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

FORM 10-Q

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

For Quarterly Period Ended March 31, 2022

OR

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

For the transition period from __________ to __________

Commission File Number 1-12658

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

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

4250 Congress Street, Suite 900
Charlotte, North Carolina 28209
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code - (980) 299-5700

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
COMMON STOCK, $.01 Par Value	**ALB**	**New York Stock Exchange**

Number of shares of common stock, $.01 par value, outstanding as of April 30, 2022: 117,112,692

ALBEMARLE CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

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

	Three Months Ended March 31,	
	2022	**2021**
Net sales	$ 1,127,728	$ 829,291
Cost of goods sold	678,698	565,604
Gross profit	449,030	263,687
Selling, general and administrative expenses	112,568	93,187
Research and development expenses	16,083	14,636
Loss on sale of interest in properties	8,400	—
Operating profit	311,979	155,864
Interest and financing expenses	(27,834)	(43,882)
Other income, net	15,496	11,312
Income before income taxes and equity in net income of unconsolidated investments	299,641	123,294
Income tax expense	80,530	22,107
Income before equity in net income of unconsolidated investments	219,111	101,187
Equity in net income of unconsolidated investments (net of tax)	62,436	16,511
Net income	281,547	117,698
Net income attributable to noncontrolling interests	(28,164)	(22,021)
Net income attributable to Albemarle Corporation	$ 253,383	$ 95,677
Basic earnings per share	$ 2.16	$ 0.85
Diluted earnings per share	$ 2.15	$ 0.84
Weighted-average common shares outstanding – basic	117,066	112,592
Weighted-average common shares outstanding – diluted	117,653	113,330

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2022	**2021**
Net income	$ 281,547	$ 117,698
Other comprehensive (loss) income, net of tax:		
Foreign currency translation and other	(5,889)	(28,142)
Net investment hedge	—	5,110
Cash flow hedge	4,017	(1,600)
Interest rate swap	650	650
Total other comprehensive loss, net of tax	(1,222)	(23,982)
Comprehensive income	280,325	93,716
Comprehensive income attributable to noncontrolling interests	(28,111)	(22,021)
Comprehensive income attributable to Albemarle Corporation	$ 252,214	$ 71,695

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 463,325	$ 439,272
Trade accounts receivable, less allowance for doubtful accounts (2022 – $2,548; 2021 – $2,559)	658,733	556,922
Other accounts receivable	71,225	66,184
Inventories	1,013,793	812,920
Other current assets	129,407	132,683
Total current assets	2,336,483	2,007,981
Property, plant and equipment, at cost	8,238,317	8,074,746
Less accumulated depreciation and amortization	2,209,664	2,165,130
Net property, plant and equipment	6,028,653	5,909,616
Investments	937,619	897,708
Other assets	240,279	252,239
Goodwill	1,575,617	1,597,627
Other intangibles, net of amortization	297,407	308,947
Total assets	$ 11,416,058	$ 10,974,118
Liabilities And Equity		
Current liabilities:		
Accounts payable	$ 845,710	$ 647,986
Accrued expenses	667,610	763,293
Current portion of long-term debt	503,795	389,920
Dividends payable	46,091	45,469
Income taxes payable	40,132	27,667
Total current liabilities	2,103,338	1,874,335
Long-term debt	1,985,696	2,004,319
Postretirement benefits	43,397	43,693
Pension benefits	217,820	229,187
Other noncurrent liabilities	649,878	663,698
Deferred income taxes	380,877	353,279
Commitments and contingencies (Note 10)		
Equity:		
Albemarle Corporation shareholders' equity:		
Common stock, $.01 par value, issued and outstanding – 117,112 in 2022 and 117,015 in 2021	1,171	1,170
Additional paid-in capital	2,915,387	2,920,007
Accumulated other comprehensive loss	(393,619)	(392,450)
Retained earnings	3,303,661	3,096,539
Total Albemarle Corporation shareholders' equity	5,826,600	5,625,266
Noncontrolling interests	208,452	180,341
Total equity	6,035,052	5,805,607
Total liabilities and equity	$ 11,416,058	$ 10,974,118

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

(In Thousands, Except Share Data)	Common Stock Shares	Common Stock Amounts	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Albemarle Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2021	**117,015,333**	**$ 1,170**	**$ 2,920,007**	**$ (392,450)**	**$ 3,096,539**	**$ 5,625,266**	**$ 180,341**	**$ 5,805,607**
Net income					253,383	253,383	28,164	281,547
Other comprehensive loss				(1,169)		(1,169)	(53)	(1,222)
Cash dividends declared, $0.395 per common share					(46,261)	(46,261)	—	(46,261)
Stock-based compensation			5,384			5,384		5,384
Exercise of stock options	500	—	32			32		32
Issuance of common stock, net	151,630	2	385			387		387
Withholding taxes paid on stock-based compensation award distributions	(55,069)	(1)	(10,421)			(10,422)		(10,422)
Balance at March 31, 2022	**117,112,394**	**$ 1,171**	**$ 2,915,387**	**$ (393,619)**	**$ 3,303,661**	**$ 5,826,600**	**$ 208,452**	**$ 6,035,052**
Balance at December 31, 2020	**106,842,369**	**$ 1,069**	**$ 1,438,038**	**$ (326,132)**	**$ 3,155,252**	**$ 4,268,227**	**$ 200,367**	**$ 4,468,594**
Net income					95,677	95,677	22,021	117,698
Other comprehensive loss				(23,982)		(23,982)	—	(23,982)
Cash dividends declared, $0.39 per common share					(45,521)	(45,521)	(26,219)	(71,740)
Stock-based compensation			4,674			4,674		4,674
Fees related to public issuance of common stock			(902)			(902)		(902)
Exercise of stock options	17,964	—	1,183			1,183		1,183
Issuance of common stock, net	9,902,307	99	1,453,789			1,453,888		1,453,888
Withholding taxes paid on stock-based compensation award distributions	(44,465)	(1)	(6,859)			(6,860)		(6,860)
Balance at March 31, 2021	**116,718,175**	**$ 1,167**	**$ 2,889,923**	**$ (350,114)**	**$ 3,205,408**	**$ 5,746,384**	**$ 196,169**	**$ 5,942,553**

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Cash and cash equivalents at beginning of year	$ 439,272	$ 746,724
Cash flows from operating activities:		
Net income	281,547	117,698
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	66,574	62,260
Loss on sale of investment in properties	8,400	—
Stock-based compensation and other	4,245	2,560
Equity in net income of unconsolidated investments (net of tax)	(62,436)	(16,511)
Dividends received from unconsolidated investments and nonmarketable securities	39,168	4,950
Pension and postretirement benefit	(4,250)	(4,226)
Pension and postretirement contributions	(3,890)	(15,329)
Unrealized gain on investments in marketable securities	1,469	(1,762)
Loss on early extinguishment of debt	—	27,798
Deferred income taxes	27,747	(19,384)
Working capital changes	(219,397)	(49,185)
Non-cash transfer of 40% value of construction in progress of Kemerton plant to MRL	65,100	43,223
Other, net	1,899	5,857
Net cash provided by operating activities	206,176	157,949
Cash flows from investing activities:		
Capital expenditures	(231,698)	(179,683)
Sales of marketable securities, net	3,751	5,245
Investments in equity and other corporate investments	(146)	(286)
Net cash used in investing activities	(228,093)	(174,724)
Cash flows from financing activities:		
Proceeds from issuance of common stock	—	1,453,888
Repayments of long-term debt and credit agreements	—	(1,174,980)
Proceeds from borrowings of credit agreements	280,000	—
Other debt repayments, net	(166,615)	(325,159)
Fees related to early extinguishment of debt	—	(23,719)
Dividends paid to shareholders	(45,637)	(41,130)
Dividends paid to noncontrolling interests	—	(26,219)
Proceeds from exercise of stock options	419	1,183
Withholding taxes paid on stock-based compensation award distributions	(10,422)	(6,860)
Other	(126)	(253)
Net cash provided by (used in) financing activities	57,619	(143,249)
Net effect of foreign exchange on cash and cash equivalents	(11,649)	(16,841)
Increase (decrease) in cash and cash equivalents	24,053	(176,865)
Cash and cash equivalents at end of period	$ 463,325	$ 569,859

See accompanying Notes to the Condensed Consolidated Financial Statements.

NOTE 1—Basis of Presentation:

In the opinion of management, the accompanying unaudited condensed consolidated financial statements of Albemarle Corporation and our wholly-owned, majority-owned and controlled subsidiaries (collectively, "Albemarle," "we," "us," "our" or "the Company") contain all adjustments necessary for a fair statement, in all material respects, of our consolidated balance sheets as of March 31, 2022 and December 31, 2021, our consolidated statements of income, consolidated statements of comprehensive income and consolidated statements of changes in equity for the three-month periods ended March 31, 2022 and 2021 and our condensed consolidated statements of cash flows for the three-month periods ended March 31, 2022 and 2021. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the U.S. Securities and Exchange Commission ("SEC") on February 22, 2022. The December 31, 2021 consolidated balance sheet data herein was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles ("GAAP") in the United States ("U.S."). The results of operations for the three-month period ended March 31, 2022 are not necessarily indicative of the results to be expected for the full year.

Interest and financing expenses for the three-month period ended March 31, 2022 includes an expense of $17.5 million for the correction of out of period errors regarding overstated capitalized interest values in prior periods. For the years ended December 31, 2021, 2020 and 2019, Interest expense was understated by $11.4 million, $5.5 million and $0.6 million, respectively. The Company does not believe these adjustments are material to the consolidated financial statements for any of the prior periods presented or to the three-month period ended March 31, 2022, in which they were corrected.

NOTE 2—Acquisitions:

On September 30, 2021, the Company signed a definitive agreement to acquire all of the outstanding equity of Guangxi Tianyuan New Energy Materials Co., Ltd. ("Tianyuan"), for approximately $200 million in cash. Tianyuan's operations include a recently constructed lithium processing plant strategically positioned near the Port of Qinzhou in Guangxi. The plant has designed annual conversion capacity of up to 25,000 metric tons of LCE and is capable of producing battery-grade lithium carbonate and lithium hydroxide. The plant is currently in the commissioning stage and is expected to begin commercial production in the first half of 2022. The Company expects the transaction, which is subject to customary closing conditions, to close in the third quarter of 2022.

NOTE 3—Divestitures:

On June 1, 2021, the Company completed the sale of its fine chemistry services ("FCS") business to W. R. Grace & Co. ("Grace") for proceeds of approximately $570 million, consisting of $300 million in cash and the issuance to Albemarle of preferred equity of a Grace subsidiary having an aggregate stated value of $270 million. The preferred equity can be redeemed at Grace's option under certain conditions and will accrue payment-in-kind ("PIK") dividends at an annual rate of 12% beginning two years after issuance.

As part of the transaction, Grace acquired our manufacturing facilities located in South Haven, Michigan and Tyrone, Pennsylvania. The sale of the FCS business reflects the Company's commitment to investing in its core, growth-oriented business segments. Historical financial statements include results from this business until divested on June 1, 2021.

We determined that the FCS business met the assets held for sale criteria in accordance with ASC 360, *Property, Plant and Equipment* during the first quarter of 2021. The results of operations of the business classified as held for sale are included in the consolidated statements of income through June 1, 2021. This business did not qualify for discontinued operations treatment because the Company's management does not consider the sale as representing a strategic shift that had or will have a major effect on the Company's operations and financial results.

NOTE 4—Goodwill and Other Intangibles:

The following table summarizes the changes in goodwill by reportable segment for the three months ended March 31, 2022 (in thousands):

	Lithium	Bromine	Catalysts	Total
Balance at December 31, 2021	$ 1,394,182	$ 20,319	$ 183,126	$ 1,597,627
Foreign currency translation adjustments	(17,666)	—	(4,344)	(22,010)
Balance at March 31, 2022	$ 1,376,516	$ 20,319	$ 178,782	$ 1,575,617

The following table summarizes the changes in other intangibles and related accumulated amortization for the three months ended March 31, 2022 (in thousands):

	Customer Lists and Relationships	Trade Names and Trademarks[(a)]	Patents and Technology	Other	Total
Gross Asset Value					
Balance at December 31, 2021	$ 428,379	$ 17,883	$ 57,313	$ 36,705	$ 540,280
Foreign currency translation adjustments and other	(9,652)	(117)	(498)	685	(9,582)
Balance at March 31, 2022	$ 418,727	$ 17,766	$ 56,815	$ 37,390	$ 530,698
Accumulated Amortization					
Balance at December 31, 2021	$ (163,283)	$ (7,983)	$ (39,796)	$ (20,271)	$ (231,333)
Amortization	(5,437)	—	(368)	(216)	(6,021)
Foreign currency translation adjustments and other	3,560	70	481	(48)	4,063
Balance at March 31, 2022	$ (165,160)	$ (7,913)	$ (39,683)	$ (20,535)	$ (233,291)
Net Book Value at December 31, 2021	$ 265,096	$ 9,900	$ 17,517	$ 16,434	$ 308,947
Net Book Value at March 31, 2022	$ 253,567	$ 9,853	$ 17,132	$ 16,855	$ 297,407

(a) Net Book Value includes only indefinite-lived intangible assets.

NOTE 5—Income Taxes:

The effective income tax rate for the three-month period ended March 31, 2022 was 26.9% compared to 17.9% for the three-month period ended March 31, 2021. The three-month period ended March 31, 2022 included tax expenses related to global intangible low-taxed income and net discrete tax expenses related to foreign return to provisions, partially offset by a benefit for excess tax benefits realized from stock-based compensation arrangements. The Company's effective income tax rate fluctuates based on, among other factors, the amount and location of income. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for the three-month periods ended March 31, 2022 and March 31, 2021 was impacted by a variety of factors, primarily global intangible low-taxed income and the location in which income was earned.

