conversion of the RSUs into the right to receive a cash payment as discussed above.

k) Represents the estimated deferred income tax liability (asset) to be recorded by Albemarle as part of the accounting for the merger, based on the U.S. federal statutory tax rate of 35% multiplied by the fair value adjustments made to certain assets acquired and liabilities assumed, primarily as indicated below. The preliminary pro forma adjustment to record deferred taxes as part of the accounting for the merger was computed as follows (in millions):

	Adjustment to Asset Acquired (Liability Assumed)	Current Deferred Tax Liability (Asset)	Noncurrent Deferred Tax Liability (Asset)
Estimated fair value adjustment of identifiable intangible assets acquired	$ 1,609.9	$ —	$ 563.5
Estimated fair value adjustment of inventory acquired	80.1	28.0	—
Estimated fair value adjustment of property, plant and equipment acquired	689.1	—	241.2
Deferred tax liabilities related to estimated fair value adjustments		$ 28.0	$ 804.7
Estimated fair value adjustment of German DTA on net operating losses	$ —	$ —	$ 54.9
Estimated fair value adjustment of restricted stock units compensation payable	(22.3)	—	(7.8)
Estimated fair value adjustment of pension and OPEB liabilities, net	(35.5)	—	(12.4)
Estimated fair value adjustment of existing Rockwood debt	(54.7)	—	(19.1)
Deferred tax assets related to estimated fair value adjustments		$ —	$ 15.6

The unaudited pro forma adjustment to noncurrent deferred income tax assets reflects the elimination of $54.9 million of Rockwood's deferred tax assets related to net operating losses and foreign tax credit carry forwards that management anticipates that Albemarle will not be able to realize after the completion of the merger.

For purposes of the unaudited pro forma condensed combined statement of operations, the U.S. federal statutory tax rate of 35% has been used for all periods presented. This rate does not reflect Albemarle's effective tax rate, which includes other tax items, such as state and foreign taxes, as well as other tax charges or benefits, and does not take into account any historical or possible future tax events that may impact the combined company. Fair value and other adjustments effective at the closing of the merger could be different based on factors including but not limited to tax rates, valuation differences, further information on taxes by jurisdiction, or other factors.

l) The unaudited pro forma adjustment to shares outstanding used in the calculation of basic and diluted earnings per share is calculated as follows (in thousands of shares):

	Year Ended December 31, 2013		Six Months Ended June 30, 2014	
	Basic	Diluted	Basic	Diluted
Albemarle shares to be issued to shareholders of Rockwood	36,398	36,398	35,133	35,133
Elimination of all outstanding shares of Rockwood common stock	(75,781)	(75,781)	(73,147)	(73,147)
Stock options to be converted into Albemarle stock options	—	664	—	598
Elimination of Rockwood's stock options and other incentives	—	(1,609)	—	(1,006)
Pro forma adjustment to share information	(39,383)	(40,328)	(38,014)	(38,422)

As all outstanding shares of Rockwood common stock will be eliminated in the merger, the unaudited pro forma weighted average number of basic shares outstanding is calculated by adding Albemarle's historical weighted average number of basic shares outstanding for the period and the number of shares of Albemarle common stock expected to be issued to Rockwood shareholders in the merger. The unaudited pro forma weighted average number of diluted shares outstanding is calculated by adding Albemarle's historical weighted average number of diluted shares outstanding for the period and the number of shares of Albemarle common stock and stock options expected to be issued in the merger. As each outstanding award of Rockwood common stock issued under any of the Rockwood Restricted Unit Plans, whether or not then vested or exercisable, will be cancelled and terminated at the effective time of the merger in exchange for the right to receive cash, such restricted units were excluded from this calculation. See Note 1 for more information about treatment of share-based compensation under the provisions of the merger agreement.