ALBEMARLE CORP
Form 10-Q
August 07, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

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

For Quarterly Period Ended June 30, 2015

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 (State or other jurisdiction of incorporation or organization)	54-1692118 (I.R.S. Employer Identification No.)
451 FLORIDA STREET BATON ROUGE, LOUISIANA (Address of principal executive offices)	70801 (Zip Code)

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

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

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

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

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨

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

Number of shares of common stock, $.01 par value, outstanding as of July 31, 2015: 112,201,848

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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 June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net sales	$931,485	$604,721	$1,815,889	$1,204,564
Cost of goods sold	630,919	397,358	1,256,857	801,602
Gross profit	300,566	207,363	559,032	402,962
Selling, general and administrative expenses	147,712	67,011	283,477	145,115
Research and development expenses	25,336	21,937	51,828	44,509
Restructuring and other charges, net	—	3,332	—	20,332
Acquisition and integration related costs	24,166	4,843	83,689	4,843
Operating profit	103,352	110,240	140,038	188,163
Interest and financing expenses	(33,182)	(8,733)	(68,928)	(17,506)
Other income (expenses), net	541	(979)	50,498	164
Income from continuing operations before income taxes and equity in net income of unconsolidated investments	70,711	100,528	121,608	170,821
Income tax expense	17,139	21,773	31,279	34,963
Income from continuing operations before equity in net income of unconsolidated investments	53,572	78,755	90,329	135,858
Equity in net income of unconsolidated investments (net of tax)	5,794	10,649	16,186	19,550
Net income from continuing operations	59,366	89,404	106,515	155,408
Loss from discontinued operations (net of tax)	—	(60,025)	—	(61,794)
Net income	59,366	29,379	106,515	93,614
Net income attributable to noncontrolling interests	(7,219)	(6,932)	(11,253)	(14,584)
Net income attributable to Albemarle Corporation	$52,147	$22,447	$95,262	$79,030
Basic earnings (loss) per share:				
Continuing operations	$0.46	$1.05	$0.86	$1.78
Discontinued operations	—	(0.76)	—	(0.78)
	$0.46	$0.29	$0.86	$1.00
Diluted earnings (loss) per share:				
Continuing operations	$0.46	$1.04	$0.86	$1.77
Discontinued operations	—	(0.76)	—	(0.78)
	$0.46	$0.28	$0.86	$0.99
Weighted-average common shares outstanding – basic	112,189	78,662	110,160	79,199

Weighted-average common shares outstanding – diluted	112,607	79,091	110,536	79,602
Cash dividends declared per share of common stock	$0.29	$0.275	$0.58	$0.550

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	$59,366	$29,379	$106,515	$93,614
Other comprehensive income (loss), net of tax:				
Foreign currency translation	56,224	(804)	(298,347)	(6,062)
Pension and postretirement benefits	2	(167)	4	(468)
Net investment hedge	(10,930)	—	43,116	—
Interest rate swap	526	(6,410)	1,053	(10,421)
Other	3	37	30	72
Total other comprehensive income (loss), net of tax	45,825	(7,344)	(254,144)	(16,879)
Comprehensive income (loss)	105,191	22,035	(147,629)	76,735
Comprehensive income attributable to noncontrolling interests	(7,168)	(6,871)	(11,102)	(14,306)
Comprehensive income (loss) attributable to Albemarle Corporation	$98,023	$15,164	$(158,731)	$62,429

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$207,238	$2,489,768
Trade accounts receivable, less allowance for doubtful accounts (2015 – $2,584; 2014 – $1,563)	638,339	385,212
Other accounts receivable	72,241	49,423
Inventories	602,025	358,361
Other current assets	134,238	66,086
Total current assets	1,654,081	3,348,850
Property, plant and equipment, at cost	4,073,722	2,620,670
Less accumulated depreciation and amortization	1,455,185	1,388,802
Net property, plant and equipment	2,618,537	1,231,868
Investments	605,442	194,042
Other assets	183,949	160,956
Goodwill	2,769,619	243,262
Other intangibles, net of amortization	1,939,181	44,125
Total assets	$9,770,809	$5,223,103
Liabilities And Equity		
Current liabilities:		
Accounts payable	$342,482	$231,705
Accrued expenses	505,308	166,174
Current portion of long-term debt	428,000	711,096
Dividends payable	32,288	21,458
Income taxes payable	60,000	9,453
Total current liabilities	1,368,078	1,139,886
Long-term debt	3,562,308	2,223,035
Postretirement benefits	55,727	56,424
Pension benefits	455,664	170,534
Other noncurrent liabilities	246,409	87,705
Deferred income taxes	766,713	56,884
Commitments and contingencies (Notes 2, 10)		
Equity:		
Albemarle Corporation shareholders' equity:		
Common stock, $.01 par value, issued and outstanding – 112,193 in 2015 and 78,031 in 2014	1,122	780
Additional paid-in capital	2,053,516	10,447
Accumulated other comprehensive loss	(316,406)	(62,413)
Retained earnings	1,440,845	1,410,651
Total Albemarle Corporation shareholders' equity	3,179,077	1,359,465
Noncontrolling interests	136,833	129,170
Total equity	3,315,910	1,488,635
Total liabilities and equity	$9,770,809	$5,223,103

See accompanying Notes to the Condensed Consolidated Financial Statements.

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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) Income	Retained Earnings	Total Albemarle Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2015	78,030,524	$780	$10,447	$(62,413)	$1,410,651	$1,359,465	$129,170	$1,488,635
Net income					95,262	95,262	11,253	106,515
Other comprehensive loss				(253,993)		(253,993)	(151)	(254,144)
Cash dividends declared					(65,068)	(65,068)	(8,282)	(73,350)
Stock-based compensation and other			7,868			7,868		7,868
Exercise of stock options	10,500	—	342			342		342
Tax benefit related to stock plans			(131)			(131)		(131)
Issuance of common stock, net	59,764	1	(1)			—		—
Acquisition of Rockwood	34,113,064	341	2,036,209			2,036,550		2,036,550
Noncontrolling interest assumed in acquisition of Shanghai Chemetall						—	4,843	4,843
Shares withheld for withholding taxes associated with common stock issuances	(21,254)	—	(1,218)			(1,218)		(1,218)
Balance at June 30, 2015	112,192,598	$1,122	$2,053,516	$(316,406)	$1,440,845	$3,179,077	$136,833	$3,315,910
Balance at January 1, 2014	80,052,842	$801	$9,957	$116,245	$1,500,358	$1,627,361	$115,415	$1,742,776
Net income					79,030	79,030	14,584	93,614
Other comprehensive				(16,601)		(16,601)	(278)	(16,879)

loss								
Cash dividends declared					(43,387)	(43,387)	(7,612)	(50,999)
Stock-based compensation and other			6,606			6,606		6,606
Exercise of stock options	70,046	1	2,354			2,355		2,355
Shares repurchased	(1,967,069)	(20)	(13,321)		(136,659)	(150,000)		(150,000)
Tax benefit related to stock plans			767			767		767
Issuance of common stock, net	127,533	1	(1)			—		—
Shares withheld for withholding taxes associated with common stock issuances	(49,322)	(1)	(3,149)			(3,150)		(3,150)
Balance at June 30, 2014	78,234,030	$782	$3,213	$99,644	$1,399,342	$1,502,981	$122,109	$1,625,090

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	Six Months Ended June 30, 2015	2014
Cash and cash equivalents at beginning of year	$2,489,768	$477,239
Cash flows from operating activities:		
Net income	106,515	93,614
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	131,469	52,714
Write-offs associated with restructuring and other	—	6,333
Impairment of assets of discontinued operations	—	80,711
Stock-based compensation	9,193	7,319
Excess tax benefits realized from stock-based compensation arrangements	(59)	(767)
Equity in net income of unconsolidated investments (net of tax)	(16,186)	(19,550)
Dividends received from unconsolidated investments and nonmarketable securities	45,526	11,944
Pension and postretirement (benefit) expense	(1,071)	17,917
Pension and postretirement contributions	(10,973)	(4,717)
Unrealized gain on investments in marketable securities	(571)	(703)
Deferred income taxes	(41,207)	(16,114)
Working capital changes	(44,932)	63,235
Other, net	(44,521)	3,211
Net cash provided by operating activities	133,183	295,147
Cash flows from investing activities:		
Acquisition of Rockwood, net of cash acquired	(2,051,645)	—
Other acquisitions, net of cash acquired	(48,845)	—
Capital expenditures	(111,723)	(46,670)
Decrease in restricted cash	57,550	—
Sales of marketable securities, net	1,433	642
Proceeds from repayment of advance to joint venture	2,156	—
Net cash used in investing activities	(2,151,074)	(46,028)
Cash flows from financing activities:		
Repayments of long-term debt	(1,331,648)	(3,016)
Proceeds from borrowings of long-term debt	1,000,000	—
Other borrowings (repayments), net	133,699	(13,083)
Dividends paid to shareholders	(54,238)	(41,316)
Dividends paid to noncontrolling interests	(8,282)	—
Repurchases of common stock	—	(150,000)
Proceeds from exercise of stock options	342	2,355
Excess tax benefits realized from stock-based compensation arrangements	59	767
Withholding taxes paid on stock-based compensation award distributions	(1,218)	(3,150)
Debt financing costs	(1,164)	(1,372)
Other	(3,882)	—
Net cash used in financing activities	(266,332)	(208,815)
Net effect of foreign exchange on cash and cash equivalents	1,693	(2,424)
(Decrease) increase in cash and cash equivalents	(2,282,530)	37,880
Cash and cash equivalents at end of period	$207,238	$515,119

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 condensed consolidated balance sheets as of June 30, 2015 and December 31, 2014, our consolidated statements of income and consolidated statements of comprehensive income (loss) for the three-month and six-month periods ended June 30, 2015 and 2014 and our condensed consolidated statements of cash flows and consolidated statements of changes in equity for the six-month periods ended June 30, 2015 and 2014. All adjustments are of a normal and recurring nature. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the Securities and Exchange Commission (“SEC”) on March 2, 2015. The December 31, 2014 condensed consolidated balance sheet data herein was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles (“GAAP”) in the United States (“U.S.”). The results of operations for the three-month and six-month periods ended June 30, 2015 are not necessarily indicative of the results to be expected for the full year. Certain reclassifications have been made to the accompanying consolidated financial statements and the notes thereto to conform to the current presentation.

As described further in Note 2, “Acquisitions,” we completed our acquisition of Rockwood Holdings, Inc. (“Rockwood”) on January 12, 2015. The unaudited condensed consolidated financial statements contained herein include the results of operations of Rockwood, commencing on January 13, 2015.

NOTE 2—Acquisitions:

On July 15, 2014, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) to acquire all the outstanding shares of Rockwood (the “Merger”). On January 12, 2015 (the “Acquisition Closing Date”), we completed the acquisition of Rockwood for a purchase price of approximately $5.7 billion. As a result, Rockwood became a wholly-owned subsidiary of Albemarle. The cash consideration was funded with proceeds from our 2014 Senior Notes, Term Loan, Cash Bridge Facility and February 2014 Credit Agreement, each of which is more fully described in Item 8 Financial Statements and Supplementary Data—Note 13, “Long-Term Debt,” in our Annual Report on Form 10-K for the year ended December 31, 2014. The fair value of the equity consideration was based on the closing price of Albemarle’s common stock on the Acquisition Closing Date of $59.70 per share, as reported on the New York Stock Exchange.