NOTE 6—Earnings Per Share:

Basic and diluted earnings per share for the three-month periods ended March 31, 2022 and 2021 are calculated as follows (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2022	2021
Basic earnings per share		
Numerator:		
Net income attributable to Albemarle Corporation	$ 253,383	$ 95,677
Denominator:		
Weighted-average common shares for basic earnings per share	117,066	112,592
Basic earnings per share	$ 2.16	$ 0.85
Diluted earnings per share		
Numerator:		
Net income attributable to Albemarle Corporation	$ 253,383	$ 95,677
Denominator:		
Weighted-average common shares for basic earnings per share	117,066	112,592
Incremental shares under stock compensation plans	587	738
Weighted-average common shares for diluted earnings per share	117,653	113,330
Diluted earnings per share	$ 2.15	$ 0.84

On February 8, 2021, we completed an underwritten public offering of 8,496,773 shares of our common stock, par value $0.01 per share, at a price to the public of $153.00 per share. The Company also granted to the underwriters an option to purchase up to an additional 1,274,509 shares, which was exercised. The total gross proceeds from this offering were approximately $1.5 billion, before deducting expenses, underwriting discounts and commissions. The net proceeds were used for debt repayments and general corporate purposes.

On February 24, 2022, the Company declared a cash dividend of $0.395, an increase from the prior year regular quarterly dividend. This dividend was paid on April 1, 2022 to shareholders of record at the close of business as of March 18, 2022. On May 3, 2022, the Company declared a cash dividend of $0.395 per share, which is payable on July 1, 2022 to shareholders of record at the close of business as of June 10, 2022.

NOTE 7—Inventories:

The following table provides a breakdown of inventories at March 31, 2022 and December 31, 2021 (in thousands):

	March 31, 2022	December 31, 2021
Finished goods	$ 656,475	$ 473,836
Raw materials and work in process[(a)]	276,150	259,221
Stores, supplies and other	81,168	79,863
Total	$ 1,013,793	$ 812,920

(a) Included $156.1 million and $149.4 million at March 31, 2022 and December 31, 2021, respectively, of work in process in our Lithium segment.

NOTE 8—Investments:

The Company holds a 49% equity interest in Windfield Holdings Pty. Ltd. (“Windfield”), where the ownership parties share risks and benefits disproportionate to their voting interests. As a result, the Company considers Windfield to be a variable interest entity (“VIE”), however this investment is not consolidated as the Company is not the primary beneficiary. The carrying amount of our 49% equity interest in Windfield, which is our most significant VIE, was $499.8 million and $462.3 million at March 31, 2022 and December 31, 2021, respectively. The Company’s aggregate net investment in all other entities which it considers to be VIEs for which the Company is not the primary beneficiary was $8.0 million at March 31, 2022 and December 31, 2021. Our unconsolidated VIEs are reported in Investments on the consolidated balance sheets. The Company does not guarantee debt for, or have other financial support obligations to, these entities, and its maximum exposure to loss in connection with its continuing involvement with these entities is limited to the carrying value of the investments.

As part of the proceeds from the sale of the FCS business on June 1, 2021, Grace issued Albemarle preferred equity of a Grace subsidiary having an aggregate stated value of $270 million. The preferred equity can be redeemed at Grace's option under certain conditions and will accrue PIK dividends at an annual rate of 12% beginning two years after issuance. This preferred equity had a fair value of $247.1 million and $246.5 million at March 31, 2022 and December 31, 2021, respectively, which is reported in Investments in the consolidated balance sheets.

NOTE 9—Long-Term Debt:

Long-term debt at March 31, 2022 and December 31, 2021 consisted of the following (in thousands):

	March 31, 2022	December 31, 2021
1.125% notes due 2025	$ 414,088	$ 426,571
1.625% notes due 2028	549,000	565,550
3.45% Senior notes due 2029	171,612	171,612
4.15% Senior notes due 2024	425,000	425,000
5.45% Senior notes due 2044	350,000	350,000
Credit facilities	280,000	—
Commercial paper notes	222,400	388,500
Variable-rate foreign bank loans	4,842	5,226
Finance lease obligations	74,504	75,431
Other	11,001	—
Unamortized discount and debt issuance costs	(12,956)	(13,651)
Total long-term debt	2,489,491	2,394,239
Less amounts due within one year	503,795	389,920
Long-term debt, less current portion	$ 1,985,696	$ 2,004,319

Current portion of long-term debt at March 31, 2022 includes commercial paper notes with a weighted-average interest rate of approximately 1.12% and a weighted-average maturity of 17 days.

In the first quarter of 2021, the Company made certain debt principal payments using proceeds from the February 2021 underwritten public offering of common stock. As a result, included in Interest and financing expenses for the three-month period ended March 31, 2021 is a loss on early extinguishment of debt of $27.8 million, representing the tender premiums, fees, unamortized discounts and unamortized deferred financing costs from the redemption of this debt.

Prior to repayment in the first quarter of 2021, the carrying value of the 1.875% Euro-denominated senior notes was designated as an effective hedge of the net investment in certain foreign subsidiaries where the Euro serves as the functional currency, and gains or losses on the revaluation of these senior notes to our reporting currency were recorded in accumulated other comprehensive loss. Upon repayment of these notes, this net investment hedge was discontinued. The balance of foreign exchange revaluation gains and losses associated with this discontinued net investment hedge will remain within accumulated other comprehensive loss until the hedged net investment is sold or liquidated. Prior to the net investment hedge being discontinued, we recorded a gain of $5.1 million (net of income taxes) during the three-month period ended March 31, 2021 in accumulated other comprehensive loss.

NOTE 10—Commitments and Contingencies:

Environmental

The following activity was recorded in environmental liabilities for the three months ended March 31, 2022 (in thousands):

Beginning balance at December 31, 2021	$	46,617
Expenditures		(728)
Accretion of discount		259
Additions and changes in estimates		2,811
Foreign currency translation adjustments and other		(860)
Ending balance at March 31, 2022		48,099
Less amounts reported in Accrued expenses		9,925
Amounts reported in Other noncurrent liabilities	$	38,174

Environmental remediation liabilities included discounted liabilities of $39.3 million and $39.7 million at March 31, 2022 and December 31, 2021, respectively, discounted at rates with a weighted-average of 3.5%, and with the undiscounted amount totaling $69.1 million and $70.0 million at March 31, 2022 and December 31, 2021, respectively. For certain locations where the Company is operating groundwater monitoring and/or remediation systems, prior owners or insurers have assumed all or most of the responsibility.

The amounts recorded represent our future remediation and other anticipated environmental liabilities. These liabilities typically arise during the normal course of our operational and environmental management activities or at the time of acquisition of the site, and are based on internal analysis as well as input from outside consultants. As evaluations proceed at each relevant site, changes in risk assessment practices, remediation techniques and regulatory requirements can occur, therefore such liability estimates may be adjusted accordingly. The timing and duration of remediation activities at these sites will be determined when evaluations are completed. Although it is difficult to quantify the potential financial impact of these remediation liabilities, management estimates (based on the latest available information) that there is a reasonable possibility that future environmental remediation costs associated with our past operations, could be an additional $10 million to $23 million before income taxes in excess of amounts already recorded. The variability of this range is primarily driven by possible environmental remediation activity at a formerly owned site where we indemnify the buyer through a set cutoff date in 2024.

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

Litigation

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

As first reported in 2018, following receipt of information regarding potential improper payments being made by third-party sales representatives of our Refining Solutions business, within our Catalysts segment, we promptly retained outside counsel and forensic accountants to investigate potential violations of the Company’s Code of Conduct, the Foreign Corrupt Practices Act, and other potentially applicable laws. Based on this internal investigation, we have voluntarily self-reported potential issues relating to the use of third-party sales representatives in our Refining Solutions business, within our Catalysts segment, to the U.S. Department of Justice (“DOJ”), the SEC, and the Dutch Public Prosecutor (“DPP”), and are cooperating with the DOJ, the SEC, and the DPP in their review of these matters. In connection with our internal investigation, we have implemented, and are continuing to implement, appropriate remedial measures. We have commenced discussions with the SEC about a potential resolution.

At this time, we are unable to predict the duration, scope, result, or related costs associated with the investigations. We also are unable to predict what action may be taken by the DOJ, the SEC, or the DPP, or what penalties or remedial actions they may ultimately seek. Any determination that our operations or activities are not, or were not, in compliance with existing laws or regulations could result in the imposition of fines, penalties, disgorgement, equitable relief, or other losses. We do not believe, however, that any such fines, penalties, disgorgement, equitable relief, or other losses would have a material adverse effect on our financial condition or liquidity. However, an adverse resolution could have a material adverse effect on our results of operations in a particular period.

Indemnities

We are indemnified by third parties in connection with certain matters related to acquired and divested businesses. Although we believe that the financial condition of those parties who may have indemnification obligations to the Company is generally sound, 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 us will adhere to their obligations and we may have to resort to legal action to enforce our rights under the indemnities.

The Company may be subject to indemnity claims relating to properties or businesses it divested, including properties or businesses of acquired businesses that were divested prior to the completion of the acquisition. 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. The Company had approximately $64.9 million and $66.8 million at March 31, 2022 and December 31, 2021, respectively, recorded in Other noncurrent liabilities, primarily related to the indemnification of certain income and non-income tax liabilities associated with the Chemetall Surface Treatment entities sold in 2017.

Other

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

NOTE 11—Leases:

We lease certain office space, buildings, transportation and equipment in various countries. The initial lease terms generally range from 1 to 30 years for real estate leases, and from 2 to 15 years for non-real estate leases. Leases with an initial term of 12 months or less are not recorded on the balance sheet, and we recognize lease expense for these leases on a straight-line basis over the lease term.

Many leases include options to terminate or renew, with renewal terms that can extend the lease term from 1 to 50 years or more. The exercise of lease renewal options is at our sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table provides details of our lease contracts for the three-month periods ended March 31, 2022 and 2021 (in thousands):

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Operating lease cost	$ 10,611	$ 9,412
Finance lease cost:		
Amortization of right of use assets	430	157
Interest on lease liabilities	853	755
Total finance lease cost	1,283	912
Short-term lease cost	2,699	2,604
Variable lease cost	717	2,365
Total lease cost	$ 15,310	$ 15,293

Supplemental cash flow information related to our lease contracts for the three-month periods ended March 31, 2022 and 2021 is as follows (in thousands):

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 8,637	$ 8,381
Operating cash flows from finance leases	599	439
Financing cash flows from finance leases	515	159
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	999	707

Supplemental balance sheet information related to our lease contracts, including the location on balance sheet, at March 31, 2022 and December 31, 2021 is as follows (in thousands, except as noted):

	March 31, 2022	December 31, 2021
Operating leases:		
Other assets	$ 144,594	$ 154,741
Accrued expenses	35,285	31,603
Other noncurrent liabilities	116,736	126,997
Total operating lease liabilities	152,021	158,600
Finance leases:		
Net property, plant and equipment	74,398	75,302
Current portion of long-term debt[(a)]	3,996	3,768
Long-term debt	73,109	74,011
Total finance lease liabilities	77,105	77,779
Weighted average remaining lease term (in years):		
Operating leases	12.8	12.9
Finance leases	24.4	24.5
Weighted average discount rate (%):		
Operating leases	3.48 %	3.44 %
Finance leases	4.46 %	4.47 %

(a) Balance includes accrued interest of finance lease recorded in Accrued liabilities.

Maturities of lease liabilities at March 31, 2022 were as follows (in thousands):

	Operating Leases	Finance Leases
Remainder of 2022	$ 29,496	$ 4,015
2023	34,363	6,156
2024	20,847	6,156
2025	12,298	6,156
2026	9,784	5,497
Thereafter	122,294	97,469
Total lease payments	229,082	125,449
Less imputed interest	77,061	48,344
Total	$ 152,021	$ 77,105

NOTE 12—Segment Information:

Our three reportable segments include: (1) Lithium; (2) Bromine; and (3) Catalysts. Each segment has a dedicated team of sales, research and development, process engineering, manufacturing and sourcing, and business strategy personnel and has full accountability for improving execution through greater asset and market focus, agility and responsiveness. This business structure aligns with the markets and customers we serve through each of the segments. This structure also facilitates the continued standardization of business processes across the organization, and is consistent with the manner in which information is presently used internally by the Company’s chief operating decision maker to evaluate performance and make resource allocation decisions.

Summarized financial information concerning our reportable segments is shown in the following tables. The “All Other” category included only the FCS business that did not fit into any of our core businesses. On June 1, 2021, we completed the sale of the FCS business. See Note 3, “Divestitures,” for additional information. Amounts in the “All Other” category represent activity in this business until divested on June 1, 2021.

The Corporate category is not considered to be a segment and includes corporate-related items not allocated to the operating segments. Pension and other post-employment benefit (“OPEB”) service cost (which represents the benefits earned by active employees during the period) and amortization of prior service cost or benefit are allocated to the reportable segments, All Other, and Corporate, whereas the remaining components of pension and OPEB benefits cost or credit (“Non-operating pension and OPEB items”) are included in Corporate. Segment data includes inter-segment transfers of raw materials at cost and allocations for certain corporate costs.