Pursuant to the Merger Agreement, at the Acquisition Closing Date each issued and outstanding share of Rockwood common stock, par value $0.01 per share, (other than shares owned directly or indirectly by Albemarle, Rockwood or the Merger Sub, as defined in the Merger Agreement, and Appraisal Shares as defined in the Merger Agreement) was canceled and extinguished and converted into the right to receive (i) $50.65 in cash, without interest, and (ii) 0.4803 of a share of Albemarle common stock, par value $0.01 per share, (the “Merger Consideration”). Pursuant to the Merger Agreement, equity awards relating to shares of Rockwood’s common stock were canceled and converted into the right to receive the cash value of the Merger Consideration. On the Acquisition Closing Date, we issued approximately 34.1 million shares of Albemarle common stock.

Subsequent to the acquisition of Rockwood, Albemarle continues to be a leading global developer, manufacturer and marketer of technologically advanced and high value-added specialty chemicals. We are a leading integrated and low cost global producer of lithium and lithium compounds used in lithium ion batteries for electronic devices, alternative transportation vehicles and energy storage technologies, meeting the significant growth in global demand for these products. We are also one of the largest global producers of surface treatments and coatings for metal processing, servicing the automotive, aerospace and general industrial markets.

Included in Net sales and Net income attributable to Albemarle Corporation for the three-month period ended June 30, 2015 is approximately $363.6 million and $16.8 million, respectively, attributable to the businesses acquired from

Rockwood. Included in Net sales and Net income attributable to Albemarle Corporation for the six-month period ended June 30, 2015 is approximately $692.5 million and $25.7 million, respectively, attributable to the businesses acquired from Rockwood. Also, our consolidated statements of income for the three-month and six-month periods ended June 30, 2015 includes $21.3 million and $78.7 million, respectively, of acquisition and integration related costs directly related to the acquisition of Rockwood (mainly consisting of advisory fees, costs to achieve synergies, and other integration costs), and $2.9 million and $5.0 million, respectively, of costs in connection with other significant projects. Our consolidated statements of income for the three-month and six-month periods ended June 30, 2014 includes $4.8 million of acquisition-related costs in connection with other significant projects.

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

Preliminary Purchase Price Allocation

The aggregate purchase price noted above was allocated to the major categories of assets and liabilities acquired based upon their estimated fair values at the Acquisition Closing Date, which were based, in part, upon outside preliminary appraisals for certain assets, including specifically-identified intangible assets. The excess of the purchase price over the preliminary estimated fair value of the net assets acquired was approximately \$2.6 billion and was recorded as goodwill.

The following table summarizes the consideration paid for Rockwood and the amounts of the assets acquired and liabilities assumed as of the acquisition date, which have been allocated on a preliminary basis (in thousands):

Purchase price:	
Cash paid	$3,606,784
Shares issued	2,036,550
Appraisal shares	74,934
Total purchase price	$5,718,268
Net assets acquired:	
Cash and cash equivalents	$1,555,139
Trade and other accounts receivable	263,033
Inventories	292,623
Other current assets	84,148
Property, plant and equipment	1,410,498
Investments	538,885
Other assets	28,243
Definite-lived intangible assets:	
Patents and technology	227,840
Trade names and trademarks	258,740
Customer lists and relationships	1,317,759
Indefinite-lived intangible assets:	
Trade names and trademarks	104,380
Other	27,450
Current liabilities	(404,727)
Long-term debt	(1,319,132)
Pension benefits	(316,086)
Other noncurrent liabilities	(163,370)
Deferred income taxes	(830,526)
Total identifiable net assets	3,074,897
Goodwill	2,643,371
Total net assets acquired	$5,718,268

The allocation of the purchase price to the assets acquired and liabilities assumed, including the residual amount allocated to goodwill, is based upon preliminary information and is subject to change within the measurement period (up to one year from the acquisition date) as additional information concerning final asset and liability valuations is obtained. Significant changes in our purchase price allocation since our initial preliminary estimates reported in the first quarter of 2015 were primarily related to decreases in the estimated fair values of certain current assets, property, plant and equipment, investments, intangible assets, current liabilities and deferred income taxes, which resulted in an increase to recognized goodwill of approximately \$18.5 million. The primary areas of the preliminary purchase price allocation that are not yet finalized relate to the fair value of inventories, property, plant and equipment, investments, intangible assets, environmental liabilities, appraisal shares, legal reserves, contingent liabilities, and other assets and liabilities. The fair values of the assets acquired and liabilities assumed are based on management's preliminary estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. While the Company believes that such preliminary estimates provide a reasonable basis for estimating the fair value of assets acquired and liabilities assumed, it will evaluate any necessary information prior to finalization of the amounts. During the measurement period, the Company will adjust assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in revised estimated values of those assets or liabilities as of that date. The effect of measurement period adjustments to the estimated fair values will be reflected as if the adjustments had been completed on the acquisition date. The impact of all changes that do not qualify as measurement period adjustments will be included in current period earnings. If the actual results differ from the estimates and judgments used in these fair values, the amounts recorded in the consolidated financial statements could be subject to a possible impairment of the intangible assets or goodwill, or require acceleration of the amortization of intangible assets in subsequent periods.

Goodwill arising from the acquisition consists largely of the anticipated synergies and economies of scale from the combined companies and the overall strategic importance of the acquired businesses to Albemarle. The goodwill attributable to the acquisition will not be amortizable or deductible for tax purposes.

The weighted-average amortization periods for the intangible assets acquired are 17 years for patents and technology, 20 years for trade names and trademarks and 24 years for customer lists and relationships. The weighted-average amortization period for all definite-lived intangible assets acquired is 23 years.

Long-term debt assumed primarily includes Rockwood's 4.625% senior notes with an aggregate principal amount of $1.25 billion and a fair value adjustment of approximately $43.7 million related to the senior notes. The fair value adjustment was based primarily on reported market values using Level 1 inputs.

Unaudited Pro Forma Financial Information

The following unaudited pro forma results of operations of the Company for the three-month and six-month periods ended June 30, 2015 and 2014 assume that the Merger occurred on January 1, 2014. The pro forma amounts include certain adjustments, including interest expense, depreciation, amortization expense and taxes. Pro forma amounts were adjusted to include these costs. The pro forma amounts for the three-month and six-month periods ended June 30, 2015 were adjusted to exclude approximately $21.3 million and $78.7 million, respectively, of nonrecurring acquisition and integration related costs, and approximately $37.3 million and $85.5 million, respectively, of charges related to the utilization of the inventory markup as further described in Note 11, "Segment Information." The pro forma results do not include adjustments related to cost savings or other synergies that are anticipated as a result of the Merger. Accordingly, these unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations of the combined company would have been if the acquisition had occurred as of January 1, 2014, nor are they indicative of future results of operations.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(in thousands, except per share amounts)			
Pro forma Net sales	$931,485	$967,024	$1,849,219	$1,921,364
Pro forma Net income from continuing operations	$102,246	$111,833	$224,391	$172,563
Pro forma Net income from continuing operations per share:				
Basic	$0.91	$0.99	$2.04	$1.51
Diluted	$0.91	$0.98	$2.03	$1.50

Litigation Related to the Merger

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

Plaintiffs in Thwaites II and in the Delaware consolidated action subsequently coordinated their litigation efforts, and the Delaware consolidated action was stayed pending the outcome of the Thwaites II litigation. In Thwaites II, the parties (including the Delaware plaintiffs) entered into a Memorandum of Understanding on November 6, 2014, provisionally settling all claims in the pending actions and declaring the parties' intent to submit a settlement agreement for the court's approval within 90 days. On December 2, 2014, the parties submitted a joint stipulation to extend the defendants' time to respond to the amended complaint in Thwaites II until February 4, 2015. The parties executed a final Stipulation of Settlement and Release ("Stipulation") on February 4, 2015. In addition to extinguishing the current claims, the Stipulation contemplates broad releases of any and all actual and potential claims, whether known or unknown, by any member of the putative shareholder class against the defendants relating to or arising out of the Merger, the Merger Agreement, or the registration statement. On February 26, 2015, plaintiffs filed a motion for preliminary approval of the settlement, which was unopposed. The Superior Court of New Jersey granted the motion on March 31, 2015, and scheduled the final settlement hearing for July 30, 2015. In accordance with the terms of the Stipulation and the Court's Order preliminarily approving the settlement, notice of the settlement and final hearing date was provided to former Rockwood stockholders on April 14, 2015. On April 28, 2015, plaintiffs filed a motion for final approval of the settlement. On July 16, 2015, defendants filed a letter with the Court in support of the pending motion for final approval filed by plaintiffs' counsel and requested that the proposed settlement be approved by the Court. The deadline for objections to the settlement to be postmarked and filed with the Court was also July 16, 2015. No such objections were filed. On July 20, 2015, defendants filed an Affidavit of Mailing and Posting of Class Notice prepared by Donlin, Recano & Company, Inc., ("DRC") with the Court, delineating the steps taken by defendants and DRC to disseminate the Notice of Pendency of Class Action, Proposed Settlement and Settlement Hearing and confirming that notice had in fact been provided to the class members. On July 30, 2015, the final settlement hearing was held before the Superior Court of New Jersey, which issued a Final Order and Judgment approving the settlement. On August 4, 2015, pursuant to the terms of the Stipulation, plaintiffs in the Delaware actions filed a notice of dismissal of the pending consolidated action with prejudice. On August 5, 2015, the Delaware Chancery Court issued an Order dismissing with prejudice the Delaware consolidated action, thereby terminating the shareholder class action litigation.

On February 19, 2015, Verition Multi-Strategy Master Fund Ltd. and Verition Partners Master Fund Ltd, who collectively owned approximately 882,000 shares of Rockwood common stock immediately prior to the Merger, commenced an action in the Delaware Chancery Court seeking appraisal of their shares of Rockwood common stock pursuant to Delaware General Corporation Law § 262. These shareholders exercised their right not to receive the Merger Consideration for each share of Rockwood common stock owned by such shareholders. Following the Merger, these shareholders ceased to have any rights with respect to their Rockwood shares, except for their rights to seek an appraisal of the cash value of their Rockwood shares under Delaware law. On March 16, 2015, Albemarle, on behalf of Rockwood, filed an Answer and Verified List in response to the appraisal petition. On June 10, 2015, the court granted the parties' jointly stipulated scheduling order, which set forth dates for fact and expert discovery, as well as trial. Fact discovery has commenced and remains ongoing, and the Court has set a date of June 27, 2016 for trial on the merits. While Albemarle intends to vigorously defend against this action, the outcome of the appraisal process cannot be predicted with any certainty at this time. Included in Accrued expenses in our condensed consolidated balance sheet at June 30, 2015 is an estimated liability of $74.9 million in connection with this portion of the Merger Consideration. The fair value of the liability was considered a Level 2 measurement as the value was based on inputs other than quoted prices that are observable for the liability.

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Acquisition of Remaining Interest in Shanghai Chemetall Chemicals Co., Ltd.
On January 29, 2015, we acquired the remaining 40% interest in Shanghai Chemetall Chemicals Co., Ltd., ("Shanghai Chemetall") for approximately $57.6 million ($45.6 million net of cash acquired), the proceeds of which came from the release of restricted cash acquired from Rockwood at closing. As of the acquisition date, Shanghai Chemetall became a wholly-owned subsidiary of Albemarle and is being consolidated into the Chemetall® Surface Treatment segment. The purchase price and the fair value of our equity interest immediately before the date of acquisition (approximately $60 million), as well as the fair value of the noncontrolling interest in Nanjing Chemetall Surface Technologies Co., Ltd., have been allocated to the net assets acquired at the acquisition date. The purchase price allocation, including the residual amount allocated to goodwill, is preliminary and subject to change based on the finalization of the valuation of assets and liabilities and the fair value of the previously held equity investment.
NOTE 3—Goodwill and Other Intangibles:
The following table summarizes the changes in goodwill for the six months ended June 30, 2015 (in thousands):

Balance at December 31, 2014	$243,262
Acquisition of Rockwood	2,643,371
Other acquisitions[a]	13,272
Foreign currency translation adjustments	(130,286)
Balance at June 30, 2015	$2,769,619

(a) Primarily relates to the acquisition of the remaining interest in Shanghai Chemetall. See Note 2, "Acquisitions."
The following table summarizes the changes in other intangibles and related accumulated amortization for the six months ended June 30, 2015 (in thousands):

	Customer Lists and Relationships	Trade Names and Trademarks	Patents and Technology	Other	Total
Gross Asset Value					
Balance at December 31, 2014	$48,479	$17,555	$40,398	$23,441	$129,873
Acquisition of Rockwood	1,317,759	363,120	227,840	27,450	1,936,169
Other acquisitions[a]	76,940	—	1,433	73	78,446
Foreign currency translation adjustments and other	(48,511)	(20,051)	(12,698)	(761)	(82,021)
Balance at June 30, 2015	$1,394,667	$360,624	$256,973	$50,203	$2,062,467
Accumulated Amortization					
Balance at December 31, 2014	(22,931)	(7,912)	(32,831)	(22,074)	(85,748)
Amortization	(27,308)	(6,106)	(6,726)	(214)	(40,354)
Foreign currency translation adjustments and other	874	217	1,319	406	2,816
Balance at June 30, 2015	$(49,365)	$(13,801)	$(38,238)	$(21,882)	$(123,286)
Net Book Value at December 31, 2014	$25,548	$9,643	$7,567	$1,367	$44,125
Net Book Value at June 30, 2015	$1,345,302	$346,823	$218,735	$28,321	$1,939,181

(a) Primarily relates to the acquisition of the remaining interest in Shanghai Chemetall. See Note 2, "Acquisitions."

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Total estimated amortization expense of other intangibles acquired in the Rockwood acquisition for the next five years is as follows (in thousands):

	Estimated Amortization Expense
Remainder of 2015	$41,148
2016	$82,296
2017	$82,296
2018	$82,296
2019	$82,296

As discussed in Note 2, "Acquisitions," amounts of goodwill and other intangibles recorded in connection with the Rockwood and Shanghai Chemetall acquisitions are preliminary. Additionally, the preliminary allocation of goodwill and identifiable assets to our reportable segments has not been completed as of the date the financial statements have been issued.

NOTE 4—Foreign Exchange:

Foreign exchange transaction gains (losses) were $0.6 million and $53.0 million for the three-month and six-month periods ended June 30, 2015, respectively, and $(1.3) million for the three-month and six-month periods ended June 30, 2014, and are included in Other income (expenses), net, in our consolidated statements of income, with the unrealized portion included in Other, net, in our condensed consolidated statements of cash flows. The gains in 2015 are primarily related to cash denominated in U.S. Dollars held by foreign subsidiaries where the European Union Euro serves as the functional currency.

NOTE 5—Income Taxes:

The effective income tax rate for the three-month and six-month periods ended June 30, 2015 was 24.2% and 25.7%, respectively, compared to 21.7% and 20.5% for the three-month and six-month periods ended June 30, 2014, respectively. The Company's effective income tax rate fluctuates based on, among other factors, our level and location of income. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for the 2015 and 2014 periods is mainly due to the impact of earnings from outside the U.S. The increase in the effective tax rates for the three-month and six-month periods ended June 30, 2015 compared to the same periods in 2014 is primarily driven by the Rockwood acquisition, which caused a reduction in various benefits in our effective tax rate. Additionally, our effective income tax rate for the three-month and six-month periods ended June 30, 2015 was affected by a discrete tax benefit of $1.0 million related mainly to prior year uncertain tax position adjustments associated with lapses in statutes of limitations. Our effective income tax rate for the six-month period ended June 30, 2015 was also affected by (i) $3.2 million of discrete tax expense items associated with U.S. provision to return adjustments and the release of uncertain tax positions associated with a lapse in the statute of limitations, and (ii) the OPEB plan termination gain described in Note 12, "Pension Plans and Other Postretirement Benefits." Our effective income tax rate for the six months ended June 30, 2014 was affected by a tax benefit of approximately $5.8 million related to the restructuring charges (see Note 15, "Restructuring and Other") and pension plan actuarial loss (see Note 12) that were recorded in such period.

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NOTE 6—Earnings Per Share:

Basic and diluted earnings per share from continuing operations for the three-month and six-month periods ended June 30, 2015 and 2014 are calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands, except per share amounts)			
Basic earnings per share from continuing operations				
Numerator:				
Net income from continuing operations	$59,366	$89,404	$106,515	$155,408
Net income from continuing operations attributable to noncontrolling interests	(7,219)	(6,932)	(11,253)	(14,584)
Net income from continuing operations attributable to Albemarle Corporation	$52,147	$82,472	$95,262	$140,824
Denominator:				
Weighted-average common shares for basic earnings per share[(a)]	112,189	78,662	110,160	79,199
Basic earnings per share from continuing operations	$0.46	$1.05	$0.86	$1.78
Diluted earnings per share from continuing operations				
Numerator:				
Net income from continuing operations	$59,366	$89,404	$106,515	$155,408
Net income from continuing operations attributable to noncontrolling interests	(7,219)	(6,932)	(11,253)	(14,584)
Net income from continuing operations attributable to Albemarle Corporation	$52,147	$82,472	$95,262	$140,824
Denominator:				
Weighted-average common shares for basic earnings per share[(a)]	112,189	78,662	110,160	79,199
Incremental shares under stock compensation plans	418	429	376	403
Weighted-average common shares for diluted earnings per share[(a)]	112,607	79,091	110,536	79,602
Diluted earnings per share from continuing operations	$0.46	$1.04	$0.86	$1.77

(a) 2015 includes the impact of 34,113 shares issued in connection with the Rockwood acquisition.

On February 24, 2015, the Company increased the regular quarterly dividend by 5% to $0.29 per share. On May 5, 2015, the Company declared a cash dividend of $0.29 per share, which was paid on July 1, 2015 to shareholders of record at the close of business as of June 16, 2015. On July 9, 2015, the Company declared a cash dividend of $0.29 per share, which is payable on October 1, 2015 to shareholders of record at the close of business as of September 16, 2015.

NOTE 7—Inventories:

The following table provides a breakdown of inventories at June 30, 2015 and December 31, 2014:

	June 30, 2015	December 31, 2014

	(In thousands)	
Finished goods	$380,899	$262,769
Raw materials	116,342	53,152
Work in process	50,131	—
Stores, supplies and other	54,653	42,440
Total inventories	$602,025	$358,361

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NOTE 8—Investments:
The Company holds a 49% equity interest in Talison Lithium Pty. Ltd. (“Talison”), which we acquired in the Rockwood acquisition. With regards to the Company’s ownership in Talison, the parties share risks and benefits disproportionate to their voting interests. As a result, the Company considers Talison to be a variable interest entity (“VIE”). However, the Company does not consolidate Talison as it is not the primary beneficiary. The carrying amount of our 49% equity interest in Talison, which is our most significant VIE, was $396.6 million at June 30, 2015. The Company’s aggregate net investment in all other entities which it considers to be VIE’s for which the Company is not the primary beneficiary was $30.3 million and $6.2 million at June 30, 2015 and December 31, 2014, respectively. Our unconsolidated VIE’s are reported in Investments in the condensed 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.

NOTE 9—Long-Term Debt:
Long-term debt at June 30, 2015 and December 31, 2014 consisted of the following:

	June 30, 2015	December 31, 2014
	(In thousands)	
1.875% Senior notes, net of unamortized discount of $5,630 at June 30, 2015 and $6,605 at December 31, 2014	$776,060	$844,315
3.00% Senior notes, net of unamortized discount of $275 at June 30, 2015 and $306 at December 31, 2014	249,725	249,694
4.15% Senior notes, net of unamortized discount of $1,366 at June 30, 2015 and $1,439 at December 31, 2014	423,634	423,561
4.50% Senior notes, net of unamortized discount of $1,714 at June 30, 2015 and $1,871 at December 31, 2014	348,286	348,129
4.625% Senior notes, including unamortized premium of $40,203 at June 30, 2015	1,289,543	—
5.10% Senior notes, net of unamortized discount of $3 at December 31, 2014	—	324,997
5.45% Senior notes, net of unamortized discount of $1,012 at June 30, 2015 and $1,029 at December 31, 2014	348,988	348,971
Commercial paper notes	418,405	367,178
Fixed-rate foreign borrowings	4,038	1,958
Variable-rate foreign bank loans	84,944	25,139
Variable-rate domestic bank loans	24,737	—
Capital lease obligations	21,860	—
Miscellaneous	88	189
Total long-term debt	3,990,308	2,934,131
Less amounts due within one year	428,000	711,096
Long-term debt, less current portion	$3,562,308	$2,223,035

The cash consideration paid in connection with the acquisition of Rockwood was funded with proceeds from senior notes we issued in 2014 (the “2014 Senior Notes”) and borrowings in January 2015 consisting of the following: (a) $1.0 billion under our August 15, 2014 term loan credit agreement (the “Term Loan”); (b) $800.0 million under our senior unsecured cash bridge facility (the “Cash Bridge Facility”); and (c) $250.0 million under our revolving credit agreement (the “February 2014 Credit Agreement”). In the first quarter of 2015, amounts borrowed under the Term Loan, Cash Bridge Facility and February 2014 Credit Agreement in connection with the Rockwood acquisition were repaid in full. Such repayments were made with a combination of existing cash, cash acquired from Rockwood, cash from operations and borrowings under our commercial paper program. For further details about the 2014 Senior Notes, Term Loan, Cash Bridge Facility and the February 2014 Credit Agreement, see Item 8 Financial Statements and Supplementary Data—Note 13, “Long-Term Debt,” in our Annual Report on Form 10-K for the year ended December 31, 2014.

Upon completion of the Rockwood acquisition, we assumed Rockwood’s senior notes with an aggregate principal amount of $1.25 billion. These senior notes bear interest at a rate of 4.625% payable semi-annually on April 15 and October 15 of each year, and mature on October 15, 2020. The carrying amount of these senior notes at June 30, 2015 includes an unamortized premium of $40.2 million which originated from an adjustment to fair value upon our assumption of the notes from Rockwood. The effective interest rate of the notes is approximately 3.95%. The 4.625% senior notes rank equally with all of our other senior unsecured indebtedness from time to time outstanding. We may redeem some or all of these senior notes prior to their maturity, subject to certain restrictions and the payment of an applicable make-whole premium in certain instances.

Our $325.0 million aggregate principal amount of senior notes, which were issued on January 20, 2005 and bore interest at a rate of 5.10%, matured and were repaid on February 1, 2015. These senior notes were classified as Current portion of long-term debt at December 31, 2014.

Current portion of long-term debt at June 30, 2015 consists primarily of commercial paper notes with a weighted-average interest rate of approximately 0.96% and a weighted-average maturity of 20 days.

The carrying value of our 1.875% Euro-denominated senior notes has been designated as an effective hedge of our net investment in 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 are recorded in accumulated other comprehensive loss. During the three-month and six-month periods ended June 30, 2015, (losses) gains of $(10.9) million and $43.1 million (net of income taxes), respectively, were recorded in accumulated other comprehensive loss in connection with the revaluation of these senior notes to our reporting currency.