The Company’s chief operating decision maker uses adjusted EBITDA (as defined below) to assess the ongoing performance of the Company’s business segments and to allocate resources. The Company defines adjusted EBITDA as earnings before interest and financing expenses, income tax expenses, depreciation and amortization, as adjusted on a consistent basis for certain non-operating, non-recurring or unusual items in a balanced manner and on a segment basis. These non-operating, non-recurring or unusual items may include acquisition and integration related costs, gains or losses on sales of businesses, restructuring charges, facility divestiture charges, certain litigation and arbitration costs and charges, non-operating pension and OPEB items and other significant non-recurring items. In addition, management uses adjusted EBITDA for business and enterprise planning purposes and as a significant component in the calculation of performance-based compensation for management and other employees. The Company has reported adjusted EBITDA because management believes it provides transparency to investors and enables period-to-period comparability of financial performance. Adjusted EBITDA is a financial measure that is not required by, or presented in accordance with, U.S. GAAP. Adjusted EBITDA should not be considered as an alternative to Net (loss) income attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with U.S. GAAP, or any other financial measure reported in accordance with U.S. GAAP.

	Three Months Ended March 31,	
	2022	2021
	(In thousands)	
Net sales:		
Lithium	$ 550,272	$ 278,976
Bromine	359,579	280,447
Catalysts	217,877	220,243
All Other	—	49,625
Total net sales	$ 1,127,728	$ 829,291
Adjusted EBITDA:		
Lithium	$ 308,615	$ 106,436
Bromine	129,234	94,640
Catalysts	16,910	25,427
All Other	—	21,479
Corporate	(22,829)	(17,928)
Total adjusted EBITDA	$ 431,930	$ 230,054

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

See below for a reconciliation of adjusted EBITDA, the non-GAAP financial measure, from Net (loss) income attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with U.S. GAAP (in thousands):

	Lithium	Bromine	Catalysts	Reportable Segments Total	All Other	Corporate	Consolidated Total
Three months ended March 31, 2022							
Net income (loss) attributable to Albemarle Corporation	$ 261,689	$ 116,561	$ 3,989	$ 382,239	$ —	$ (128,856)	$ 253,383
Depreciation and amortization	38,526	12,673	12,921	64,120	—	2,454	66,574
Loss on sale of interest in properties[a]	8,400	—	—	8,400	—	—	8,400
Acquisition and integration related costs[b]	—	—	—	—	—	1,724	1,724
Interest and financing expenses[c]	—	—	—	—	—	27,834	27,834
Income tax expense	—	—	—	—	—	80,530	80,530
Non-operating pension and OPEB items	—	—	—	—	—	(5,280)	(5,280)
Other[d]	—	—	—	—	—	(1,235)	(1,235)
Adjusted EBITDA	$ 308,615	$ 129,234	$ 16,910	$ 454,759	$ —	$ (22,829)	$ 431,930
Three months ended March 31, 2021							
Net income (loss) attributable to Albemarle Corporation	$ 74,630	$ 82,113	$ 12,916	$ 169,659	$ 20,016	$ (93,998)	$ 95,677
Depreciation and amortization	31,806	12,527	12,511	56,844	1,463	3,953	62,260
Acquisition and integration related costs[b]	—	—	—	—	—	2,162	2,162
Interest and financing expenses[e]	—	—	—	—	—	43,882	43,882
Income tax expense	—	—	—	—	—	22,107	22,107
Non-operating pension and OPEB items	—	—	—	—	—	(5,465)	(5,465)
Other[f]	—	—	—	—	—	9,431	9,431
Adjusted EBITDA	$ 106,436	$ 94,640	$ 25,427	$ 226,503	$ 21,479	$ (17,928)	$ 230,054

(a) Expense recorded as a result of revised estimates of the obligation to construct certain lithium hydroxide conversion assets in Kemerton, Western Australia, due to anticipated cost overruns from supply chain, labor and COVID-19 pandemic related issues. The corresponding obligation was recorded in Accrued liabilities to be transferred to Mineral Resources Limited ("MRL"), which maintains a 40% ownership interest in these Kemerton assets.

(b) Costs related to the acquisition, integration and potential divestitures for various significant projects, recorded in Selling, general and administrative expenses ("SG&A").

(c) Included in Interest and financing expenses is the correction of an out of period error of $17.5 million related to the overstatement of capitalized interest in prior periods. See Note 1, "Basis of Presentation," for further details.

(d) Included amounts for the three months ended March 31, 2022 recorded in:
- SG&A - $4.3 million of gains from the sale of legacy properties not part of our operations, partially offset by $2.8 million of charges for environmental reserves at sites not part of our operations and $0.7 million of facility closure expenses related to offices in Germany.
- Other income, net - $0.6 million gain related to a settlement received from a legal matter in a prior period.

(e) Included in Interest and financing expenses is a loss on early extinguishment of debt of $27.8 million for the three months ended March 31, 2021. See Note 9, "Long-Term Debt," for additional information.

(f) Included amounts for the three months ended March 31, 2021 recorded in:
- SG&A - $5.5 million of expenses primarily related to non-routine labor and compensation related costs that are outside normal compensation arrangements.
- Other income, net - $3.9 million of expenses primarily related to asset retirement obligation charges to update of an estimate at a site formerly owned by Albemarle.

NOTE 13—Pension Plans and Other Postretirement Benefits:

The components of pension and postretirement benefits cost (credit) for the three-month periods ended March 31, 2022 and 2021 were as follows (in thousands):

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Pension Benefits Cost (Credit):		
Service cost	$ 985	$ 1,179
Interest cost	5,605	5,119
Expected return on assets	(11,212)	(10,893)
Amortization of prior service benefit	24	29
Total net pension benefits credit	$ (4,598)	$ (4,566)
Postretirement Benefits Cost:		
Service cost	$ 21	$ 31
Interest cost	327	309
Total net postretirement benefits cost	$ 348	$ 340
Total net pension and postretirement benefits credit	$ (4,250)	$ (4,226)

All components of net benefit cost (credit), other than service cost, are included in Other income, net on the consolidated statements of income.

During the three-month periods ended March 31, 2022 and 2021, we made contributions of $3.2 million and $14.7 million, respectively, to our qualified and nonqualified pension plans.

We paid $0.6 million and $0.6 million in premiums to the U.S. postretirement benefit plan during the three-month periods ended March 31, 2022 and 2021, respectively.

NOTE 14—Fair Value of Financial Instruments:

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

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

	March 31, 2022		December 31, 2021	
	Recorded Amount	Fair Value	Recorded Amount	Fair Value
	(In thousands)			
Long-term debt	$ 2,499,719	$ 2,511,206	$ 2,405,021	$ 2,593,590

Foreign Currency Forward Contracts—During the fourth quarter of 2019, we entered into a foreign currency forward contract to hedge the cash flow exposure of non-functional currency purchases during the construction of the Kemerton plant in Australia. This derivative financial instrument is used to manage risk and is not used for trading or other speculative purposes. This foreign currency forward contract has been designated as a hedging instrument under ASC 815, *Derivatives and Hedging*. At March 31, 2022 and December 31, 2021, we had outstanding designated foreign currency forward contracts with notional values totaling the equivalent of $86.1 million and $36.5 million, respectively.

We also enter into foreign currency forward contracts in connection with our risk management strategies that have not been designated as hedging instruments under ASC 815, *Derivatives and Hedging*, in an attempt to minimize the financial impact of changes in foreign currency exchange rates. These derivative financial instruments are used to manage risk and are not used for trading or other speculative purposes. The fair values of our non-designated foreign currency forward contracts are estimated based on current settlement values. At March 31, 2022 and December 31, 2021, we had outstanding non-designated foreign currency forward contracts with notional values totaling $486.9 million and $618.1 million, respectively, hedging our exposure to various currencies including the Chilean peso, Euro, Chinese Renminbi, Japanese Yen, Australian Dollar and Singapore Dollar.

The following table summarizes the fair value of our foreign currency forward contracts included in the consolidated balance sheets as of March 31, 2022 and December 31, 2021 (in thousands):

	March 31, 2022		December 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Designated as hedging instruments[(a)]	$ 3,760	$ —	$ 237	$ 57
Not Designated as hedging instruments[(b)]	2,673	168	2,901	248
Total	$ 6,433	$ 168	$ 3,138	$ 305

(a) Included $3.8 million in Other current assets at March 31, 2022, and $0.2 million in Other current assets and $0.1 million in Accrued expenses at December 31, 2021.
(b) Included $2.7 million in Other current assets and $0.2 million in Accrued expenses at March 31, 2022 and $2.9 million in Other current assets and $0.2 million in Accrued expenses at December 31, 2021.

The following table summarizes the net gains (losses) recognized for our foreign currency forward contracts during the three-month periods ended March 31, 2022 and 2021 (in thousands):

	Three Months Ended March 31,	
	2022	2021
Designated as hedging instruments		
Income (loss) recognized in Other comprehensive loss	$ 4,017	$ (1,6
Not designated as hedging instruments		
Loss recognized in Other income, net[(a)]	$ (3,972)	$ (1

(a) Fluctuations in the value of our foreign currency forward contracts not designated as hedging instruments are generally expected to be offset by changes in the value of the underlying exposures being hedged, which are also reported in Other income, net.

In addition, for the three-month periods ended March 31, 2022 and 2021, we recorded net cash settlements of $3.3 million and $7.9 million, respectively, in Other, net, in our condensed consolidated statements of cash flows.

Unrealized gains and losses related to the cash flow hedges will be reclassified to earnings over the life of the related assets when settled and the related assets are placed into service.

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

NOTE 15—Fair Value Measurement:

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

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

We endeavor to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following tables set forth our financial assets and liabilities that were accounted for at fair value on a recurring basis as of March 31, 2022 and December 31, 2021 (in thousands):

	March 31, 2022	Quoted Prices in Active Markets for Identical Items (Level 1)	Quoted Prices in Active Markets for Similar Items (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Available for sale debt securities[(a)]	$ 247,107	$ —	$ —	$ 247,107
Investments under executive deferred compensation plan[(b)]	$ 27,272	$ 27,272	$ —	$ —
Private equity securities measured at net asset value[(c)(d)]	$ 4,710	$ —	$ —	$ —
Foreign currency forward contracts[(e)]	$ 6,433	$ —	$ 6,433	$ —
Liabilities:				
Obligations under executive deferred compensation plan[(b)]	$ 27,272	$ 27,272	$ —	$ —
Foreign currency forward contracts[(e)]	$ 168	$ —	$ 168	$ —

	December 31, 2021	Quoted Prices in Active Markets for Identical Items (Level 1)	Quoted Prices in Active Markets for Similar Items (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Available for sale debt securities[(a)]	$ 246,517	$ —	$ —	$ 246,517
Investments under executive deferred compensation plan[(b)]	$ 32,491	$ 32,491	$ —	$ —
Private equity securities measured at net asset value[(c)(d)]	$ 4,696	$ —	$ —	$ —
Foreign currency forward contracts[(e)]	$ 3,138	$ —	$ 3,138	$ —
Liabilities:				
Obligations under executive deferred compensation plan[(b)]	$ 32,491	$ 32,491	$ —	$ —
Foreign currency forward contracts[(e)]	$ 305	$ —	$ 305	$ —

(a) Preferred equity of a Grace subsidiary acquired as a portion of the proceeds of the FCS sale on June 1, 2021. See Note 2, "Divestitures," for further details on the material terms and conditions. A third-party estimate of the fair value was prepared using expected future cash flows over the period up to when the asset is likely to be redeemed, applying a discount rate that appropriately captures a market participant's view of the risk associated with the investment. These are considered to be Level 3 inputs.

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

(c) Primarily consists of private equity securities reported in Investments in the consolidated balance sheets. The changes in fair value are reported in Other expense, net, in our consolidated statements of income.

(d) Holdings in certain private equity securities are measured at fair value using the net asset value per share (or its equivalent) practical expedient and have not been categorized in the fair value hierarchy.

(e) As a result of our global operating and financing activities, we are exposed to market risks from changes in foreign currency exchange rates which may adversely affect our operating results and financial position. When deemed appropriate, we minimize our risks from foreign currency exchange rate fluctuations through the use of foreign currency forward contracts. The foreign currency forward contracts are valued using broker quotations or market transactions in either the listed or over-the-counter markets. As such, these derivative instruments are classified within Level 2. See Note 14, "Fair Value of Financial Instruments," for further details about our foreign currency forward contracts.

The following tables set forth the reconciliation of the beginning and ending balance for the Level 3 recurring fair value measurements (in thousands):

	Available for Sale Debt Securities
Beginning balance at December 31, 2021	$ 246,517
Fair value adjustment	(2,594)
Accretion of discount	3,184
Ending balance at March 31, 2022	$ 247,107

NOTE 16—Accumulated Other Comprehensive (Loss) Income:

The components and activity in Accumulated other comprehensive (loss) income (net of deferred income taxes) consisted of the following during the periods indicated below (in thousands):

	Foreign Currency Translation and Other	Net Investment Hedge[(a)]	Cash Flow Hedge[(b)]	Interest Rate Swap[(c)]	Total
Three months ended March 31, 2022					
Balance at December 31, 2021	$ (391,674)	$ —	$ 6,623	$ (7,399)	$ (392,450)
Other comprehensive (loss) income before reclassifications	(5,909)	—	4,017	—	(1,892)
Amounts reclassified from accumulated other comprehensive loss	20	—	—	650	670
Other comprehensive (loss) income, net of tax	(5,889)	—	4,017	650	(1,222)
Other comprehensive income attributable to noncontrolling interests	53	—	—	—	53
Balance at March 31, 2022	$ (397,510)	$ —	$ 10,640	$ (6,749)	$ (393,619)
Three months ended March 31, 2021					
Balance at December 31, 2020	$ (369,152)	$ 46,593	$ 6,449	$ (10,022)	$ (326,132)
Other comprehensive (loss) income before reclassifications	(28,167)	5,110	(1,600)	—	(24,657)
Amounts reclassified from accumulated other comprehensive loss	25	—	—	650	675
Other comprehensive (loss) income, net of tax	(28,142)	5,110	(1,600)	650	(23,982)
Amounts reclassified within accumulated other comprehensive loss	51,703	(51,703)	—	—	—
Balance at March 31, 2021	$ (345,591)	$ —	$ 4,849	$ (9,372)	$ (350,114)

(a) During the first quarter of 2021 the net investment hedge was discontinued following the repayment of the 1.875% Euro-denominated senior notes. The balance of foreign exchange revaluation gains and losses associated with this discontinued net investment hedge have been reclassified to Foreign currency translation and other, and will remain within accumulated other comprehensive loss until the hedged net investment is sold or liquidated.