During the six months ended June 30, 2015, we expensed the remaining $2.3 million of structuring and underwriting fees paid in 2014 for bridge financing arrangements in connection with the Rockwood acquisition. This amount is included in Other income, net, in our consolidated statement of income for the six months ended June 30, 2015. Also, during the six months ended June 30, 2015, we paid $1.2 million of debt financing costs that were accrued at December 31, 2014, primarily related to the 2014 Senior Notes issued in the fourth quarter of 2014.

NOTE 10—Commitments and Contingencies:

In connection with the closing of the Rockwood acquisition on January 12, 2015, we have become liable for both recorded and unrecorded contingencies of Rockwood. We are not aware of any unrecorded contingencies assumed in connection with the Rockwood acquisition whose ultimate outcome will have a material adverse effect on our consolidated results of operations, financial condition or cash flows on an 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. We believe that amounts recorded are adequate for known items which might become due in the current year.

Environmental

We had the following activity in our recorded environmental liabilities for the six months ended June 30, 2015, as follows (in thousands):

Beginning balance at December 31, 2014	$9,235
Expenditures	(1,538)
Acquisition of Rockwood	31,555
Accretion of discount	239
Revisions of estimates	10
Foreign currency translation adjustments	(1,737)
Ending balance at June 30, 2015	37,764
Less amounts reported in Accrued expenses	5,645
Amounts reported in Other noncurrent liabilities	$32,119

As part of the Rockwood acquisition, we assumed $31.6 million of environmental remediation liabilities globally, the majority of which relate to sites in Germany and the U.S. where the Company is currently operating groundwater monitoring and/or remediation systems. For certain locations where the Company is operating these groundwater monitoring and/or remediation systems, prior owners or insurers have assumed all or most of the responsibility. Environmental remediation liabilities assumed as part of the Rockwood acquisition includes discounted liabilities of $21.8 million, discounted at rates ranging from 2.8% to 4.3%, with the undiscounted amount totaling $35.1 million.

The amounts recorded represent our future remediation and other anticipated environmental liabilities. These liabilities typically arise during the normal course of our operational and environmental management activities or at the time of acquisition of the site, and are based on internal analysis as well as input from outside consultants. As evaluations proceed at each relevant site, changes in risk assessment practices, remediation techniques and regulatory requirements can occur, therefore such liability estimates may be adjusted accordingly. The timing and duration of remediation activities at these sites will be determined when evaluations are completed. Although it is difficult to quantify the potential financial impact of these remediation liabilities, management estimates (based on the latest available information) that there is a reasonable possibility that future environmental remediation costs associated with our past operations, in excess of amounts already recorded, could be up to approximately $22 million before income taxes.

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.

Asset Retirement Obligations

The following is a summary of the activity in our asset retirement obligations for the six months ended June 30, 2015 (in thousands):

Beginning balance at December 31, 2014	$15,085
Acquisition of Rockwood	17,265
Liabilities incurred	1,025
Accretion of discount	600
Foreign currency translation adjustments	(47)
Ending balance at June 30, 2015	$33,928

Our asset retirement obligations are recorded in Other noncurrent liabilities in the condensed consolidated balance sheets. Asset retirement obligations assumed through the acquisition of Rockwood primarily relate to post-closure reclamation of sites involved in the surface mining and manufacturing of lithium.

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.

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 that Rockwood divested prior to the Acquisition Closing Date. 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.

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.

Also, see Note 2, “Acquisitions” for a discussion about litigation in connection with the acquisition of Rockwood.

NOTE 11—Segment Information:

As a result of the Rockwood acquisition, we have realigned our organizational structure under three reportable segments. Our new reportable business segments consist of the following: Performance Chemicals, Refining Solutions and Chemetall Surface Treatment. The Performance Chemicals segment includes the Lithium, Performance Catalyst Solutions ("PCS") and Bromine product categories. The Refining Solutions segment consists of the Company's Heavy Oil Upgrading and Clean Fuels Technologies product categories. The Chemetall Surface Treatment segment consists of the Surface Treatment product category.

Each segment has a dedicated team of sales, research and development, process engineering, manufacturing and sourcing, and business strategy personnel and has full accountability for improving execution through greater asset and market focus, agility and responsiveness. The new business structure aligns with the markets and customers we serve through each of the segments. The new 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. Results for 2014 have been recast to reflect the change in segments noted above and a change in our measure of segment profit or loss to adjusted EBITDA as discussed below. Segment results for all periods presented exclude discontinued operations as further described in Note 17.

During the first quarter we announced our intention to pursue strategic alternatives for three operating segments - Minerals, Fine Chemistry Services and Metal Sulfides, which together comprise the "All Other" category. All three operating segments have been and are expected to continue to be profitable, but do not fit into any of our core businesses subsequent to the acquisition of Rockwood. We expect to use the cash generated from the sale of these businesses to reduce the debt incurred for the acquisition of Rockwood. We have considered the accounting guidance in Accounting Standards Codification ("ASC") 360, Property, Plant and Equipment, and determined that the relevant asset groups did not meet the criteria to be accounted for as assets held for sale as of the balance sheet date.

The Corporate category is not considered to be a segment and includes corporate-related items not allocated to the reportable segments. Pension and OPEB service cost (which represents the benefits earned by active employees during the period) and amortization of prior service cost or benefit are allocated to 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.

Beginning in the first quarter of 2015, the Company uses earnings before interest, taxes, depreciation and amortization, as adjusted for certain non-recurring or unusual items such as restructuring charges, facility divestiture charges and other significant non-recurring items ("adjusted EBITDA"), on a segment basis to assess the ongoing performance of the Company's business segments. Adjusted EBITDA is a financial measure that is not required by, or presented in accordance with, GAAP. 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 should not be considered as an alternative to Net income (loss) attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with GAAP.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands)			
Net sales:				
Performance Chemicals	$436,962	$280,377	$825,328	$556,274
Refining Solutions	164,573	205,024	343,739	399,685
Chemetall Surface Treatment	213,195	—	405,286	—
All Other	113,404	119,320	235,773	248,605
Corporate	3,351	—	5,763	—
Total net sales	$931,485	$604,721	$1,815,889	$1,204,564
Adjusted EBITDA:				
Performance Chemicals	$148,682	$76,954	$279,210	$150,339
Refining Solutions	48,200	66,551	90,393	127,585
Chemetall Surface Treatment	48,442	—	94,446	—
All Other	9,714	21,816	23,278	42,511
Corporate	(24,957)	(20,633)	8,382	(39,717)
Total adjusted EBITDA	$230,081	$144,688	$495,709	$280,718

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

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	Performance Chemicals	Refining Solutions	Chemetall Surface Treatment	Reportable Segments Total	All Other	Corporate	Consolidated Total
Three months ended June 30, 2015							
Adjusted EBITDA	$ 148,682	$48,200	$48,442	$245,324	$9,714	$(24,957)	$ 230,081
Depreciation and amortization	(31,843)	(8,483)	(19,111)	(59,437)	(5,724)	(2,322)	(67,483)
Utilization of inventory markup[(a)]	(33,823)	—	(3,077)	(36,900)	(378)	—	(37,278)
Acquisition and integration related costs[(b)]	—	—	—	—	—	(24,166)	(24,166)
Interest and financing expenses	—	—	—	—	—	(33,182)	(33,182)
Income tax expense	—	—	—	—	—	(17,139)	(17,139)
Non-operating pension and OPEB items	—	—	—	—	—	1,314	1,314
Net income (loss) attributable to Albemarle Corporation	$ 83,016	$39,717	$26,254	$148,987	$3,612	$(100,452)	$ 52,147
Three months ended June 30, 2014							
Adjusted EBITDA	$ 76,954	$66,551	$—	$143,505	$21,816	$(20,633)	$ 144,688
Depreciation and amortization	(13,093)	(7,848)	—	(20,941)	(3,423)	(541)	(24,905)
Restructuring and other charges, net[(c)]	—	—	—	—	—	(3,332)	(3,332)
Acquisition and integration related costs[(b)]	—	—	—	—	—	(4,843)	(4,843)
Interest and financing expenses	—	—	—	—	—	(8,733)	(8,733)
Income tax expense	—	—	—	—	—	(21,773)	(21,773)
Loss from discontinued operations (net of tax)	—	—	—	—	—	(60,025)	(60,025)
Non-operating pension and OPEB items	—	—	—	—	—	1,370	1,370
Net income (loss) attributable to Albemarle Corporation	$ 63,861	$58,703	$—	$122,564	$18,393	$(118,510)	$ 22,447
Six months ended June 30, 2015							
Adjusted EBITDA	$ 279,210	$90,393	$94,446	$464,049	$23,278	$8,382	$ 495,709
Depreciation and amortization	(62,126)	(16,593)	(37,307)	(116,026)	(11,222)	(4,221)	(131,469)
Utilization of inventory markup[(a)]	(62,405)	—	(20,030)	(82,435)	(3,029)	—	(85,464)
Acquisition and integration related costs[(b)]	—	—	—	—	—	(83,689)	(83,689)
Interest and financing expenses	—	—	—	—	—	(68,928)	(68,928)
Income tax expense	—	—	—	—	—	(31,279)	(31,279)
Non-operating pension and OPEB items	—	—	—	—	—	4,823	4,823
Other[(d)]	—	—	—	—	—	(4,441)	(4,441)

Net income (loss) attributable to Albemarle Corporation	$ 154,679	$73,800	$37,109	$265,588	$9,027	$(179,353)	$ 95,262
Six months ended June 30, 2014							
Adjusted EBITDA	$ 150,339	$127,585	$—	$277,924	$42,511	$(39,717)	$ 280,718
Depreciation and amortization[e]	(25,149)	(16,528)	—	(41,677)	(6,787)	(1,085)	(49,549)
Restructuring and other charges, net[c]	—	—	—	—	—	(20,332)	(20,332)
Acquisition and integration related costs[b]	—	—	—	—	—	(4,843)	(4,843)
Interest and financing expenses	—	—	—	—	—	(17,506)	(17,506)
Income tax expense	—	—	—	—	—	(34,963)	(34,963)
Loss from discontinued operations (net of tax)	—	—	—	—	—	(61,794)	(61,794)
Non-operating pension and OPEB items	—	—	—	—	—	(12,701)	(12,701)
Net income (loss) attributable to Albemarle Corporation	$ 125,190	$111,057	$—	$236,247	$35,724	$(192,941)	$ 79,030

(a) In connection with the acquisition of Rockwood, the Company valued Rockwood's existing inventory at fair value as of the Acquisition Closing Date, which resulted in a markup of the underlying net book value of the inventory totaling approximately $103 million. The inventory markup is being expensed over the estimated remaining selling period. For the three-month and six-month periods ended

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June 30, 2015, $27.3 million and $67.6 million, respectively, was included in Cost of goods sold, and Equity in net income of unconsolidated investments was reduced by $10.0 million and $17.9 million, respectively, related to the utilization of the inventory markup.

(b) See Note 2, "Acquisitions."
(c) See Note 15, "Restructuring and Other."
(d) Financing-related fees expensed in the 2015 period in connection with the acquisition of Rockwood.
(e) Excludes discontinued operations.

NOTE 12—Pension Plans and Other Postretirement Benefits:

In connection with the acquisition of Rockwood, in the first quarter of 2015 we assumed the obligations of various defined benefit pension plans that were maintained by Rockwood which cover certain employees, primarily in the U.S., the United Kingdom and Germany. The majority of the plans' assets are invested in diversified equity mutual funds, government and corporate bonds and other fixed income funds.

The following table sets forth the benefit obligations, plan assets, funded status and weighted-average assumption percentages for the defined benefit pension plans acquired in the Rockwood acquisition, as of the Acquisition Closing Date (in thousands):

	U.S.	Foreign
Benefit obligation	$39,125	$416,150
Fair value of plan assets	29,314	109,875
Funded status	$(9,811)	$(306,275)
Weighted-average assumption percentages:		
Discount rate	4.09%	2.35%
Expected return on plan assets	6.03%	5.78%
Rate of compensation increase	—%	3.15%

The current forecast of benefit payments related to the defined benefit pension plans acquired in the Rockwood acquisition, which reflect expected future service, amounts to (in millions):

	U.S.	Foreign
Remainder of 2015	$0.9	$8.9
2016	$1.6	$16.4
2017	$1.7	$16.0
2018	$1.9	$16.8
2019	$2.0	$16.9
2020-2024	$11.1	$89.8

For the remainder of 2015, contributions related to the defined benefit pension plans acquired in the Rockwood acquisition are expected to be approximately $2.2 million.

The components of pension and postretirement benefits cost (credit) for the three-month and six-month periods ended June 30, 2015 and 2014 are shown in the table below. The 2015 period includes results of the plans we acquired in the Rockwood acquisition.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands)			
Pension Benefits Cost (Credit):				
Service cost	$1,691	$2,726	$3,670	$5,567
Interest cost	10,616	8,128	20,180	16,297
Expected return on assets	(12,451)	(10,172)	(23,533)	(20,377)
Actuarial (gain) loss[(a)]	(51)	—	(51)	15,432
Amortization of prior service benefit	29	(138)	59	(411)
Total net pension benefits cost (credit)	$(166)	$544	$325	$16,508
Postretirement Benefits Cost (Credit):				
Service cost	$5	$54	$71	$108
Interest cost	619	760	1,287	1,520
Expected return on assets	(47)	(86)	(112)	(171)
Amortization of prior service benefit	(24)	(24)	(48)	(48)
Settlements/curtailments[(b)]	—	—	(2,594)	—
Total net postretirement benefits cost (credit)	$553	$704	$(1,396)	$1,409
Total net pension and postretirement benefits cost (credit)	$387	$1,248	$(1,071)	$17,917

(a) In connection with a realignment of our operating segments effective January 1, 2014, in the fourth quarter of 2013 we initiated a workforce reduction plan which resulted in a reduction of approximately 230 employees worldwide. This workforce reduction triggered a net curtailment gain of approximately $0.8 million in the first quarter of 2014 for our U.S. defined benefit plan which covers non-represented employees and our supplemental executive retirement plan (“SERP”). In connection with the curtailment, we were required to remeasure the related assets and obligations for these two plans. As of the January 31, 2014 remeasurement date, the weighted-average discount rate for all of our domestic pension plans was 4.97% compared to 5.14% at December 31, 2013. Taking into account the discount rate reduction and actual return on plan assets through January 31, 2014, we recorded a mark-to-market actuarial loss (net of the curtailment gain) of $15.4 million in the first quarter of 2014 related to these two plans.

(b) We assumed responsibility for one domestic OPEB plan in connection with the acquisition of Rockwood which covered a small number of active employees and retirees. This plan was terminated in the first quarter of 2015 and provisions were made for the affected employees and retirees to receive benefits under an existing plan. A gain of $2.6 million was recognized in the first quarter of 2015 related to the termination of this plan.

During the three-month and six-month periods ended June 30, 2015, we made contributions of $4.5 million and $9.1 million, respectively, to our qualified and nonqualified pension plans. During the three-month and six-month periods ended June 30, 2014, we made contributions of $1.2 million and $2.3 million, respectively, to our qualified and nonqualified pension plans.

We paid $0.5 million and $1.9 million in premiums to the U.S. postretirement benefit plan during the three-month and six-month periods ended June 30, 2015, respectively. During the three-month and six-month periods ended June 30, 2014, we paid $1.0 million and $2.4 million, respectively, in premiums to the U.S. postretirement benefit plan.

Multiemployer Plan

Certain current and former employees of Rockwood participate in a multiemployer plan in Germany, the Pensionskasse Dynamit Nobel Versicherungsverein auf Gegenseitigkeit, Troisdorf ("DN Pensionskasse"), that provides monthly payments in the case of disability, death or retirement. The risks of participating in a multiemployer plan are different from single-employer plans in the following ways: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, and (b) if a participating employer stops contributing to the plan, the unfunded obligation of the plan may be borne by remaining participating employers.

Some participants in the plan are subject to collective bargaining arrangements, which have no fixed expiration date. The contribution and benefit levels are not negotiated or significantly influenced by these collective bargaining arrangements. Also, the benefit levels generally are not subject to reduction. Under German insurance law, the DN Pensionskasse must be fully funded at all times. The DN Pensionskasse was fully funded as of December 31, 2014, the most recent year-end date of the plan. This funding level would correspond to the highest funding zone status (at least 80% funded) under U.S. pension regulation. Since the plan liabilities need to be fully funded at all times according to local funding requirements, it is unlikely that the DN Pensionskasse plan will fail to fulfill its obligations, however, in such an event, the Company is liable for the benefits of its employees who participate in the plan. Additional information of the DN Pensionskasse is available in the public domain.

The majority of the Company's contributions are tied to employees' contributions, which are generally calculated as a percentage of base compensation, up to a certain statutory ceiling. Our contributions to this plan were €0.4 million (approximately $0.4 million) during the three months ended June 30, 2015, and €0.7 million (approximately $0.8 million) during the six months ended June 30, 2015. As of the most recent year-end date of the plan, Rockwood's contributions in 2014 represented more than 5% of total contributions to the DN Pensionskasse in 2014.

The DN Pensionskasse was subject to a financial improvement plan ("FIP") which expired at the end of 2014. The solvency requirements of the FIP have been met as of December 31, 2014.

NOTE 13—Fair Value of Financial Instruments:

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

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

	June 30, 2015		December 31, 2014	
	Recorded Amount	Fair Value	Recorded Amount	Fair Value
	(In thousands)			
Long-term debt	$3,990,308	$4,050,447	$2,934,131	$2,994,935

Foreign Currency Forward Contracts—we enter into foreign currency forward contracts in connection with our risk management strategies in an attempt to minimize the financial impact of changes in foreign currency exchange rates. These derivative financial instruments are used to manage risk and are not used for trading or other speculative purposes. The fair values of our foreign currency forward contracts are estimated based on current settlement values. At June 30, 2015 and December 31, 2014, we had outstanding foreign currency forward contracts with notional values totaling $253.7 million and $479.9 million, respectively. Our foreign currency forward contracts outstanding at June 30, 2015 and December 31, 2014 have not been designated as hedging instruments under ASC 815, Derivatives and Hedging. At June 30, 2015, $0.3 million was included in Accrued expenses associated with the fair value of our foreign currency forward contracts, and at December 31, 2014, $0.6 million was included in Other accounts receivable associated with the fair value of our foreign currency forward contracts.

Gains and losses on foreign currency forward contracts are recognized currently in Other income (expenses), net; further, fluctuations in the value of these contracts are generally expected to be offset by changes in the value of the underlying exposures being hedged. For the three-month and six-month periods ended June 30, 2015, we recognized gains (losses) of $3.8 million and $(16.6) million, respectively, in Other income (expenses), net, in our consolidated statements of income related to the change in the fair value of our foreign currency forward contracts. For the three-month and six-month periods ended June 30, 2014, we recognized losses of $(1.3) million and $(2.4) million, respectively, in Other income (expenses), net, in our consolidated statements of income related to the change in the fair value of our foreign currency forward contracts. These amounts are generally expected to be offset by changes in the value of the underlying exposures being hedged which are also reported in Other income (expenses), net. Also, for the six-month periods ended June 30, 2015 and 2014, we recorded $16.6 million and $2.4 million, respectively, related to the change in the fair value of our foreign currency forward contracts, and net

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cash settlements of $(15.7) million and $(2.2) million, respectively, in Other, net, in our condensed consolidated statements of cash flows.

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

NOTE 14—Fair Value Measurement:

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

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

We endeavor to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstance that caused the transfer. There were no transfers between Levels 1 and 2 during the six-month period ended June 30, 2015. The following tables set forth our financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2015 and December 31, 2014 (in thousands):

	June 30, 2015	Quoted Prices in Active Markets for Identical Items (Level 1)	Quoted Prices in Active Markets for Similar Items (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Investments under executive deferred compensation plan[(a)]	$21,316	$ 21,316	$ —	$—
Private equity securities[(b)]	$1,796	$ 24	$ —	$1,772
Foreign currency forward contracts[(c)]	$36	$ —	$ 36	$—
Liabilities:				
Obligations under executive deferred compensation plan[(a)]	$21,316	$ 21,316	$ —	$—
Liability for appraisal shares[(d)]	$74,934	$ —	$ 74,934	$—
Foreign currency forward contracts[(c)]	$291	$ —	$ 291	$—

	December 31, 2014	Quoted Prices in Active Markets for Identical Items (Level 1)	Quoted Prices in Active Markets for Similar Items (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Investments under executive deferred compensation plan[(a)]	$22,168	$ 22,168	$ —	$—
Private equity securities[(b)]	$1,806	$ 21	$ —	$1,785

Foreign currency forward contracts[c]	$631	$ —	$ 631	$—
Liabilities:				
Obligations under executive deferred compensation plan[a]	$22,168	$ 22,168	$ —	$—

(a) We maintain an Executive Deferred Compensation Plan ("EDCP") that was adopted in 2001 and subsequently amended. The purpose of the EDCP is to provide current tax planning opportunities as well as supplemental funds upon the retirement or death of certain of our employees. The EDCP is intended to aid in attracting and retaining employees of exceptional ability by providing them with these benefits. We also maintain a Benefit Protection Trust (the "Trust") that was created to provide a source of funds to assist in meeting the

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obligations of the EDCP, subject to the claims of our creditors in the event of our insolvency. Assets of the Trust are consolidated in accordance with authoritative guidance. The assets of the Trust consist primarily of mutual fund investments (which are accounted for as trading securities and are marked-to-market on a monthly basis through the consolidated statements of income) and cash and cash equivalents. As such, these assets and obligations are classified within Level 1.

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

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

(d) See Note 2, "Acquisitions."

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands)			
Beginning balance	$1,785	$717	$1,785	$750
Total unrealized (losses) gains included in earnings relating to assets still held at the reporting date	(13)	105	(13)	72
Purchases	—	1,000	—	1,000
Ending balance	$1,772	$1,822	$1,772	$1,822

NOTE 15—Restructuring and Other:

During the first quarter of 2014, we initiated action to reduce high cost supply capacity of certain aluminum alkyl products, primarily through the termination of a third party manufacturing contract. Based on the contract termination, we estimated costs of approximately $14.0 million for contract termination and volume commitments. Additionally, in the first quarter of 2014 we recorded an impairment charge of $3.0 million for certain capital project costs also related to aluminum alkyls capacity which we do not expect to recover. After income taxes, these charges were approximately $11.1 million. In the fourth quarter of 2014 we concluded the contract termination agreement which resulted in an additional charge of $6.5 million ($4.3 million after income taxes). At June 30, 2015, a remaining amount of $11.3 million related to this agreement is included in Accrued expenses.

Included in Restructuring and other charges, net, for the second quarter of 2014 is a write-off of $3.3 million ($2.1 million after income taxes) for certain multi-product facility project costs that we do not expect to recover in future periods.