(b) We entered into a foreign currency forward contract, which was designated and accounted for as a cash flow hedge under ASC 815, *Derivatives and Hedging*. See Note 14, “Fair Value of Financial Instruments,” for additional information.

(c) The pre-tax portion of amounts reclassified from accumulated other comprehensive loss is included in interest expense.

The amount of income tax (expense) benefit allocated to each component of Other comprehensive (loss) income for the three-month periods ended March 31, 2022 and 2021 is provided in the following tables (in thousands):

	Foreign Currency Translation and Other	Net Investment Hedge	Cash Flow Hedge	Interest Rate Swap
Three months ended March 31, 2022				
Other comprehensive (loss) income, before tax	$ (6,458)	$ —	$ 4,017	$ 834
Income tax expense	569	—	—	(184)
Other comprehensive (loss) income, net of tax	$ (5,889)	$ —	$ 4,017	$ 650
Three months ended March 31, 2021				
Other comprehensive income (loss), before tax	$ (28,138)	$ 6,552	$ (1,600)	$ 834
Income tax (expense) benefit	(4)	(1,442)	—	(184)
Other comprehensive income (loss), net of tax	$ (28,142)	$ 5,110	$ (1,600)	$ 650

NOTE 17—Related Party Transactions:

Our consolidated statements of income include sales to and purchases from unconsolidated affiliates in the ordinary course of business as follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
Sales to unconsolidated affiliates	$ 7,655	$ 5,730
Purchases from unconsolidated affiliates[(a)]	$ 216,554	$ 33,150

(a) Increases in purchases from unconsolidated affiliates primarily relate to increased pricing and volume of spodumene purchased from our Windfield joint venture.

Our consolidated balance sheets include accounts receivable due from and payable to unconsolidated affiliates in the ordinary course of business as follows (in thousands):

	March 31, 2022	December 31, 2021
Receivables from unconsolidated affiliates	$ 3,743	$ 2,139
Payables to unconsolidated affiliates[(a)]	$ 190,058	$ 47,499

(a) Increases in payables to unconsolidated affiliates primarily relate to increased purchases of spodumene purchased from our Windfield joint venture under normal payment terms.

NOTE 18—Supplemental Cash Flow Information:

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

	Three Months Ended March 31,	
	2022	2021
Supplemental non-cash disclosure related to investing and financing activities:		
Capital expenditures included in Accounts payable	$ 196,661	$ 151,604
Promissory note issued for capital expenditures[(a)]	$ 10,876	$ —

(a) During the first quarter of 2022, the Company issued a promissory note with a present value of $10.9 million for land purchased in Kings Mountain, NC. The promissory note is payable in equal annual installments from the years 2027 to 2048.

As part of the purchase price paid for the acquisition of a 60% interest in the Mineral Resources Ltd. (“MRL”) Wodgina Project, the Company transferred $65.1 million and $43.2 million of its construction in progress of the designated Kemerton assets during the three months ended March 31, 2022 and 2021, respectively, representing MRL’s 40% interest in the assets. The cash outflow for these assets was recorded in Capital expenditures within Cash flows from investing activities on the condensed consolidated statements of cash flows. The non-cash transfer of these assets is recorded in Non-cash transfer of 40% value of construction in progress of the Kemerton plant to MRL within Cash flows from operating activities on the consolidated statements of cash flows.

NOTE 19—Recently Issued Accounting Pronouncements:

In March 2020, the Financial Accounting Standards Board ("FASB") issued accounting guidance that provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The guidance applies only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. In January 2021, the FASB issued additional accounting guidance which clarifies that certain optional expedients and exceptions apply to derivatives that are affected by the discounting transition. The guidance under both FASB issuances is effective March 12, 2020 through December 31, 2022. The Company currently does not expect this guidance to have a significant impact on its consolidated financial statements.

In November 2021, the FASB issued accounting guidance that requires disclosures about government assistance in the notes to the financial statements. This guidance will require the disclosure of: (1) the types of government assistance received; (2) the accounting for such assistance; and (3) the effect of the assistance on a business entity's financial statements. This guidance is effective for financial statements issued for annual periods beginning after December 15, 2021. The Company currently does not expect this guidance to have a significant impact on its annual financial statement disclosures.

In March 2022, the FASB issued accounting guidance that expands the Company's abilities to hedge the benchmark interest rate risk of portfolios of financial assets or beneficial interests in a fair value hedge. This guidance expands the use of the portfolio layer method to allow multiple hedges of a single closed portfolio of assets using spot starting, forward starting, and amortizing-notional swaps. This also permits both prepayable and non prepayable financial assets to be included in the closed portfolio of assets hedged in a portfolio layer hedge. In addition, this guidance requires that basis adjustments not be allocated to individual assets for active portfolio layer method hedges, but rather be maintained on the closed portfolio of assets as a whole. This guidance is effective for financial statements issued for annual periods beginning after December 15, 2022, including interim periods within those annual periods. The Company currently does not expect this guidance to have a significant impact on its consolidated financial statements.

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

Forward-looking Statements

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

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

- changes in economic and business conditions;
- product development;
- future acquisition and divestiture transactions, including the ability to successfully execute, operate and integrate acquisitions and divestitures and incurring additional indebtedness;
- expected benefits from proposed transactions;
- timing of active and proposed projects;
- changes in financial and operating performance of our major customers and industries and markets served by us;
- the timing of orders received from customers;

- the gain or loss of significant customers;
- competition from other manufacturers;
- changes in the demand for our products or the end-user markets in which our products are sold;
- limitations or prohibitions on the manufacture and sale of our products;
- availability of raw materials;
- increases in the cost of raw materials and energy, and our ability to pass through such increases to our customers;
- technological change and development;
- changes in our markets in general;
- fluctuations in foreign currencies;
- changes in laws and government regulation impacting our operations or our products;
- the occurrence of regulatory actions, proceedings, claims or litigation (including with respect to the U.S. Foreign Corrupt Practices Act and foreign anti-corruption laws);
- the effects of climate change, including any regulatory changes to which we might be subject;
- the occurrence of cyber-security breaches, terrorist attacks, industrial accidents or natural disasters;
- hazards associated with chemicals manufacturing;
- the inability to maintain current levels of insurance, including product or premises liability insurance, or the denial of such coverage;
- political unrest affecting the global economy, including adverse effects from terrorism or hostilities;
- political instability affecting our manufacturing operations or joint ventures;
- changes in accounting standards;
- the inability to achieve results from our global manufacturing cost reduction initiatives as well as our ongoing continuous improvement and rationalization programs;
- changes in the jurisdictional mix of our earnings and changes in tax laws and rates or interpretation;
- changes in monetary policies, inflation or interest rates that may impact our ability to raise capital or increase our cost of funds, impact the performance of our pension fund investments and increase our pension expense and funding obligations;
- volatility and uncertainties in the debt and equity markets;
- technology or intellectual property infringement, including through cyber-security breaches, and other innovation risks;
- decisions we may make in the future;
- continuing uncertainties as to the duration and impact of the novel coronavirus (“COVID-19”) pandemic;
- performance of Albemarle’s partners in joint ventures and other projects;
- changes in credit ratings; and
- the other factors detailed from time to time in the reports we file with the U.S. Securities and Exchange Commission (“SEC”).

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

The following is a discussion and analysis of our results of operations for the three-month periods ended March 31, 2022 and 2021. A discussion of our consolidated financial condition and sources of additional capital is included under a separate heading “Financial Condition and Liquidity.”

Overview

We are a leading global developer, manufacturer and marketer of highly-engineered specialty chemicals that are designed to meet our customers' needs across a diverse range of end markets. Our corporate purpose is making the world safe and sustainable by powering the potential of people. The end markets we serve include energy storage, petroleum refining, consumer electronics, construction, automotive, lubricants, pharmaceuticals and crop protection. We believe that our commercial and geographic diversity, technical expertise, access to high-quality resources, innovative capability, flexible, low-cost global manufacturing base, experienced management team and strategic focus on our core base technologies will enable us to maintain leading positions in those areas of the specialty chemicals industry in which we operate.

Secular trends favorably impacting demand within the end markets that we serve combined with our diverse product portfolio, broad geographic presence and customer-focused solutions will continue to be key drivers of our future earnings growth. We continue to build upon our existing green solutions portfolio and our ongoing mission to provide innovative, yet commercially viable, clean energy products and services to the marketplace to contribute to our sustainable revenue. For example, our Lithium business contributes to the growth of clean miles driven with electric miles and more efficient use of renewable energy through grid storage; Bromine enables the prevention of fires starting in electronic equipment, greater fuel efficiency from rubber tires and the reduction of emissions from coal fired power plants; and the Catalysts business creates efficiency of natural resources through more usable products from a single barrel of oil, enables safer, greener production of alkylates used to produce more environmentally-friendly fuels, and reduced emissions through cleaner transportation fuels. We believe our disciplined cost reduction efforts and ongoing productivity improvements, among other factors, position us well to take advantage of strengthening economic conditions as they occur, while softening the negative impact of the current challenging global economic environment.

First Quarter 2022

During the first quarter of 2022:

- Our board of directors declared a quarterly dividend of $0.395 per share on February 24, 2022, which was paid on April 1, 2022 to shareholders of record at the close of business as of March 18, 2022.
- In January 2022, we signed a joint development agreement with 6K to explore the use of 6K's patented UniMelt® advanced, sustainable materials production platform to develop novel lithium battery materials through potentially disruptive manufacturing processes.
- In February 2022, we announced that we signed a non-binding letter agreement with our MARBL joint venture partner, Mineral Resources Limited ("MRL"), to explore a potential expansion of the MARBL joint venture, in an effort to expand lithium conversion capacity with increased optionality and reduced risk.
- Our net sales for the quarter were $1.13 billion, an increase of 36% compared to net sales of $829.3 million in the first quarter of 2021.
- Diluted earnings per share was $2.15, an increase of 156% from the first quarter of 2021 results.
- Net cash provided by operations was $206.2 million in the first quarter of 2022, an increase of 31% from the first quarter of 2021.

Outlook

The current global business environment presents a diverse set of opportunities and challenges in the markets we serve. In particular, the market for lithium battery and energy storage, particularly that for electric vehicles ("EVs"), remains strong, providing the opportunity to continue to develop high quality and innovative products while managing the high cost of expanding capacity. The other markets we serve continue to present various opportunities for value and growth as we have positioned ourselves to manage the impact on our business of changing global conditions, such as slow and uneven global growth, currency exchange volatility, crude oil price fluctuation, a dynamic pricing environment, an ever-changing landscape in electronics, the continuous need for cutting edge catalysts and technology by our refinery customers and increasingly stringent environmental standards. Amidst these dynamics, we believe our business fundamentals are sound and that we are strategically well-positioned as we remain focused on increasing sales volumes, optimizing and improving the value of our portfolio primarily through pricing and product development, managing costs and delivering value to our customers and shareholders. We believe that our businesses remain well-positioned to capitalize on new business opportunities and long-term trends driving growth within our end markets and to respond quickly to changes in economic conditions in these markets.

While global economic conditions have been improving, the COVID-19 pandemic continues to have an impact globally. We have not seen a material impact to our operations to date, however, the ultimate impact on our business will depend on the length and severity of the outbreak throughout the world. All of our information technology systems are running as designed and all sites are operating at normal capacity while we continue to comply with all government and health agency recommendations and requirements, as well as protecting the safety of our employees and communities. We believe we have sufficient inventory to continue to produce at current levels, however, government mandated shutdowns could impact our ability to acquire additional materials and disrupt our customers' purchases. At this time we cannot predict the expected overall financial impact of the COVID-19 pandemic on our business, but we are planning for various economic scenarios and continue to make efforts to protect the safety of our employees and the health of our business.

Lithium: We expect results to be higher year-over-year during 2022 in Lithium, due mainly to increased pricing, rreflecting tight market conditions driving higher spot and index-referenced pricing under our long-term agreements. In addition, we expect increases in sales volume from new capacity coming on line from La Negra, Chile, Train 1 in Kemerton, Western Australia, and the expected acquisition of Tianyuan, which includes a lithium hydroxide conversion plant designed to produce up to 25,000 metric tons of LCE per year. While we ramp up our new capacity, we will continue to utilize tolling arrangements to meet growing customer demand. EV sales are expected to continue to increase over the prior year as the lithium battery market remains strong.

We also announced agreements for strategic investments in China with plans to build two battery grade lithium conversion plants, each initially targeting 50,000 metric tons per year. Subject to additional studies and approvals, it is expected these plants would start construction during 2022 and complete construction by the end of 2024. In addition, our 60%-owned MARBL joint venture recently announced its intention to resume spodumene concentrate production at the Wodgina spodumene mine, with the production restart expected during the second quarter of 2022. In February 2022, we announced that we signed a non-binding letter agreement with our MARBL joint venture partner, MRL, to explore a potential expansion of the MARBL joint venture, in an effort to expand lithium conversion capacity with increased optionality and reduced risk.