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	Pension and Postretirement Benefits[(a)]	Net Investment Hedge	Interest Rate Swap[(b)]	Other	Total
Three months ended June 30, 2015						
Balance at March 31, 2015	$(406,735)	$ 2	$65,430	$(20,435)	$(544)	$(362,282)
Other comprehensive income (loss) before reclassifications	56,224	—	(10,930)	—	3	45,297
Amounts reclassified from accumulated other comprehensive (loss) income	—	2	—	526	—	528
Other comprehensive income (loss), net of tax	56,224	2	(10,930)	526	3	45,825
Other comprehensive loss attributable to noncontrolling interests	51	—	—	—	—	51
Balance at June 30, 2015	$(350,460)	$ 4	$54,500	$(19,909)	$(541)	$(316,406)
Three months ended June 30, 2014						
Balance at March 31, 2014	$111,424	$ 186	$—	$(4,011)	$(672)	$106,927
Other comprehensive (loss) income before reclassifications	(804)	—	—	(6,410)	3	(7,211)
Amounts reclassified from accumulated other comprehensive (loss) income	—	(167)	—	—	34	(133)
Other comprehensive (loss) income, net of tax	(804)	(167)	—	(6,410)	37	(7,344)
Other comprehensive loss attributable to noncontrolling interests	61	—	—	—	—	61
Balance at June 30, 2014	$110,681	$ 19	$—	$(10,421)	$(635)	$99,644
Six months ended June 30, 2015						
Balance at December 31, 2014	$(52,264)	$ —	$11,384	$(20,962)	$(571)	$(62,413)
Other comprehensive (loss) income before reclassifications	(298,347)	—	43,116	—	3	(255,228)
Amounts reclassified from accumulated other comprehensive (loss) income	—	4	—	1,053	27	1,084
Other comprehensive (loss) income, net of tax	(298,347)	4	43,116	1,053	30	(254,144)
Other comprehensive loss attributable to noncontrolling interests	151	—	—	—	—	151

Balance at June 30, 2015	$(350,460)	$ 4	$54,500	$(19,909)	$(541)	$(316,406)
Six months ended June 30, 2014						
Balance at December 31, 2013	$116,465	$ 487	$—	$—	$(707)	$116,245
Other comprehensive (loss) income before reclassifications	(6,062)	—	—	(10,421)	3	(16,480)
Amounts reclassified from accumulated other comprehensive (loss) income	—	(468)	—	—	69	(399)
Other comprehensive (loss) income, net of tax	(6,062)	(468)	—	(10,421)	72	(16,879)
Other comprehensive loss attributable to noncontrolling interests	278	—	—	—	—	278
Balance at June 30, 2014	$110,681	$ 19	$—	$(10,421)	$(635)	$99,644

(a) The pre-tax portion of amounts reclassified from accumulated other comprehensive (loss) income consists of amortization of prior service benefit, which is a component of pension and postretirement benefits cost (credit). See Note 12, "Pension Plans and Other Postretirement Benefits."

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

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The amount of income tax (expense) benefit allocated to each component of Other comprehensive income (loss) for the three-month and six-month periods ended June 30, 2015 and 2014 is provided in the following tables (in thousands):

	Three Months Ended June 30,								
	2015					2014			
	Foreign Currency Translation	Pension and Postretirement Benefits	Net Investment Hedge	Interest Rate Swap	Other	Foreign Currency Translation	Pension and Postretirement Benefits	Interest Rate Swap	Other
Other comprehensive income (loss), before tax	$59,462	$ 5	$(17,307)	$834	$3	$(613)	$ (162)	$(10,101)	$57
Income tax (expense) benefit	(3,238)	(3)	6,377	(308)	—	(191)	(5)	3,691	(20)
Other comprehensive income (loss), net of tax	$56,224	$ 2	$(10,930)	$526	$3	$(804)	$ (167)	$(6,410)	$37

	Six Months Ended June 30,								
	2015					2014			
	Foreign Currency Translation	Pension and Postretirement Benefits	Net Investment Hedge	Interest Rate Swap	Other	Foreign Currency Translation	Pension and Postretirement Benefits	Interest Rate Swap	Other
Other comprehensive (loss) income, before tax	$(328,350)	$ 11	$68,270	$1,668	$21	$(5,336)	$ (459)	$(16,420)	$111
Income tax benefit (expense)	30,003	(7)	(25,154)	(615)	9	(726)	(9)	5,999	(39)
Other comprehensive (loss) income, net of tax	$(298,347)	$ 4	$43,116	$1,053	$30	$(6,062)	$ (468)	$(10,421)	$72

NOTE 17—Discontinued Operations:
On April 15, 2014, the Company signed a definitive agreement to sell its antioxidant, ibuprofen and propofol businesses and assets to SI Group, Inc. Included in the transaction were Albemarle’s manufacturing sites in Orangeburg, South Carolina and Jinshan, China, along with Albemarle’s antioxidant product lines manufactured in Ningbo, China.

In the second quarter of 2014, the Company began accounting for these assets as held for sale and recorded a pre-tax charge of $80.7 million ($60.3 million after income taxes) related to the expected loss on the anticipated sale of the assets. The expected loss represented the difference between the carrying value of the related assets and their estimated fair value, based on the estimated sales price as outlined in the agreement less estimated costs to sell. The expected loss was primarily attributable to goodwill, intangibles and long-lived assets which were included in assets classified as held for sale at June 30, 2014. Cumulative foreign currency translation gains of $16.7 million were also included in the assessment of the assets' carrying value for purposes of calculating the expected loss. The expected loss and estimated costs to sell, net of related taxes, were included in Loss from discontinued operations (net of tax) in our consolidated statements of income for the three-month and six-month periods ended June 30, 2014.

On September 1, 2014, the Company closed the sale of these businesses and assets and received net proceeds of $104.7 million. A working capital settlement of $7.6 million (recorded in Other accounts receivable at December 31, 2014) was received in the first quarter of 2015. Financial results of the disposed group have been presented as discontinued operations in the consolidated statements of income for the 2014 period shown below. A summary of results of discontinued operations is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net sales	$—	$59,412	$—	$116,248
Loss from discontinued operations	$—	$(80,174)	$—	$(82,687)
Income tax benefit	—	(20,149)	—	(20,893)
Loss from discontinued operations (net of tax)	$—	$(60,025)	$—	$(61,794)

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NOTE 18—Recently Issued Accounting Pronouncements:

In April 2014, the Financial Accounting Standards Board ("FASB") issued accounting guidance that changed the criteria for reporting discontinued operations and modified related disclosure requirements to provide users of financial statements with more information about the assets, liabilities, revenues and expenses of discontinued operations. The guidance modified the definition of discontinued operations by limiting its scope to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. Additionally, these new requirements require entities to disclose the pretax profit or loss related to disposals of significant components that do not qualify as discontinued operations. These new requirements became effective on January 1, 2015. The impact of these new requirements is dependent on the nature of dispositions, if any, after adoption.

In May 2014, the FASB issued accounting guidance designed to enhance comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The core principle of the guidance is that revenue recognized from a transaction or event that arises from a contract with a customer should reflect the consideration to which an entity expects to be entitled in exchange for goods or services provided. To achieve that core principle the new guidance sets forth a five-step revenue recognition model that will need to be applied consistently to all contracts with customers, except those that are within the scope of other topics in the ASC. Also required are new disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. The new disclosures include qualitative and quantitative information about contracts with customers, significant judgments made in applying the revenue guidance, and assets recognized related to the costs to obtain or fulfill a contract. These new requirements become effective for annual and interim reporting periods beginning after December 15, 2017. Early adoption is permitted for annual and interim reporting periods beginning after December 15, 2016. We are assessing the impact of these new requirements on our financial statements.

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

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

In April 2015, the FASB issued accounting guidance that changes the balance sheet presentation of debt issuance costs. The guidance requires debt issuance costs relating to a recognized debt liability to be presented as a direct deduction from the carrying amount of the associated debt liability in the balance sheet. This new requirement will be effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, and is to be applied on a retrospective basis. Early adoption is permitted. We do not expect this guidance to have a significant impact on our financial statements.

In April 2015, the FASB issued accounting guidance that, among other things, provides for a practical expedient related to interim period remeasurements of defined benefit plan assets and obligations. The practical expedient permits entities to remeasure plan assets and obligations using the month-end that is closest to the date of the actual event. Disclosure of such election and related month-end remeasurement date is required. This guidance will be effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, and is to be applied prospectively. Early application is permitted. We do not expect this guidance to have a significant impact on our financial statements.

In April 2015, the FASB issued accounting guidance which clarifies the proper method of accounting for fees paid in a cloud computing arrangement. The guidance requires software licenses included in a cloud computing arrangement to be accounted for consistently with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the arrangement should be accounted for as a service contract. This new requirement will be effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted. We are assessing the impact of this new requirement on our financial statements.

In May 2015, the FASB issued accounting guidance for which investments measured at net asset value per share (or its equivalent) using the practical expedient should no longer be categorized within the fair value hierarchy. Although removed from the fair value hierarchy, disclosure of the nature, risks and amount of investments for which fair value is measured using the practical expedient is still required. This guidance will be effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, and is to be applied on a retrospective basis. Early adoption is permitted. We do not expect this guidance to have a significant impact on our financial statements.

In July 2015, the FASB issued accounting guidance that requires inventory to be measured at the lower of cost and net realizable value. The scope of this guidance excludes inventory measured using the last-in first-out method or the retail inventory method. This new requirement will be effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, and is to be applied prospectively. Early application is permitted. We are assessing the impact of this new requirement on our financial statements.

NOTE 19—Consolidating Guarantor Financial Information:

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

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

The following consolidating financial information presents the financial condition, results of operations and cash flows of the Issuer, Guarantor Subsidiaries, and the Non-Guarantor Subsidiaries, together with consolidating adjustments necessary to present Albemarle's results on a consolidated basis, and should be read in conjunction with the notes to the condensed consolidated financial statements. Each entity in the consolidating 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, 2014.

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

Condensed Consolidating Statement of Income
Three Months Ended June 30, 2015

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net sales	$374,220	$—	$ 732,025	$ (174,760)	$ 931,485
Cost of goods sold	256,868	—	548,811	(174,760)	630,919
Gross profit	117,352	—	183,214	—	300,566
Selling, general and administrative expenses	46,353	46	101,313	—	147,712
Research and development expenses	12,901	—	12,435	—	25,336
Acquisition and integration related costs	19,289	—	4,877	—	24,166
Intercompany service fee	5,978	—	(5,978)	—	—
Operating profit (loss)	32,831	(46)	70,567	—	103,352
Interest and financing expenses	(21,865)	(12,940)	1,623	—	(33,182)
Intergroup interest and financing expenses	(8,532)	16,654	(8,122)	—	—
Other income (expenses), net	(19,624)	18,832	1,333	—	541
Income (loss) from continuing operations before income taxes and equity in net income of unconsolidated investments	(17,190)	22,500	65,401	—	70,711
Income tax expense (benefit)	(2,549)	9,900	9,788	—	17,139
Income (loss) from continuing operations before equity in net income of unconsolidated investments	(14,641)	12,600	55,613	—	53,572
Equity in net income of unconsolidated investments (net of tax)	1,738	—	4,056	—	5,794
Net income (loss) from continuing operations	(12,903)	12,600	59,669	—	59,366
Income (loss) from discontinued operations (net of tax)	—	—	—	—	—
Equity in undistributed earnings of subsidiaries	65,050	21,052	16,826	(102,928)	—
Net income	52,147	33,652	76,495	(102,928)	59,366
Net income attributable to noncontrolling interests	—	—	(7,219)	—	(7,219)
Net income attributable to Albemarle Corporation	$52,147	$ 33,652	$ 69,276	$ (102,928)	$ 52,147

Condensed Consolidating Statement of Comprehensive Income
Three Months Ended June 30, 2015

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net income	$52,147	$ 33,652	$ 76,495	$ (102,928)	$ 59,366
Total other comprehensive income, net of tax	45,876	61,825	90,870	(152,746)	45,825
Comprehensive income	98,023	95,477	167,365	(255,674)	105,191
Comprehensive income attributable to noncontrolling interests	—	—	(7,168)	—	(7,168)
Comprehensive income attributable to Albemarle Corporation	$98,023	$ 95,477	$ 160,197	$ (255,674)	$ 98,023

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

Condensed Consolidating Statement of Income
Six Months Ended June 30, 2015

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net sales	$752,392	$—	$ 1,419,640	$ (356,143)	$1,815,889
Cost of goods sold	514,992	—	1,095,587	(353,722)	1,256,857
Gross profit	237,400	—	324,053	(2,421)	559,032
Selling, general and administrative expenses	86,870	46	196,561	—	283,477
Research and development expenses	26,269	—	25,559	—	51,828
Acquisition and integration related costs	58,169	—	25,520	—	83,689
Intercompany service fee	11,643	—	(11,643)	—	—
Operating profit (loss)	54,449	(46)	88,056	(2,421)	140,038
Interest and financing expenses	(48,521)	(23,711)	3,304	—	(68,928)
Intergroup interest and financing expenses	(14,446)	25,715	(11,269)	—	—
Other income (expenses), net	8,944	(31,220)	72,774	—	50,498
Income (loss) from continuing operations before income taxes and equity in net income of unconsolidated investments	426	(29,262)	152,865	(2,421)	121,608
Income tax expense	8,343	2,972	20,856	(892)	31,279
Income (loss) from continuing operations before equity in net income of unconsolidated investments	(7,917)	(32,234)	132,009	(1,529)	90,329
Equity in net income of unconsolidated investments (net of tax)	3,757	—	12,429	—	16,186
Net income (loss) from continuing operations	(4,160)	(32,234)	144,438	(1,529)	106,515
Income (loss) from discontinued operations (net of tax)	—	—	—	—	—
Equity in undistributed earnings of subsidiaries	99,422	83,682	25,724	(208,828)	—
Net income	95,262	51,448	170,162	(210,357)	106,515
Net income attributable to noncontrolling interests	—	—	(11,253)	—	(11,253)
Net income attributable to Albemarle Corporation	$95,262	$ 51,448	$ 158,909	$ (210,357)	$95,262

Condensed Consolidating Statement of Comprehensive Loss
Six Months Ended June 30, 2015

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net income	$95,262	$ 51,448	$ 170,162	$ (210,357)	$ 106,515
Total other comprehensive loss, net of tax	(253,993)	(434,674)	(544,565)	979,088	(254,144)
Comprehensive loss	(158,731)	(383,226)	(374,403)	768,731	(147,629)
Comprehensive income attributable to noncontrolling interests	—	—	(11,102)	—	(11,102)
Comprehensive loss attributable to Albemarle Corporation	$(158,731)	$ (383,226)	$ (385,505)	$ 768,731	$ (158,731)

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

Condensed Consolidating Statement of Income (Loss)
Three Months Ended June 30, 2014

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net sales	$419,135	$—	$ 361,253	$ (175,667)	$ 604,721
Cost of goods sold	267,984	—	308,216	(178,842)	397,358
Gross profit	151,151	—	53,037	3,175	207,363
Selling, general and administrative expenses	42,806	—	24,205	—	67,011
Research and development expenses	13,657	—	8,280	—	21,937
Restructuring and other charges, net	7,246	—	(3,914)	—	3,332
Acquisition and integration related costs	4,843	—	—	—	4,843
Intercompany service fee	6,938	—	(6,938)	—	—
Operating profit	75,661	—	31,404	3,175	110,240
Interest and financing expenses	(8,731)	—	(2)	—	(8,733)
Intergroup interest and financing expenses	6,010	—	(6,010)	—	—
Other income (expenses), net	782	—	(1,761)	—	(979)
Income from continuing operations before income taxes and equity in net income of unconsolidated investments	73,722	—	23,631	3,175	100,528
Income tax expense (benefit)	22,149	—	(1,536)	1,160	21,773
Income from continuing operations before equity in net income of unconsolidated investments	51,573	—	25,167	2,015	78,755
Equity in net income of unconsolidated investments (net of tax)	1,993	—	8,656	—	10,649
Net income from continuing operations	53,566	—	33,823	2,015	89,404
Loss from discontinued operations (net of tax)	(20,744)	—	(39,281)	—	(60,025)
Equity in undistributed earnings of subsidiaries	(10,375)	—	—	10,375	—
Net income (loss)	22,447	—	(5,458)	12,390	29,379
Net income attributable to noncontrolling interests	—	—	(6,932)	—	(6,932)
Net income (loss) attributable to Albemarle Corporation	$22,447	$—	$ (12,390)	$ 12,390	$ 22,447

Condensed Consolidating Statement of Comprehensive Income (Loss)
Three Months Ended June 30, 2014

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net income (loss)	$22,447	$—	$ (5,458)	$ 12,390	$ 29,379
Total other comprehensive loss, net of tax	(7,283)	—	(797)	736	(7,344)
Comprehensive income (loss)	15,164	—	(6,255)	13,126	22,035
Comprehensive income attributable to noncontrolling interests	—	—	(6,871)	—	(6,871)
Comprehensive income (loss) attributable to Albemarle Corporation	$15,164	$—	$ (13,126)	$ 13,126	$ 15,164

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

Condensed Consolidating Statement of Income
Six Months Ended June 30, 2014

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net sales	$795,459	$—	$ 745,084	$ (335,979)	$1,204,564
Cost of goods sold	529,577	—	611,577	(339,552)	801,602
Gross profit	265,882	—	133,507	3,573	402,962
Selling, general and administrative expenses	98,575	—	46,540	—	145,115
Research and development expenses	27,813	—	16,696	—	44,509
Restructuring and other charges, net	10,246	—	10,086	—	20,332
Acquisition and integration related costs	4,843	—	—	—	4,843
Intercompany service fee	12,008	—	(12,008)	—	—
Operating profit	112,397	—	72,193	3,573	188,163
Interest and financing expenses	(17,529)	—	23	—	(17,506)
Intergroup interest and financing expenses	6,010	—	(6,010)	—	—
Other income (expenses), net	990	—	(826)	—	164
Income from continuing operations before income taxes and equity in net income of unconsolidated investments	101,868	—	65,380	3,573	170,821
Income tax expense	32,520	—	1,138	1,305	34,963
Income from continuing operations before equity in net income of unconsolidated investments	69,348	—	64,242	2,268	135,858
Equity in net income of unconsolidated investments (net of tax)	3,929	—	15,621	—	19,550
Net income from continuing operations	73,277	—	79,863	2,268	155,408
Loss from discontinued operations (net of tax)	(21,157)	—	(40,637)	—	(61,794)
Equity in undistributed earnings of subsidiaries	26,910	—	—	(26,910)	—
Net income	79,030	—	39,226	(24,642)	93,614
Net income attributable to noncontrolling interests	—	—	(14,584)	—	(14,584)
Net income attributable to Albemarle Corporation	$79,030	$—	$ 24,642	$ (24,642)	$79,030

Condensed Consolidating Statement of Comprehensive Income
Six Months Ended June 30, 2014

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net income	$79,030	$—	$ 39,226	$ (24,642)	$ 93,614
Total other comprehensive loss, net of tax	(16,601)	—	(6,059)	5,781	(16,879)
Comprehensive income	62,429	—	33,167	(18,861)	76,735
Comprehensive income attributable to noncontrolling interests	—	—	(14,306)	—	(14,306)
Comprehensive income attributable to Albemarle Corporation	$62,429	$—	$ 18,861	$ (18,861)	$ 62,429

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

Condensed Consolidating Balance Sheet
June 30, 2015

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Assets					
Current assets:					
Cash and cash equivalents	$1,983	$1,184	$204,071	$—	$207,238
Trade accounts receivable, less allowance for doubtful accounts	109,672	—	528,667	—	638,339
Other accounts receivable	11,227	23,749	37,265	—	72,241
Intergroup receivable	65,276	7,028	117,287	(189,591)	—
Inventories	200,502	—	414,786	(13,263)	602,025
Other current assets	132,768	—	103,100	(101,630)	134,238
Total current assets	521,428	31,961	1,405,176	(304,484)	1,654,081
Property, plant and equipment, at cost	1,754,607	—	2,319,115	—	4,073,722
Less accumulated depreciation and amortization	1,075,510	—	379,675	—	1,455,185
Net property, plant and equipment	679,097	—	1,939,440	—	2,618,537
Investments	75,826	4,891	524,725	—	605,442
Investment in subsidiaries	7,071,155	11,212,885	6,414,305	(24,698,345)	—
Other assets	27,847	9,026	152,852	(5,776)	183,949
Goodwill	49,212	—	2,720,407	—	2,769,619
Other intangibles, net of amortization	19,732	—	1,919,449	—	1,939,181
Intergroup receivable	—	3,295,790	1,841,271	(5,137,061)	—
Total assets	$8,444,297	$14,554,553	$16,917,625	$(30,145,666)	$9,770,809
Liabilities and Equity					
Current liabilities:					
Accounts payable	$118,214	$—	$224,268	$—	$342,482
Intergroup payable	181,822	157	7,612	(189,591)	—
Accrued expenses	153,854	119,034	232,420	—	505,308
Current portion of long-term debt	418,455	—	9,545	—	428,000
Dividends payable	32,288	—	—	—	32,288
Income taxes payable	—	101,628	60,892	(102,520)	60,000
Total current liabilities	904,633	220,819	534,737	(292,111)	1,368,078
Long-term debt	2,231,467	1,289,543	41,298	—	3,562,308
Postretirement benefits	55,727	—	—	—	55,727
Pension benefits	123,131	—	332,533	—	455,664
Intergroup payable	1,804,806	1,019,292	2,312,963	(5,137,061)	—
Other noncurrent liabilities	54,448	57,900	134,061	—	246,409
Deferred income taxes	91,008	—	681,482	(5,777)	766,713
Commitments and contingencies					
Equity:					
Albemarle Corporation shareholders' equity:					
Common stock	1,122	—	6,808	(6,808)	1,122
Additional paid-in capital	2,053,516	12,350,226	12,139,318	(24,489,544)	2,053,516
Accumulated other comprehensive loss	(316,406)	(434,675)	(595,513)	1,030,188	(316,406)

Retained earnings	1,440,845	51,448	1,193,105	(1,244,553)	1,440,845
Total Albemarle Corporation shareholders' equity	3,179,077	11,966,999	12,743,718	(24,710,717)	3,179,077
Noncontrolling interests	—	—	136,833	—	136,833
Total equity	3,179,077	11,966,999	12,880,551	(24,710,717)	3,315,910
Total liabilities and equity	$8,444,297	$14,554,553	$ 16,917,625	$(30,145,666)	$9,770,809

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

Condensed Consolidating Balance Sheet
December 31, 2014

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

Total Albemarle Corporation shareholders' equity					
Noncontrolling interests	—	—	129,170	—	129,170
Total equity	1,359,465	—	1,699,468	(1,570,298)	1,488,635
Total liabilities and equity	$4,772,465	$ —	$ 2,113,022	$(1,662,384)	$5,223,103