On a longer-term basis, we believe that demand for lithium will continue to grow as new lithium applications advance and the use of plug-in hybrid electric vehicles and full battery electric vehicles increases. This demand for lithium is supported by a favorable backdrop of steadily declining lithium ion battery costs, increasing battery performance, continuing significant investments in the battery and EV supply chain by cathode and battery producers, and automotive OEM's, favorable global public policy toward e-mobility/renewable energy usage, and additional stimulus measures taken in Europe in light of the COVID-19 pandemic that we expect to strengthen EV demand. Our outlook is also bolstered by long-term supply agreements with key strategic customers, reflecting our standing as a preferred global lithium partner, highlighted by our scale, access to geographically diverse, low-cost resources and long-term track record of reliability of supply and operating execution.

Bromine: We expect both net sales and profitability to be modestly higher in 2022 due to strength in demand for flame retardants, as well as benefiting from diverse end markets. Volumes are expected to up slightly compared to full year 2021 due to the successful execution of growth projects in 2021 assuming continued availability of raw materials like chlorine. Bromine's ongoing cost savings initiatives and higher pricing are expected to offset higher freight and raw material costs.

On a longer-term basis, we continue to believe that improving global standards of living, widespread digitization, increasing demand for data management capacity and the potential for increasingly stringent fire safety regulations in developing markets are likely to drive continued demand for fire safety products. We are focused on profitably growing our globally competitive bromine and derivatives production network to serve all major bromine consuming products and markets. The combination of our solid, long-term business fundamentals, strong cost position, product innovations and effective management of raw material costs will enable us to manage our business through end-market challenges and to capitalize on opportunities that are expected with favorable market trends in select end markets.

Catalysts: Total Catalysts results in 2022 are now expected to be down 65% to flat year-over-year as a result of inflationary pressures in freight and input costs, including the volatility of natural gas pricing in Europe related to the war in Ukraine. This is expected to be partially offset by higher pricing in refining markets. Volume is expected to grow across each of the Catalysts segments. The fluidized catalytic cracking ("FCC") market has recovered from the COVID-19 pandemic as a result of increased travel and depletion of global gasoline inventories. Hydroprocessing catalysts ("HPC") demand tends to be lumpier than FCC demand, but is expected to see a prolonged recovery due to refinieries pushing out turnarounds. In 2021, we initiated a strategic review of the Catalysts business to position for value creation.

On a longer-term basis, we believe increased global demand for transportation fuels, new refinery start-ups and ongoing adoption of cleaner fuels will be the primary drivers of growth in our Catalysts business. We believe delivering superior end-use performance continues to be the most effective way to create sustainable value in the refinery catalysts industry. We also believe our technologies continue to provide significant performance and financial benefits to refiners challenged to meet tighter regulations around the world, including those managing new contaminants present in North America tight oil, and those in the Middle East and Asia seeking to use heavier feedstock while pushing for higher propylene yields. Longer-term, we believe that the global crude supply will get heavier and more sour, a trend that bodes well for our catalysts portfolio. With superior technology and production capacities, and expected growth in end market demand, we believe that Catalysts remains well-positioned for the future. In performance catalyst solutions ("PCS"), we expect growth on a longer-term basis in our organometallics business due to growing global demand for plastics driven by rising standards of living and infrastructure spending.

Corporate: In the first quarter of 2022, we increased our quarterly dividend rate to $0.395 per share. We continue to focus on cash generation, working capital management and process efficiencies. In addition, we expect our global effective tax rate for 2022 to continue to vary based on the locations in which income is actually earned and remains subject to potential volatility from changing legislation in the U.S. and other tax jurisdictions.

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

Results of Operations

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

First Quarter 2022 Compared to First Quarter 2021

Selected Financial Data (Unaudited)

Net Sales

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Net sales	$ 1,127,728	$ 829,291	$ 298,437	36 %

- $268.4 million of increased pricing from each of our businesses
- $89.5 million of higher sales volume, primarily in Lithium and Bromine, partially offset by Catalysts
- $49.6 million decrease in net sales following the sale of the fine chemistry services (“FCS”) business on June 1, 2021
- $9.9 million of unfavorable currency translation resulting from the stronger U.S. Dollar against various currencies

Gross Profit

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Gross profit	$ 449,030	$ 263,687	$ 185,343	70 %
Gross profit margin	39.8 %	31.8 %		

- Favorable pricing impacts in all businesses, as well as higher sales volume driven by Lithium and Bromine
- Increased utility, primarily natural gas in Europe, and freight costs in each of our businesses
- Increased commission expenses in Chile resulting from the higher pricing in Lithium
- Decrease in net sales resulting from the disposal of the FCS business on June 1, 2021
- Unfavorable currency exchange impacts resulting from the weaker U.S. Dollar against various currencies

Selling, General and Administrative (“SG&A”) Expenses

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Selling, general and administrative expenses	$ 112,568	$ 93,187	$ 19,381	21 %
Percentage of Net sales	10.0 %	11.2 %		

- Higher compensation, including incentive-based, expenses across all businesses and Corporate
- Partially offset by productivity improvements and a reduction in professional fees and other administrative costs
- 2021 included $5.5 million of expenses primarily related to non-routine labor and compensation related costs that are outside normal compensation arrangements
- 2022 included $4.3 million of gains from the sale of legacy properties not part of our operations

Research and Development Expenses

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Research and development expenses	$ 16,083	$ 14,636	$ 1,447	10 %
Percentage of Net sales	1.4 %	1.8 %		

Loss on Sale of Interest in Properties

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Loss on sale of interest in properties	$ 8,400	$ —	$ 8,400	

- Expense related to anticipated cost overruns for MRL's 40% interest in lithium hydroxide conversion assets being built in Kemerton, Western Australia

Interest and Financing Expenses

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Interest and financing expenses	$ (27,834)	$ (43,882)	$ 16,048	(37)%

- 2022 included an expense of $17.5 million related to the correction of out of period errors regarding overstated capitalized interest values in prior periods
- 2021 included a $27.8 million loss on early extinguishment of debt, representing the tender premiums, fees, unamortized discounts and unamortized deferred financing costs from the redemption of debt during the first quarter of 2021
- Decreased debt balance during the first quarter of 2022 compared to 2021

Other Income, Net

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Other income, net	$ 15,496	$ 11,312	$ 4,184	37 %

- $3.2 million of income in 2022 from accretion of discount in preferred equity of W. R. Grace & Co. ("Grace") subsidiary acquired as a portion of the proceeds of the FCS sale
- 2021 included $3.9 million of expenses primarily related to asset retirement obligation charges to update an estimate at a site formerly owned by Albemarle
- $0.9 million decrease in foreign exchange gains

Income Tax Expense

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Income tax expense	$ 80,530	$ 22,107	$ 58,423	264 %
Effective income tax rate	26.9 %	17.9 %		

- Global intangible low-taxed income associated with the payment due in 2022 to Huntsman Corporation for the settlement of a legacy legal matter
- Change in geographic mix of earnings

Equity in Net Income of Unconsolidated Investments

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Equity in net income of unconsolidated investments	$ 62,436	$ 16,511	$ 45,925	278 %

- Increased earnings from strong pricing and volume increases results from the Windfield Holdings Pty Ltd ("Talison") joint venture
- $2.3 million of unfavorable foreign exchange impacts from the Talison joint venture

Net Income Attributable to Noncontrolling Interests

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Net income attributable to noncontrolling interests	$ (28,164)	$ (22,021)	$ (6,143)	28 %

- Increase in consolidated income related to our Jordan Bromine Company Limited ("JBC") joint venture from increased volume

Net Income Attributable to Albemarle Corporation

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Net income attributable to Albemarle Corporation	$ 253,383	$ 95,677	$ 157,706	165 %
Percentage of Net sales	22.5 %	11.5 %		
Basic earnings per share	$ 2.16	$ 0.85	$ 1.31	154 %
Diluted earnings per share	$ 2.15	$ 0.84	$ 1.31	156 %

- Increased sales volume and favorable pricing primarily from Lithium and Bromine
- Decreased interest and financing expenses due to loss on early extinguishment of debt recorded in 2021, partially offset by correction out of period error recorded in 2022
- Productivity improvements and a reduction in professional fees and other administrative costs
- Increased earnings from Talison joint venture
- Increased utility, primarily natural gas in Europe, and freight costs in each of our businesses
- Loss of sales from FCS business following the disposition on June 1, 2021
- Increased SG&A expenses, primarily related to increased compensation expense

Other Comprehensive (Loss) Income, Net of Tax

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Other comprehensive (loss) income, net of tax	$ (1,222)	$ (23,982)	$ 22,760	(95)%
▪ Foreign currency translation and other	$ (5,889)	$ (28,142)	$ 22,253	(79)%

- 2022 included unfavorable movements in the Japanese Yen of approximately $7 million, the Taiwanese Dollar of approximately $5 million and a net unfavorable variance in various other currencies of $1 million, partially offset by favorable movements in the Brazilian Real of approximately $7 million
- 2022 included a $2.6 million loss representing an adjustment to the fair value of our available for sale debt securities
- 2021 included unfavorable movements in the Euro of approximately $13 million, the Brazilian Real of approximately $6 million, the Japanese Yen of approximately $5 million and a net unfavorable variance in various other currencies of $4 million

	Q1 2022	Q1 2021	$ Change	% Change
▪ Cash flow hedge	$ 4,017	$ (1,600)	$ 5,617	
▪ Net investment hedge	$ —	$ 5,110	$ (5,110)	(100)%

Segment Information Overview. We have identified three reportable segments according to the nature and economic characteristics of our products as well as the manner in which the information is used internally by the Company's chief operating decision maker to evaluate performance and make resource allocation decisions. Our reportable business segments consist of: (1) Lithium, (2) Bromine and (3) Catalysts.

Summarized financial information concerning our reportable segments is shown in the following tables. The "All Other" category includes only the FCS business, the sale of which was completed on June 1, 2021, that does not fit into any of our core businesses.

The Corporate category is not considered to be a segment and includes corporate-related items not allocated to the operating segments. Pension and OPEB service cost (which represents the benefits earned by active employees during the period) and amortization of prior service cost or benefit are allocated to the reportable segments, All Other, and Corporate, whereas the remaining components of pension and OPEB benefits cost or credit ("Non-operating pension and OPEB items") are included in Corporate. Segment data includes intersegment transfers of raw materials at cost and allocations for certain corporate costs.

Our chief operating decision maker uses adjusted EBITDA (as defined below) to assess the ongoing performance of the Company's business segments and to allocate resources. We define adjusted EBITDA as earnings before interest and financing expenses, income tax expense, depreciation and amortization, as adjusted on a consistent basis for certain non-operating, non-recurring or unusual items in a balanced manner and on a segment basis. These non-operating, non-recurring or unusual items may include acquisition and integration related costs, gains or losses on sales of businesses, restructuring charges, facility divestiture charges, certain litigation and arbitration costs and charges, non-operating pension and OPEB items and other significant non-recurring items. In addition, management uses adjusted EBITDA for business planning purposes and as a significant component in the calculation of performance-based compensation for management and other employees. We reported adjusted EBITDA because management believes it provides transparency to investors and enables period-to-period comparability of financial performance. Adjusted EBITDA is a financial measure that is not required by, or presented in

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accordance with, the generally accepted accounting principles in the United States ("U.S. GAAP"). Adjusted EBITDA should not be considered as an alternative to Net (loss) income attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with U.S. GAAP, or any other financial measure reported in accordance with U.S. GAAP.

	Three Months Ended March 31,				Percentage Change
	2022	%	2021	%	2022 vs 2021
	(In thousands, except percentages)				
Net sales:					
Lithium	$ 550,272	48.8 %	$ 278,976	33.6 %	97 %
Bromine	359,579	31.9 %	280,447	33.8 %	28 %
Catalysts	217,877	19.3 %	220,243	26.6 %	(1)%
All Other	—	— %	49,625	6.0 %	(100)%
Total net sales	$ 1,127,728	100.0 %	$ 829,291	100.0 %	36 %
Adjusted EBITDA:					
Lithium	$ 308,615	71.5 %	$ 106,436	46.3 %	190 %
Bromine	129,234	29.9 %	94,640	41.1 %	37 %
Catalysts	16,910	3.9 %	25,427	11.1 %	(33)%
All Other	—	— %	21,479	9.3 %	(100)%
Corporate	(22,829)	(5.3)%	(17,928)	(7.8)%	(27)%
Total adjusted EBITDA	$ 431,930	100.0 %	$ 230,054	100.0 %	88 %

See below for a reconciliation of adjusted EBITDA, the non-GAAP financial measure, from Net (loss) income attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with U.S. GAAP (in thousands):

	Lithium	Bromine	Catalysts	Reportable Segments Total	All Other	Corporate	Consolidated Total
Three months ended March 31, 2022							
Net income (loss) attributable to Albemarle Corporation	$ 261,689	$ 116,561	$ 3,989	$ 382,239	$ —	$ (128,856)	$ 253,383
Depreciation and amortization	38,526	12,673	12,921	64,120	—	2,454	66,574
Loss on sale of interest in properties[(a)]	8,400	—	—	8,400	—	—	8,400
Acquisition and integration related costs[(b)]	—	—	—	—	—	1,724	1,724
Interest and financing expenses[(c)]	—	—	—	—	—	27,834	27,834
Income tax expense	—	—	—	—	—	80,530	80,530
Non-operating pension and OPEB items	—	—	—	—	—	(5,280)	(5,280)
Other[(d)]	—	—	—	—	—	(1,235)	(1,235)
Adjusted EBITDA	$ 308,615	$ 129,234	$ 16,910	$ 454,759	$ —	$ (22,829)	$ 431,930
Three months ended March 31, 2021							
Net income (loss) attributable to Albemarle Corporation	$ 74,630	$ 82,113	$ 12,916	$ 169,659	$ 20,016	$ (93,998)	$ 95,677
Depreciation and amortization	31,806	12,527	12,511	56,844	1,463	3,953	62,260
Acquisition and integration related costs[(b)]	—	—	—	—	—	2,162	2,162
Interest and financing expenses[(e)]	—	—	—	—	—	43,882	43,882
Income tax expense	—	—	—	—	—	22,107	22,107
Non-operating pension and OPEB items	—	—	—	—	—	(5,465)	(5,465)
Other[(f)]	—	—	—	—	—	9,431	9,431
Adjusted EBITDA	$ 106,436	$ 94,640	$ 25,427	$ 226,503	$ 21,479	$ (17,928)	$ 230,054

(a) Expense recorded as a result of revised estimates of the obligation to construct certain lithium hydroxide conversion assets in Kemerton, Western Australia, due to anticipated cost overruns from supply chain, labor and COVID-19 pandemic related issues. The corresponding obligation was recorded in Accrued liabilities to be transferred to MRL, which maintains a 40% ownership interest in these Kemerton assets.

(b) Costs related to the acquisition, integration and potential divestitures for various significant projects, recorded in SG&A.

(c) Included in Interest and financing expenses is the correction of an out of period error of $17.5 million related to the overstatement of capitalized interest in prior periods. See Note 1, "Basis of Presentation," for further details.

(d) Included amounts for the three months ended March 31, 2022 recorded in:
- SG&A - $4.3 million of gains from the sale of legacy properties not part of our operations, partially offset by $2.8 million of charges for environmental reserves at sites not part of our operations and $0.7 million of facility closure expenses related to offices in Germany.
- Other income, net - $0.6 million gain related to a settlement received from a legal matter in a prior period.

(e) Included in Interest and financing expenses is a loss on early extinguishment of debt of $27.8 million for the three months ended March 31, 2021. See Note 9, "Long-Term Debt," for additional information.

(f) Included amounts for the three months ended March 31, 2021 recorded in:
- SG&A - $5.5 million of expenses primarily related to non-routine labor and compensation related costs that are outside normal compensation arrangements.
- Other income, net - $3.9 million of expenses primarily related to asset retirement obligation charges to update of an estimate at a site formerly owned by Albemarle.

Lithium

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Net sales	$ 550,272	$ 278,976	$ 271,296	97 %

- $189.2 million of favorable pricing impacts, reflecting tight market conditions, primarily in battery- and tech-grade carbonate and hydroxide due to higher prices under certain contracts and mix
- $86.2 million of higher sales volume, primarily driven by increased tolling
- $4.1 million of unfavorable currency translation resulting from the stronger U.S. Dollar against various currencies

Adjusted EBITDA	$ 308,615	$ 106,436	$ 202,179	190 %

- Favorable pricing impacts and higher sales volume
- Increased equity in net income from the Talison joint venture, driven by increased pricing and sales volume
- Savings from designed productivity improvements
- Increased SG&A expenses from higher compensation, professional fees and other administrative costs
- Increased utility and freight costs
- Increased commission expenses in Chile resulting from the higher pricing in Lithium
- $5.7 million of favorable currency translation resulting from a weaker Chilean Peso

Bromine

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Net sales	$ 359,579	$ 280,447	$ 79,132	28 %

- $74.4 million of favorable pricing impacts, primarily in the flame retardants division
- $7.2 million of higher sales volume related to increased demand across all products
- $2.4 million of unfavorable currency translation resulting from the stronger U.S. Dollar against various currencies

Adjusted EBITDA	$ 129,234	$ 94,640	$ 34,594	37 %

- Favorable pricing impacts and higher sales volume as demand continues to be strong
- Increased freight costs
- Increased utility costs and raw material prices, primarily due to the higher cost of BPA
- $2.2 million of unfavorable currency translation resulting from the stronger U.S. Dollar against various currencies

Catalysts

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Net sales	$ 217,877	$ 220,243	$ (2,366)	(1)%

- $3.8 million of lower sales volume, primarily from clean fuel technologies and PCS due to timing of shipments, partially offset by higher FCC sales volume as oil refineries improve utilization rates
- $4.8 million of favorable pricing impacts, primarily in FCC, partially offset by PCS
- $3.4 million of unfavorable currency translation resulting from the stronger U.S. Dollar against various currencies

Adjusted EBITDA	$ 16,910	$ 25,427	$ (8,517)	(33)%

- Lower sales volume, primarily driven by clean fuel technologies and PCS
- Increased utility costs, primarily natural gas in Europe
- Increased raw material and freight costs
- 2021 included higher production and utility costs of approximately $26 million resulting from the U.S. Gulf Coast winter storm

All Other

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Net sales	$ —	$ 49,625	$ (49,625)	(100)%

- Results from 2021 relate to the FCS business, which was sold on June 1, 2021

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Adjusted EBITDA	$ —	$ 21,479	$ (21,479)	(100)%

- Results from 2021 relate to the FCS business, which was sold on June 1, 2021

Corporate

In thousands	Q1 2022	Q1 2021	$ Change	% Change
Adjusted EBITDA	$ (22,829)	$ (17,928)	$ (4,901)	(27)%

- $3.2 million of unfavorable currency exchange impacts, including a $2.3 million decrease in foreign exchange impacts from our Talison joint venture
- Increase in incentive compensation costs

Financial Condition and Liquidity

Overview

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

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

Cash Flow

During the first three months of 2022, cash on hand, cash provided by operations and net borrowings of $113.4 million under our credit facilities and commercial paper program funded $231.7 million of capital expenditures for plant, machinery and equipment, and dividends to shareholders of $45.6 million. Our operations provided $206.2 million of cash flows during the first three months of 2022, as compared to $157.9 million for the first three months of 2021. The change compared to prior year was primarily due to increased earnings from the Lithium and Bromine segments and higher dividends received from unconsolidated investments, partially offset by increased working capital outflows of $170.5 million and lower earnings from the FCS business sold on June 1, 2021. The outflow from working capital in 2022 was primarily driven by increased inventory balances driven by higher pricing and increased accounts receivable balances resulting from an increase in sales. Overall, our cash and cash equivalents decreased by $24.1 million to $463.3 million at March 31, 2022 from $439.3 million at December 31, 2021.

Capital expenditures for the three-month period ended March 31, 2022 of $231.7 million were primarily associated with plant, machinery and equipment. We expect our capital expenditures to be between $1.3 billion and $1.5 billion in 2022, primarily for Lithium growth and capacity increases, primarily in Australia, Chile and Silver Peak, Nevada, as well as productivity and continuity of operations projects in all segments. Our La Negra, Chile plant is in the commissioning and qualification stage. Train I of our Kemerton, Western Australia plant was completed in December 2021, but due to the ongoing labor shortages and COVID-19 pandemic travel restrictions in Western Australia, Train II construction is now expected to be completed in the second half of 2022. Commercial sales volume from Train I will begin in 2022 and is expected to begin from Train II in 2023.

On September 30, 2021, the Company signed a definitive agreement to acquire all of the outstanding equity of Tianyuan for approximately $200 million in cash. Tianyuan's operations include a recently constructed lithium processing plant strategically positioned near the Port of Qinzhou in Guangxi. The plant has designed annual conversion capacity of up to 25,000 metric tons of LCE and is capable of producing battery-grade lithium carbonate and lithium hydroxide. It currently is in the commissioning stage and is expected to begin commercial production in the first half of 2022. The Company expects the transaction, which is subject to customary closing conditions, to close in the third quarter of 2022.

Net current assets were $233.1 million and $133.6 million at March 31, 2022 and December 31, 2021, respectively. The increase is primarily due to increases in inventory and accounts receivable balances from increased sales during 2022. Additional changes in the components of net current assets are primarily due to the timing of the sale of goods and other ordinary transactions leading up to the balance sheet dates. The additional changes are not the result of any policy changes by the Company, and do not reflect any change in either the quality of our net current assets or our expectation of success in converting net working capital to cash in the ordinary course of business.

On February 24, 2022, we increased our quarterly dividend rate to $0.395 per share, an increase from the quarterly rate of $0.39 per share paid in 2021. On February 24, 2022, we declared a cash dividend of $0.395, which was paid on April 1, 2022 to shareholders of record at the close of business as of March 18, 2022.

At March 31, 2022 and December 31, 2021, our cash and cash equivalents included $451.3 million and $374.0 million, respectively, held by our foreign subsidiaries. The majority of these foreign cash balances are associated with earnings that we have asserted are indefinitely reinvested and which we plan to use to support our continued growth plans outside the U.S. through funding of capital expenditures, acquisitions, research, operating expenses or other similar cash needs of our foreign operations. From time to time, we repatriate cash associated with earnings from our foreign subsidiaries to the U.S. for normal operating needs through intercompany dividends, but only from subsidiaries whose earnings we have not asserted to be indefinitely reinvested or whose earnings qualify as “previously taxed income” as defined by the Internal Revenue Code. There were no repatriations of cash from foreign operations during the first three months of 2022 or 2021.

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

Long-Term Debt

We currently have the following notes outstanding:

Issue Month/Year	Principal (in millions)	Interest Rate	Interest Payment Dates	Maturity Date
November 2019	€371.7	1.125%	November 25	November 25, 2025
November 2019	€500.0	1.625%	November 25	November 25, 2028
November 2019[(a)]	$171.6	3.45%	May 15 and November 15	November 15, 2029
November 2014[(a)]	$425.0	4.15%	June 1 and December 1	December 1, 2024
November 2014[(a)]	$350.0	5.45%	June 1 and December 1	December 1, 2044

(a) Denotes senior notes.

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

Our Euro notes issued in 2019 are unsecured and unsubordinated obligations and rank equally in right of payment to all our other unsecured senior obligations. The Euro notes are effectively subordinated to all of our existing or future secured indebtedness and to the existing and future indebtedness of our subsidiaries. As is customary for such long-term debt instruments, each series of notes outstanding has terms that allow us to redeem the notes before their maturity, in whole at any time or in part from time to time, at a redemption price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal thereof and interest thereon (exclusive of interest accrued to, but excluding, the date of redemption) discounted to the redemption date on an annual basis using the bond rate (as defined in the indentures governing these notes) plus between 25 and 35 basis points, depending on the series of notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, the date of redemption. Holders may require us to purchase such notes at 101% upon a change of control triggering event, as defined in the indentures. These notes are subject to typical events of default, including bankruptcy and insolvency events, nonpayment and the acceleration of certain subsidiary indebtedness exceeding $100 million caused by a nonpayment default.

Our revolving, unsecured credit agreement dated as of June 21, 2018, as amended on August 14, 2019, May 11, 2020 and December 10, 2021 (the “2018 Credit Agreement”), currently provides for borrowings of up to $1.0 billion and matures on August 9, 2024. Borrowings under the 2018 Credit Agreement bear interest at variable rates based on an average LIBOR for deposits in the relevant currency plus an applicable margin which ranges from 0.910% to 1.500%, depending on the Company’s credit rating from Standard & Poor’s Ratings Services LLC (“S&P”), Moody’s Investors Services, Inc. (“Moody’s”) and Fitch Ratings, Inc. (“Fitch”). The applicable margin on the facility was 1.125% as of March 31, 2022. As of March 31, 2022 there were no borrowings outstanding under the 2018 Credit Agreement.

On August 14, 2019, the Company entered into the $1.2 billion 2019 Credit Facility with several banks and other financial institutions, which was amended and restated on December 15, 2020 and again on December 10, 2021. The lenders’ commitment to provide new loans under the amended 2019 Credit Facility permits up to four borrowings by the Company in an aggregate amount equal to $750 million. The 2019 Credit Facility terminates on December 9, 2022, with each such loan maturing 364 days after the funding of such loan. The Company can request that the maturity date of loans be extended for a period of up to four additional years, but any such extension is subject to the approval of the lenders. At the option of the Company, the borrowings under the 2019 Credit Facility bear interest at variable rates based on either the base rate or LIBOR for deposits in U.S. dollars, in each case plus an applicable margin which ranges from 0.000% to 0.375% for base rate borrowings or 0.875% to 1.375% for LIBOR borrowings, depending on the Company’s credit rating from S&P, Moody’s and Fitch. The applicable margin on the 2019 Credit Facility was 1.125% as of March 31, 2022. As of March 31, 2022 there was $250 million outstanding under the 2019 Credit Facility.

Borrowings under the under the 2019 Credit Facility and 2018 Credit Agreement (together the “Credit Agreements”) are conditioned upon satisfaction of certain conditions precedent, including the absence of defaults. The Company is subject to one financial covenant, as well as customary affirmative and negative covenants. The financial covenant requires that the Company’s consolidated net funded debt to consolidated EBITDA ratio (as such terms are defined in the Credit Agreements) be less than or equal to 3.50:1 for all remaining fiscal quarters, subject to adjustments in accordance with the terms of the Credit Agreements relating to a consummation of an acquisition where the consideration includes cash proceeds from issuance of funded debt in excess of $500 million. The Credit Agreements also contain customary default provisions, including defaults for non-payment, breach of representations and warranties, insolvency, non-performance of covenants and cross-defaults to other material indebtedness. The occurrence of an event of default under the Credit Agreements could result in all loans and other obligations becoming immediately due and payable and each such Credit Agreement being terminated. Certain representations, warranties and covenants under the 2018 Credit Agreement were conformed to those under the 2019 Credit Facility following the amendments to those agreements.