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

Condensed Consolidating Statement Of Cash Flows
Six Months Ended June 30, 2015

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Cash and cash equivalents at beginning of year	$1,930,802	$ —	$ 558,966	$ —	$2,489,768
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	163,838	(56,599)	49,191	(23,247)	133,183
Cash flows from investing activities:					
Acquisition of Rockwood, net of cash acquired	(3,597,083)	159,409	1,386,029	—	(2,051,645)
Other acquisitions, net of cash acquired	—	—	(48,845)	—	(48,845)
Capital expenditures	(36,542)	—	(75,181)	—	(111,723)
Decrease in restricted cash	—	—	57,550	—	57,550
Sales of (investments in) marketable securities, net	1,435	—	(2)	—	1,433
Proceeds from repayment of advance to joint venture	2,156	—	—	—	2,156
Proceeds from intercompany investing related activity	—	1,044,810	82	(1,044,892)	—
Intercompany investing related payments	—	(1,148,029)	(1,198,221)	2,346,250	—
Net cash (used in) provided by investing activities	(3,630,034)	56,190	121,412	1,301,358	(2,151,074)
Cash flows from financing activities:					
Repayments of long-term debt	(1,325,101)	—	(6,547)	—	(1,331,648)
Proceeds from borrowings of long-term debt	1,000,000	—	—	—	1,000,000
Other borrowings (repayments), net	135,965	—	(2,266)	—	133,699
Dividends paid to shareholders	(54,238)	—	—	—	(54,238)
Dividends paid to noncontrolling interests	—	—	(8,282)	—	(8,282)
Intercompany dividends paid	—	—	(23,247)	23,247	—
Proceeds from exercise of stock options	342	—	—	—	342
Excess tax benefits realized from stock-based compensation arrangements	59	—	—	—	59
Withholding taxes paid on stock-based compensation award distributions	(1,218)	—	—	—	(1,218)
Debt financing costs	(1,164)	—	—	—	(1,164)
Other	—	—	(3,882)	—	(3,882)
Proceeds from intercompany financing related activity	1,845,770	—	500,480	(2,346,250)	—
Intercompany financing related payments	(62,039)	(82)	(982,771)	1,044,892	—
Net cash provided by (used in) financing activities	1,538,376	(82)	(526,515)	(1,278,111)	(266,332)
Net effect of foreign exchange on cash and cash equivalents	(999)	1,675	1,017	—	1,693
(Decrease) increase in cash and cash equivalents	(1,928,819)	1,184	(354,895)	—	(2,282,530)
Cash and cash equivalents at end of period	$1,983	$ 1,184	$ 204,071	$ —	$207,238

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

Condensed Consolidating Statement Of Cash Flows
Six Months Ended June 30, 2014

(In Thousands)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Cash and cash equivalents at beginning of year	$ 88,476	$ —	$ 388,763	$ —	$ 477,239
Cash flows from operating activities:					
Net cash provided by operating activities	148,261	—	152,896	(6,010)	295,147
Cash flows from investing activities:					
Capital expenditures	(31,749)	—	(14,921)	—	(46,670)
Sales of (investments in) marketable securities, net	660	—	(18)	—	642
Net cash used in investing activities	(31,089)	—	(14,939)	—	(46,028)
Cash flows from financing activities:					
Repayments of long-term debt	(101)	—	(2,915)	—	(3,016)
Other borrowings (repayments), net	—	—	(13,083)	—	(13,083)
Dividends paid to shareholders	(41,316)	—	—	—	(41,316)
Intercompany dividends paid	—	—	(6,010)	6,010	—
Repurchases of common stock	(150,000)	—	—	—	(150,000)
Proceeds from exercise of stock options	2,355	—	—	—	2,355
Excess tax benefits realized from stock-based compensation arrangements	767	—	—	—	767
Withholding taxes paid on stock-based compensation award distributions	(3,150)	—	—	—	(3,150)
Debt financing costs	(1,372)	—	—	—	(1,372)
Net cash used in financing activities	(192,817)	—	(22,008)	6,010	(208,815)
Net effect of foreign exchange on cash and cash equivalents	—	—	(2,424)	—	(2,424)
(Decrease) increase in cash and cash equivalents	(75,645)	—	113,525	—	37,880
Cash and cash equivalents at end of period	$ 12,831	$ —	$ 502,288	$ —	$ 515,119

The 4.625% senior notes issued in September 2012 by RSGI (the “Issuer”) are fully and unconditionally guaranteed, jointly and severally, on an unsecured and unsubordinated basis by Albemarle Corporation (the “Parent Company Guarantor”) and RHI (the “Guarantor Subsidiary,” and together with the Parent Company Guarantor, the “Guarantors”). The guarantees are general senior unsecured obligations of the Guarantors and rank equally in right of payment with all existing and future senior unsecured indebtedness and other obligations of the Guarantors that are not, by their terms, otherwise expressly subordinated. The note guarantees will be released when the 4.625% senior notes are repaid or otherwise discharged.

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

The following consolidating financial information presents the financial condition, results of operations and cash flows of the Parent Company Guarantor, Issuer, Guarantor Subsidiary, and the Non-Guarantor Subsidiaries, together with consolidating adjustments necessary to present Albemarle’s results on a consolidated basis, and should be read in conjunction with the notes to the condensed consolidated financial statements. Each entity in the consolidating 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, 2014.

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

Condensed Consolidating Statement of Income
Three Months Ended June 30, 2015

(In Thousands)	Parent Company Guarantor	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net sales	$374,220	$—	$—	$ 732,025	$ (174,760)	$ 931,485
Cost of goods sold	256,868	—	—	548,811	(174,760)	630,919
Gross profit	117,352	—	—	183,214	—	300,566
Selling, general and administrative expenses	46,353	46	—	101,313	—	147,712
Research and development expenses	12,901	—	—	12,435	—	25,336
Acquisition and integration related costs	19,289	—	—	4,877	—	24,166
Intercompany service fee	5,978	—	—	(5,978)	—	—
Operating profit (loss)	32,831	(46)	—	70,567	—	103,352
Interest and financing expenses	(21,865)	(12,940)	—	1,623	—	(33,182)
Intergroup interest and financing expenses	(8,532)	16,654	—	(8,122)	—	—
Other income (expenses), net	(19,624)	18,832	—	1,333	—	541
Income (loss) from continuing operations before income taxes and equity in net income of unconsolidated investments	(17,190)	22,500	—	65,401	—	70,711
Income tax expense (benefit)	(2,549)	9,900	—	9,788	—	17,139
Income (loss) from continuing operations before equity in net income of unconsolidated investments	(14,641)	12,600	—	55,613	—	53,572
Equity in net income of unconsolidated investments (net of tax)	1,738	—	—	4,056	—	5,794
Net income (loss) from continuing operations	(12,903)	12,600	—	59,669	—	59,366
Income (loss) from discontinued operations (net of tax)	—	—	—	—	—	—
Equity in undistributed earnings of subsidiaries	65,050	4,226	16,826	16,826	(102,928)	—
Net income	52,147	16,826	16,826	76,495	(102,928)	59,366
Net income attributable to noncontrolling interests	—	—	—	(7,219)	—	(7,219)
Net income attributable to Albemarle Corporation	$52,147	$16,826	$16,826	$ 69,276	$ (102,928)	$ 52,147

Condensed Consolidating Statement of Comprehensive Income
Three Months Ended June 30, 2015

(In Thousands)	Parent Company Guarantor	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total

Net income	$52,147	$16,826	$16,826	$ 76,495	$ (102,928)	$ 59,366
Total other comprehensive income, net of tax	45,876	30,912	30,912	90,871	(152,746)	45,825
Comprehensive income	98,023	47,738	47,738	167,366	(255,674)	105,191
Comprehensive income attributable to noncontrolling interests	—	—	—	(7,168)	—	(7,168)
Comprehensive income attributable to Albemarle Corporation	$98,023	$47,738	$47,738	$ 160,198	$ (255,674)	$ 98,023

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

Condensed Consolidating Statement of Income
Six Months Ended June 30, 2015

(In Thousands)	Parent Company Guarantor	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net sales	$752,392	$—	$—	$ 1,419,640	$ (356,143)	$1,815,889
Cost of goods sold	514,992	—	—	1,095,587	(353,722)	1,256,857
Gross profit	237,400	—	—	324,053	(2,421)	559,032
Selling, general and administrative expenses	86,870	46	—	196,561	—	283,477
Research and development expenses	26,269	—	—	25,559	—	51,828
Acquisition and integration related costs	58,169	—	—	25,520	—	83,689
Intercompany service fee	11,643	—	—	(11,643)	—	—
Operating profit (loss)	54,449	(46)	—	88,056	(2,421)	140,038
Interest and financing expenses	(48,521)	(23,711)	—	3,304	—	(68,928)
Intergroup interest and financing expenses	(14,446)	25,715	—	(11,269)	—	—
Other income (expenses), net	8,944	(31,220)	—	72,774	—	50,498
Income (loss) from continuing operations before income taxes and equity in net income of unconsolidated investments	426	(29,262)	—	152,865	(2,421)	121,608
Income tax expense	8,343	2,972	—	20,856	(892)	31,279
Income (loss) from continuing operations before equity in net income of unconsolidated investments	(7,917)	(32,234)	—	132,009	(1,529)	90,329
Equity in net income of unconsolidated investments (net of tax)	3,757	—	—	12,429	—	16,186
Net income (loss) from continuing operations	(4,160)	(32,234)	—	144,438	(1,529)	106,515
Income (loss) from discontinued operations (net of tax)	—	—	—	—	—	—
Equity in undistributed earnings of subsidiaries	99,422	57,958	25,724	25,724	(208,828)	—
Net income	95,262	25,724	25,724	170,162	(210,357)	106,515
Net income attributable to noncontrolling interests	—	—	—	(11,253)	—	(11,253)
Net income attributable to Albemarle Corporation	$95,262	$25,724	$25,724	$ 158,909	$ (210,357)	$95,262

Condensed Consolidating Statement of Comprehensive Loss
Six Months Ended June 30, 2015

(In Thousands)	Parent Company	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total

	Guarantor					
Net income	$95,262	$25,724	$25,724	$ 170,162	$ (210,357)	$ 106,515
Total other comprehensive loss, net of tax	(253,993)	(217,337)	(217,338)	(544,565)	979,089	(254,144)
Comprehensive loss	(158,731)	(191,613)	(191,614)	(374,403)	768,732	(147,629)
Comprehensive income attributable to noncontrolling interests	—	—	—	(11,102)	—	(11,102)
Comprehensive loss attributable to Albemarle Corporation	$(158,731)	$(191,613)	$(191,614)	$ (385,505)	$ 768,732	$ (158,731)

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

Condensed Consolidating Statement of Income (Loss)
Three Months Ended June 30, 2014

(In Thousands)	Parent Company Guarantor	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Total
Net sales	$419,135	$—	$—	$ 361,253	$ (175,667)	$ 604,721
Cost of goods sold	267,984	—	—	308,216	(178,842)	397,358
Gross profit	151,151	—	—	53,037	3,175	207,363
Selling, general and administrative expenses	42,806	—	—	24,205	—	67,011
Research and development expenses	13,657	—	—	8,280	—	21,937
Restructuring and other charges, net	7,246	—	—	(3,914)	—	3,332
Acquisition and integration related costs	4,843	—	—	—	—	4,843
Intercompany service fee	6,938	—	—	(6,938)	—	—
Operating profit	75,661	—	—	31,404	3,175	110,240
Interest and financing expenses	(8,731)	—	—	(2)	—	(8,733)
Intergroup interest and financing expenses	6,010	—	—	(6,010)	—	—
Other income (expenses), net	782	—	—	(1,761)	—	