On May 29, 2013, we entered into agreements to initiate a commercial paper program on a private placement basis under which we may issue unsecured commercial paper notes (the “Commercial Paper Notes”) from time-to-time up to a maximum aggregate principal amount outstanding at any time of $750.0 million. The proceeds from the issuance of the Commercial Paper Notes are expected to be used for general corporate purposes, including the repayment of other debt of the Company. The Credit Agreements are available to repay the Commercial Paper Notes, if necessary. Aggregate borrowings outstanding under the Credit Agreements and the Commercial Paper Notes will not exceed the $1.75 billion current maximum amount available under the Credit Agreements. The Commercial Paper Notes will be sold at a discount from par, or alternatively, will be sold at par and bear interest at rates that will vary based upon market conditions at the time of issuance. The maturities of the Commercial Paper Notes will vary but may not exceed 397 days from the date of issue. The definitive documents relating to the commercial paper program contain customary representations, warranties, default and indemnification provisions. At March 31, 2022, we had $222.4 million of Commercial Paper Notes outstanding bearing a weighted-average interest rate of approximately 1.12% and a weighted-average maturity of 17 days. The Commercial Paper Notes are classified as Current portion of long-term debt in our consolidated balance sheets at March 31, 2022.

The non-current portion of our long-term debt amounted to $1.99 billion at March 31, 2022, compared to $2.00 billion at December 31, 2021. In addition, at March 31, 2022, we had availability to borrow $1.28 billion under our commercial paper program and the Credit Agreements, and $176.9 million under other existing lines of credit, subject to various financial covenants under our Credit Agreements. We have the ability and intent to refinance our borrowings under our other existing lines of credit with borrowings under the Credit Agreements, as applicable. Therefore, the amounts outstanding under those lines of credit, if any, are classified as long-term debt. We believe that at March 31, 2022, we were, and currently are, in compliance with all of our long-term debt covenants.

Off-Balance Sheet Arrangements

In the ordinary course of business with customers, vendors and others, we have entered into off-balance sheet arrangements, including bank guarantees and letters of credit, which totaled approximately $86.3 million at March 31, 2022. None of these off-balance sheet arrangements has, or is likely to have, a material effect on our current or future financial condition, results of operations, liquidity or capital resources.

Other Obligations

Our contractual obligations have not significantly changed based on our ordinary business activities and projected capital expenditures noted above from the information we provided in our Annual Report on Form 10-K for the year ended December 31, 2021.

Total expected 2022 contributions to our domestic and foreign qualified and nonqualified pension plans, including the Albemarle Corporation Supplemental Executive Retirement Plan, are expected to approximate $12 million. We may choose to make additional pension contributions in excess of this amount. We have made contributions of $3.2 million to our domestic and foreign pension plans (both qualified and nonqualified) during the three-month period ended March 31, 2022.

The liability related to uncertain tax positions, including interest and penalties, recorded in Other noncurrent liabilities totaled $28.5 million at March 31, 2022 and $27.7 million at December 31, 2021. Related assets for corresponding offsetting benefits recorded in Other assets totaled $32.7 million at March 31, 2022 and $32.9 million at December 31, 2021. We cannot estimate the amounts of any cash payments associated with these liabilities for the remainder of 2022 or the next twelve months, and we are unable to estimate the timing of any such cash payments in the future at this time.

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

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

Liquidity Outlook

We anticipate that cash on hand and cash provided by operating activities, divestitures and borrowings will be sufficient to pay our operating expenses, satisfy debt service obligations, fund any capital expenditures and share repurchases, make acquisitions, make pension contributions and pay dividends for the foreseeable future. Our main focus during the continued uncertainty surrounding the COVID-19 pandemic is to continue to maintain financial flexibility by continuing our cost savings initiative, while still protecting our employees and customers, committing to shareholder returns and maintaining an investment grade rating. Over the next three years, in terms of uses of cash, we will continue to invest in growth of the businesses and return value to shareholders. Additionally, we will continue to evaluate the merits of any opportunities that may arise for acquisitions of businesses or assets, which may require additional liquidity.

Our growth investments include the recently announced signing of a definitive agreement to acquire all of the outstanding equity of Tianyuan for approximately $200 million in cash. Tianyuan's operations include a recently constructed lithium processing plant that has designed annual conversion capacity of up to 25,000 metric tons of LCE and is capable of producing battery-grade lithium carbonate and lithium hydroxide. We expect the transaction, which is subject to customary closing conditions, to close in the third quarter of 2022. In addition, we announced agreements for strategic investments in China with plans to build two battery grade lithium conversion plants, each initially targeting 50,000 metric tons per year. We expect construction of these conversion plants to begin in 2022 and be completed by the end of 2024.

Our cash flows from operations may be negatively affected by adverse consequences to our customers and the markets in which we compete as a result of moderating global economic conditions and reduced capital availability. The COVID-19 pandemic has not had a material impact on our liquidity to date; however, we cannot predict the overall impact in terms of cash flow generation as that will depend on the length and severity of the outbreak. As a result, we are planning for various economic scenarios and actively monitoring our balance sheet to maintain the financial flexibility needed.

Although we maintain business relationships with a diverse group of financial institutions as sources of financing, an adverse change in their credit standing could lead them to not honor their contractual credit commitments to us, decline funding under our existing but uncommitted lines of credit with them, not renew their extensions of credit or not provide new financing to us. While the global corporate bond and bank loan markets remain strong, periods of elevated uncertainty related to the COVID-19 pandemic or global economic and/or geopolitical concerns may limit efficient access to such markets for extended periods of time. If such concerns heighten, we may incur increased borrowing costs and reduced credit capacity as our various credit facilities mature. If the U.S. Federal Reserve or similar national reserve banks in other countries decide to tighten the monetary supply in response, for example, to improving economic conditions, we may incur increased borrowing costs (as interest rates increase on our variable rate credit facilities, as our various credit facilities mature or as we refinance any maturing fixed rate debt obligations), although these cost increases would be partially offset by increased income rates on portions of our cash deposits.

On February 6, 2017, Huntsman, a subsidiary of Huntsman Corporation, filed a lawsuit in New York state court against Rockwood, Rockwood Specialties, Inc., certain former executives of Rockwood and its subsidiaries—Seifollah Ghasemi, Thomas Riordan, Andrew Ross, and Michael Valente, and Albemarle. The lawsuit arises out of Huntsman's acquisition of certain Rockwood subsidiaries in connection with a stock purchase agreement (the "SPA"), dated September 17, 2013. Before that transaction closed on October 1, 2014, Albemarle began discussions with Rockwood to purchase all outstanding equity of Rockwood and did so in a transaction that closed on January 12, 2015. Huntsman's complaint asserted that certain technology that Rockwood had developed for a production facility in Augusta, Georgia, and which was among the assets that Huntsman acquired pursuant to the SPA, did not work, and that Rockwood and the defendant executives had intentionally misled Huntsman about that technology in connection with the Huntsman-Rockwood transaction. The complaint asserted claims for, among other things, fraud, negligent misrepresentation, and breach of the SPA, and sought certain costs for completing construction of the production facility.

On March 10, 2017, Albemarle moved in New York state court to compel arbitration, which was granted on January 8, 2018 (although Huntsman unsuccessfully appealed that decision). Huntsman's arbitration demand asserted claims substantially similar to those asserted in its state court complaint, and sought various forms of legal remedies, including cost overruns, compensatory damages, expectation damages, punitive damages, and restitution. After a trial, the arbitration panel issued an award on October 28, 2021, awarding approximately $600 million (including interest) to be paid by Albemarle to Huntsman, in addition to the possibility of attorney's fees, costs and expenses. Following the arbitration panel decision, Albemarle reached a settlement with Huntsman to pay $665 million in two equal installments, with the first payment made in December 2021. The second and final payment was made in May 2022.

In addition, as first reported in 2018, following receipt of information regarding potential improper payments being made by third-party sales representatives of our Refining Solutions business, within our Catalysts segment, we promptly retained outside counsel and forensic accountants to investigate potential violations of the Company's Code of Conduct, the Foreign Corrupt Practices Act, and other potentially applicable laws. Based on this internal investigation, we have voluntarily self-reported potential issues relating to the use of third-party sales representatives in our Refining Solutions business, within our Catalysts segment, to the DOJ, the SEC, and the DPP, and are cooperating with the DOJ, the SEC, and the DPP in their review of these matters. In connection with our internal investigation, we have implemented, and are continuing to implement, appropriate remedial measures. We have commenced discussions with the SEC about a potential resolution.

At this time, we are unable to predict the duration, scope, result, or related costs associated with the investigations. We also are unable to predict what action may be taken by the DOJ, the SEC, or the DPP, or what penalties or remedial actions they may ultimately seek. Any determination that our operations or activities are not, or were not, in compliance with existing laws or regulations could result in the imposition of fines, penalties, disgorgement, equitable relief, or other losses. We do not believe, however, that any such fines, penalties, disgorgement, equitable relief, or other losses would have a material adverse effect on our financial condition or liquidity. However, an adverse resolution could have a material adverse effect on our results of operations in a particular period.

Overall, with generally strong cash-generative businesses and no significant long-term debt maturities before 2024, we believe we have, and will be able to maintain, a solid liquidity position.

We had cash and cash equivalents totaling $463.3 million at March 31, 2022, of which $451.3 million is held by our foreign subsidiaries. This cash represents an important source of our liquidity and is invested in bank accounts or money market investments with no limitations on access. The cash held by our foreign subsidiaries is intended for use outside of the U.S. We anticipate that any needs for liquidity within the U.S. in excess of our cash held in the U.S. can be readily satisfied with borrowings under our existing U.S. credit facilities or our commercial paper program.

Guarantor Financial Information

Albemarle Wodgina Pty Ltd Issued Notes

Albemarle Wodgina Pty Ltd (the "Issuer"), a wholly owned subsidiary of Albemarle Corporation, issued $300.0 million aggregate principal amount of 3.45% Senior Notes due 2029 (the "3.45% Senior Notes") in November 2019. The 3.45% Senior Notes are fully and unconditionally guaranteed (the "Guarantee") on a senior unsecured basis by Albemarle Corporation (the "Parent Guarantor"). No direct or indirect subsidiaries of the Parent Guarantor guarantee the 3.45% Senior Notes (such subsidiaries are referred to as the "Non-Guarantors").

In 2019, we completed the acquisition of a 60% interest in MRL's Wodgina hard rock lithium mine project ("Wodgina Project") in Western Australia and formed an unincorporated joint venture with MRL, named MARBL Lithium Joint Venture, for the exploration, development, mining, processing and production of lithium and other minerals (other than iron ore and tantalum) from the Wodgina spodumene mine and for the operation of the Kemerton assets in Western Australia. We participate in the Wodgina Project through our ownership interest in the Issuer.

The Parent Guarantor conducts its U.S. Bromine and Catalysts operations directly, and conducts its other operations (other than operations conducted through the Issuer) through the Non-Guarantors.

The 3.45% Senior Notes are the Issuer's senior unsecured obligations and rank equally in right of payment to the senior indebtedness of the Issuer, effectively subordinated to all of the secured indebtedness of the Issuer, to the extent of the value of the assets securing that indebtedness, and structurally subordinated to all indebtedness and other liabilities of its subsidiaries. The Guarantee is the senior unsecured obligation of the Parent Guarantor and ranks equally in right of payment to the senior indebtedness of the Parent Guarantor, effectively subordinated to the secured debt of the Parent Guarantor to the extent of the value of the assets securing the indebtedness and structurally subordinated to all indebtedness and other liabilities of its subsidiaries.

For cash management purposes, the Parent Guarantor transfers cash among itself, the Issuer and the Non-Guarantors through intercompany financing arrangements, contributions or declaration of dividends between the respective parent and its subsidiaries. The transfer of cash under these activities facilitates the ability of the recipient to make specified third-party payments for principal and interest on the Issuer and/or the Parent Guarantor's outstanding debt, common stock dividends and common stock repurchases. There are no significant restrictions on the ability of the Issuer or the Parent Guarantor to obtain funds from subsidiaries by dividend or loan.

The following tables present summarized financial information for the Parent Guarantor and the Issuer on a combined basis after elimination of (i) intercompany transactions and balances among the Issuer and the Parent Guarantor and (ii) equity in earnings from and investments in any subsidiary that is a Non-Guarantor. Each entity in the combined financial information follows the same accounting policies as described herein and in our Annual Report on Form 10-K for the year ended December 31, 2021.

Summarized Statement of Operations

$ in thousands	Three Months Ended March 31, 2022	Year Ended December 31, 2021
Net sales[a]	$ 502,092	$ 1,412,913
Gross profit	30,951	241,739
Income (loss) before income taxes and equity in net income of unconsolidated investments[b][c]	(141,698)	(607,995)
Net income (loss) attributable to the Parent Guarantor and the Issuer	(154,033)	(558,342)

(a) Includes net sales to Non-Guarantors of $297.8 million and $715.6 million for the three months ended March 31, 2022 and year ended December 31, 2021, respectively.
(b) Includes intergroup expenses to Non-Guarantors of $34.7 million and $114.3 million for the three months ended March 31, 2022 and year ended December 31, 2021, respectively.
(c) The year ended December 31, 2021 includes the Parent Guarantor's portion of the gain on sale of the FCS business on June 1, 2021 and the loss for the legacy Rockwood legal matter. In addition, includes Issuer's loss related to anticipated cost overruns for MRL's 40% interest in lithium hydroxide conversion assets being built in Kemerton.

Summarized Balance Sheet

$ in thousands	March 31, 2022	December 31, 2021
Current assets[(a)]	$ 1,139,925	$ 961,003
Net property, plant and equipment	3,027,935	2,979,034
Other noncurrent assets	529,238	534,695
Current liabilities[(b)]	$ 2,625,486	$ 2,329,212
Long-term debt	1,002,218	1,002,009
Other noncurrent liabilities[(c)]	7,155,892	7,008,857

(a) Includes receivables from Non-Guarantors of $691.8 million and $466.6 million at March 31, 2022 and December 31, 2021, respectively.
(b) Includes current payables to Non-Guarantors of $1.23 billion and $1.11 billion at March 31, 2022 and December 31, 2021, respectively.
(c) Includes noncurrent payables to Non-Guarantors of $6.59 billion and $6.45 billion at March 31, 2022 and December 31, 2021, respectively.

The 3.45% Senior Notes are structurally subordinated to the indebtedness and other liabilities of the Non-Guarantors. The Non-Guarantors are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the 3.45% Senior Notes or the Indenture under which the 3.45% Senior Notes were issued, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that the Parent Guarantor has to receive any assets of any of the Non-Guarantors upon the liquidation or reorganization of any Non-Guarantor, and the consequent rights of holders of the 3.45% Senior Notes to realize proceeds from the sale of any of a Non-Guarantor's assets, would be effectively subordinated to the claims of such Non-Guarantor's creditors, including trade creditors and holders of preferred equity interests, if any, of such Non-Guarantor. Accordingly, in the event of a bankruptcy, liquidation or reorganization of any of the Non-Guarantors, the Non-Guarantors will pay the holders of their debts, holders of preferred equity interests, if any, and their trade creditors before they will be able to distribute any of their assets to the Parent Guarantor.

The 3.45% Senior Notes are obligations of the Issuer. The Issuer's cash flow and ability to make payments on the 3.45% Senior Notes could be dependent upon the earnings it derives from the production from MARBL for the Wodgina Project. Absent income received from sales of its share of production from MARBL, the Issuer's ability to service the 3.45% Senior Notes could be dependent upon the earnings of the Parent Guarantor's subsidiaries and other joint ventures and the payment of those earnings to the Issuer in the form of equity, loans or advances and through repayment of loans or advances from the Issuer.

The Issuer's obligations in respect of MARBL are guaranteed by the Parent Guarantor. Further, under MARBL pursuant to a deed of cross security between the Issuer, the joint venture partner and the manager of the project (the "Manager"), each of the Issuer, and the joint venture partner have granted security to each other and the Manager for the obligations each of the Issuer and the joint venture partner have to each other and to the Manager. The claims of the joint venture partner, the Manager and other secured creditors of the Issuer will have priority as to the assets of the Issuer over the claims of holders of the 3.45% Senior Notes.

Albemarle Corporation Issued Notes

In March 2021, Albemarle New Holding GmbH (the "Subsidiary Guarantor"), a wholly owned subsidiary of Albemarle Corporation, added a full and unconditional guarantee (the "Upstream Guarantee") to all securities issued and outstanding by Albemarle Corporation (the "Parent Issuer") and issuable by the Parent Issuer pursuant to the Indenture, dated as of January 20, 2005, as amended and supplemented from time to time (the "Indenture"). No other direct or indirect subsidiaries of the Parent Issuer guarantee these securities (such subsidiaries are referred to as the "Upstream Non-Guarantors"). See *Long-term debt* section above for a description of the securities issued by the Parent Issuer.

The current securities outstanding under the Indenture are the Parent Issuer's unsecured and unsubordinated obligations and rank equally in right of payment with all other unsecured and unsubordinated indebtedness. With respect to any series of securities issued under the Indenture, the Upstream Guarantee is, and will be, an unsecured and unsubordinated obligation of the Subsidiary Guarantor, ranking pari passu with all other existing and future unsubordinated and unsecured indebtedness of the Subsidiary Guarantor.

For cash management purposes, the Parent Issuer transfers cash among itself, the Subsidiary Guarantor and the Upstream Non-Guarantors through intercompany financing arrangements, contributions or declaration of dividends between the respective parent and its subsidiaries. The transfer of cash under these activities facilitates the ability of the recipient to make specified third-party payments for principal and interest on the Parent Issuer and/or the Subsidiary Guarantor's outstanding debt, common stock dividends and common stock repurchases. There are no significant restrictions on the ability of the Parent Issuer or the Subsidiary Guarantor to obtain funds from subsidiaries by dividend or loan.

The following tables present summarized financial information for the Subsidiary Guarantor and the Parent Issuer on a combined basis after elimination of (i) intercompany transactions and balances among the Parent Issuer and the Subsidiary Guarantor and (ii) equity in earnings from and investments in any subsidiary that is an Upstream Non-Guarantor. Each entity in the combined financial information follows the same accounting policies as described herein and in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Summarized Statement of Operations

$ in thousands	Three Months Ended March 31, 2022	Year Ended December 31, 2021
Net sales[a]	$ 500,657	$ 1,412,913
Gross profit	35,615	259,314
Income (loss) before income taxes and equity in net income of unconsolidated investments[b]	(99,576)	(368,737)
Net income (loss) attributable to the Subsidiary Guarantor and the Parent Issuer[c]	(120,107)	(320,726)

(a) Includes net sales to Non-Guarantors of $297.8 million and $715.6 million for the three months ended March 31, 2022 and year ended December 31, 2021, respectively.
(b) Includes intergroup expenses to Non-Guarantors of $26.0 million and $17.8 million for the three months ended March 31, 2022 and year ended December 31, 2021, respectively.
(c) The year ended December 31, 2021 includes the Parent Issuer's portion of gain on sale of the FCS business on June 1, 2021 and the loss for the legacy Rockwood legal matter.

Summarized Balance Sheet

$ in thousands	March 31, 2022	December 31, 2021
Current assets[a]	$ 1,182,936	$ 1,039,391
Net property, plant and equipment	769,075	754,818
Other non-current assets[b]	1,639,772	1,634,883
Current liabilities[c]	$ 2,545,777	$ 2,174,360
Long-term debt	1,726,637	1,755,026
Other noncurrent liabilities[d]	6,390,844	6,404,958

(a) Includes receivables from Non-Guarantors of $776.1 million and $576.1 million at March 31, 2022 and December 31, 2021, respectively.
(b) Includes noncurrent receivables from Non-Guarantors of $1.14 billion and $1.11 billion at March 31, 2022 and December 31, 2021, respectively.
(c) Includes current payables to Non-Guarantors of $1.22 billion and $1.08 billion at March 31, 2022 and December 31, 2021, respectively.
(d) Includes noncurrent payables to Non-Guarantors of $5.81 billion and $5.82 billion at March 31, 2022 and December 31, 2021, respectively.

These securities are structurally subordinated to the indebtedness and other liabilities of the Upstream Non-Guarantors. The Upstream Non-Guarantors are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to these securities or the Indenture under which these securities were issued, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that the Subsidiary Guarantor has to receive any assets of any of the Upstream Non-Guarantors upon the liquidation or reorganization of any Upstream Non-Guarantors, and the consequent rights of holders of these securities to realize proceeds from the sale of any of an Upstream Non-Guarantor's assets, would be effectively subordinated to the claims of such Upstream Non-Guarantor's creditors, including trade creditors and holders of preferred equity interests, if any, of such Upstream Non-Guarantor. Accordingly, in the event of a bankruptcy, liquidation or reorganization of any of the Upstream Non-Guarantors, the Upstream Non-Guarantors will pay the holders of their debts, holders of preferred equity interests, if any, and their trade creditors before they will be able to distribute any of their assets to the Subsidiary Guarantor.

Summary of Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies and estimates from the information we provided in our Annual Report on Form 10-K for the year ended December 31, 2021.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements, see Item 1 Financial Statements – Note 19, "Recently Issued Accounting Pronouncements" to the Notes to the Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no significant changes in our interest rate risk, foreign currency exchange rate exposure, marketable securities price risk or raw material price risk from the information we provided in our Annual Report on Form 10-K for the year ended December 31, 2021, except as noted below.

During the first quarter of 2021, we repaid the remaining principal balance of our 1.875% Euro-denominated senior notes. Prior to this repayment, the carrying value these notes was designated as an effective hedge of our net investment in certain foreign subsidiaries where the Euro serves as the functional currency, and gains or losses on the revaluation of these senior notes to our reporting currency were recorded in accumulated other comprehensive loss. Upon repayment of these notes, this net investment hedge was discontinued. The balance of foreign exchange revaluation gains and losses associated with this discontinued net investment hedge will remain within accumulated other comprehensive loss until the hedged net investment is sold or liquidated.

We had variable interest rate borrowings of $518.2 million outstanding at March 31, 2022, bearing a weighted average interest rate of 0.51% and representing 21% of our total outstanding debt. A hypothetical 100 basis point increase in the interest rate applicable to these borrowings would change our annualized interest expense by approximately $5.2 million as of March 31, 2022. We may enter into interest rate swaps, collars or similar instruments with the objective of reducing interest rate volatility relating to our borrowing costs.

Our financial instruments, which are subject to foreign currency exchange risk, consist of foreign currency forward contracts with an aggregate notional value of $573.0 million and with a fair value representing a net asset position of $6.3 million at March 31, 2022. Fluctuations in the value of these contracts are generally offset by the value of the underlying exposures being hedged. We conducted a sensitivity analysis on the fair value of our foreign currency hedge portfolio assuming an instantaneous 10% change in select foreign currency exchange rates from their levels as of March 31, 2022, with all other variables held constant. A 10% appreciation of the U.S. Dollar against foreign currencies that we hedge would result in a decrease of approximately $39.0 million in the fair value of our foreign currency forward contracts. A 10% depreciation of the U.S. Dollar against these foreign currencies would result in an increase of approximately $44.0 million in the fair value of our foreign currency forward contracts. The sensitivity of the fair value of our foreign currency hedge portfolio represents changes in fair values estimated based on market conditions as of March 31, 2022, without reflecting the effects of underlying anticipated transactions. When those anticipated transactions are realized, actual effects of changing foreign currency exchange rates could have a material impact on our earnings and cash flows in future periods.

Item 4. Controls and Procedures.

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

No change in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) occurred during the first quarter ended March 31, 2022 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved from time to time in legal proceedings of types regarded as common in our business, including administrative or judicial proceedings seeking remediation under environmental laws, such as Superfund, products liability, breach of contract liability and premises liability litigation. Where appropriate, we may establish financial reserves for such proceedings. We also maintain insurance to mitigate certain of such risks. Additional information with respect to this Item 1 is contained in Note 10 to the Notes to the Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

While we attempt to identify, manage and mitigate risks and uncertainties associated with our business to the extent practical under the circumstances, some level of risk and uncertainty will always be present. The risk factors set forth in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021 describe some of the risks and uncertainties associated with our business. These risks and uncertainties have the potential to materially affect our results of operations and our financial condition. We do not believe that there have been any material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 6. Exhibits.

(a) Exhibits

#10.1	Form of Restricted Stock Unit Award Agreement [filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K (No. 1-12658) filed on February 28, 2022, and incorporated herein by reference].
#10.2	Form of Adjusted ROIC Performance Unit Award Agreement [filed as Exhibit 10.2 to the Company’s Current Report on Form 8-K (No. 1-12658) filed on February 28, 2022, and incorporated herein by reference].
#10.3	Form of TSR Performance Unit Award Agreement [filed as Exhibit 10.3 to the Company’s Current Report on Form 8-K (No. 1-12658) filed on February 28, 2022, and incorporated herein by reference].
#10.4	Form of Stock Option Grant Agreement [filed as Exhibit 10.4 to the Company’s Current Report on Form 8-K (No. 1-12658) filed on February 28, 2022, and incorporated herein by reference].
#10.5	Form of Special Restricted Stock Unit Award Agreement and Confidentiality Agreement [filed as Exhibit 10.5 to the Company’s Current Report on Form 8-K (No. 1-12658) filed on February 28, 2022, and incorporated herein by reference].
#10.6	Form of Employee Non-Solicitation, Non-Compete [filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K (No. 1-12658) filed on March 9, 2022, and incorporated herein by reference].
*31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a).
*31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a).
*32.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350.
*32.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350.

101	Interactive Data File (Quarterly Report on Form 10-Q, for the quarterly period ended March 31, 2022, furnished in XBRL (eXtensible Business Reporting Language)).

Management contract or compensatory plan or arrangement.
* Included with this filing.

Attached as Exhibit 101 to this report are the following documents formatted in XBRL: (i) the Consolidated Statements of Income for the three months ended March 31, 2022 and 2021, (ii) the Consolidated Statements of Comprehensive Income for the three months ended March 31, 2022 and 2021, (iii) the Consolidated Balance Sheets at March 31, 2022 and December 31, 2021, (iv) the Consolidated Statements of Changes in Equity for the three months ended March 31, 2022 and 2021, (v) the Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2022 and 2021 and (vi) the Notes to the Condensed Consolidated Financial Statements.

SIGNATURES

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

ALBEMARLE CORPORATION
(Registrant)

Date:	May 4, 2022	By:	/s/ SCOTT A. TOZIER
			Scott A. Tozier
			Executive Vice President and Chief Financial Officer
			(principal financial officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, J. Kent Masters, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Albemarle Corporation for the period ended March 31, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2022

/s/ J. KENT MASTERS

J. Kent Masters
Chairman, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Scott A. Tozier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Albemarle Corporation for the period ended March 31, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2022

/s/ SCOTT A. TOZIER

Scott A. Tozier
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Albemarle Corporation (the “Company”) for the period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, J. Kent Masters, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ J. KENT MASTERS

J. Kent Masters
Chairman, President and Chief Executive Officer
May 4, 2022

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Albemarle Corporation (the "Company") for the period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott A. Tozier, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SCOTT A. TOZIER

Scott A. Tozier
Executive Vice President and Chief Financial Officer
May 4, 2022