

ALBEMARLE CORP  
Form S-3  
October 13, 2004  
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As filed with the Securities and Exchange Commission on October 13, 2004

Registration Statement No. 333-

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**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM S-3**

*REGISTRATION STATEMENT*

*UNDER THE SECURITIES ACT OF 1933*

**ALBEMARLE CORPORATION**

(Exact Name of Registrant as Specified in its Charter)

Virginia  
(State or Other Jurisdiction of Incorporation or Organization)  
330 South Fourth Street  
Richmond, Virginia 23219  
(804) 788-6000

54-1692118  
(I.R.S. Employer Identification No.)

(Address, Including Zip Code, and Telephone Number, Including Area Code, of

Registrant's Principal Executive Offices)

**PAUL F. ROCHELEAU**  
Senior Vice President and  
Chief Financial Officer  
330 South Fourth Street  
P. O. Box 1335  
Richmond, Virginia 23210  
(804) 788-6000

**LUTHER C. KISSAM, IV, ESQ.**  
Vice President, General  
Counsel and Secretary  
330 South Fourth Street  
P. O. Box 1335  
Richmond, Virginia 23210  
(804) 788-6000

(Name, Address, Including Zip Code, and Telephone Number, Including

Area Code, of Agent for Service)

*It is respectfully requested that the Commission send copies of all notices, orders and communications to:*

**ALLEN C. GOOLSBY, ESQ.**  
**JOHN OWEN GWATHMEY, ESQ.**  
Hunton & Williams LLP  
Riverfront Plaza, East Tower  
951 E. Byrd Street  
Richmond, Virginia 23219  
(804) 788-8200

**JOHN D. LOBRANO, ESQ.**  
Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, New York 10017  
(212) 455-2000

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**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this registration statement as the registrant determines.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If the Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
<b>Primary Offering:</b> (1)(2)(3)			\$700,000,000	\$88,690
Senior Debt Securities	(4)(5)(6)			
Subordinated Debt Securities	(4)(5)(6)			
Preferred Stock	(4)(5)(6)			
Common Stock, \$.01 par value per share	(4)(5)(6)			
<b>Secondary Offering:</b>				
Common Stock, \$.01 par value per share	1,600,000	\$35.23(7)	\$56,368,000(7)	\$7,142(7)
<b>Total</b>			<b>\$756,368,000</b>	<b>\$95,832</b>

- (1) Calculated pursuant to Rule 457(o) under the Securities Act.
- (2) The amount to be registered and the proposed maximum offering price per unit are not specified as to each class of securities to be registered in connection with the primary offering pursuant to General Instruction II.D of Form S-3 under the Securities Act.
- (3) The proposed maximum offering price per unit will be determined from time to time by Albemarle Corporation in connection with, and at the time of, the issuance by Albemarle Corporation of the securities registered herein.
- (4) Such indeterminate principal amount, liquidation amount or number of senior debt securities, subordinated debt securities, preferred stock and common stock of Albemarle Corporation as may from time to time be issued at indeterminate prices. The aggregate maximum offering price of all securities issued by Albemarle Corporation pursuant to this registration statement shall not have a maximum aggregate offering price that exceeds \$700,000,000 in U.S. dollars or the equivalent at the time of offering in any other currency.
- (5) Also includes such indeterminate principal amount, liquidation amount or number of senior debt securities, subordinated debt securities, preferred stock and common stock as may be issued upon conversion or exchange of any senior debt securities, subordinated debt securities or preferred stock that provide for conversion or exchange into other securities.
- (6) No separate consideration will be received for the senior debt securities, subordinated debt securities, preferred stock or common stock issuable upon conversion of or in exchange for senior debt securities, subordinated debt securities or preferred stock.
- (7) Estimated solely for the purpose of calculating the registration fee for the secondary offering of common stock by the selling shareholders named in the prospectus contained in this registration statement and calculated pursuant to Rule 457(c) under the Securities Act based upon \$35.23 per share, which was the average of the high and low prices of the common stock on the New York Stock Exchange on October 7, 2004.

**The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this prospectus supplement is not complete and may be changed. We may not sell these securities until the Securities and Exchange Commission declares our registration statement effective. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED OCTOBER 13, 2004**

**PROSPECTUS SUPPLEMENT**

(to Prospectus dated \_\_\_\_\_, 2004)

**Shares**

**Common Stock**

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We are offering \_\_\_\_\_ shares of our common stock. In addition, the selling shareholders named in this prospectus supplement are offering \_\_\_\_\_ shares of our common stock. Our common stock is listed on the New York Stock Exchange under the symbol ALB. On October 12, 2004, the last reported sale price of our common stock on the NYSE was \$34.40 per share.

See **Risk Factors** beginning on page S-12 of this prospectus supplement to read about the risks you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

<u>Per</u> <u>Share</u>	<u>Total</u>
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Public Offering Price	\$	\$
Underwriting Discount	\$	\$
Proceeds, before Expenses, to Albemarle	\$	\$
Proceeds to the Selling Shareholders	\$	\$

We have granted the underwriters a 30-day option to purchase up to \_\_\_\_\_ additional shares to cover any over-allotments.

Delivery of the shares will be made on or about \_\_\_\_\_, 2004.

**Bear, Stearns & Co. Inc.**

**UBS Investment Bank**

**Banc of America Securities LLC**

The date of this prospectus supplement is \_\_\_\_\_, 2004.

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# GLOBAL LOCATIONS

## AMERICAS

### Executive Offices

330 South Fourth Street\*

Richmond, Virginia 23219

804-788-6000

### Operations Offices

451 Florida Street\*

Baton Rouge, Louisiana 70801

225-388-8011

### Sales and General Offices

Baton Rouge, Louisiana\*

225-388-7402

Houston, Texas\*

281-480-4747

### Research and

### Development Facilities

Baton Rouge, Louisiana

Dayton, Ohio\*

Pasadena, Texas

Santa Cruz, Brazil\*\*

Tyrone, Pennsylvania

**Plants**

Baton Rouge, Louisiana

Dayton, Ohio\*

Magnolia, Arkansas (3 locations)

Orangeburg, South Carolina

Pasadena, Texas (2 locations)

Pasadena, Texas\*\*

Santa Cruz, Brazil\*\*

Tyrone, Pennsylvania

**EUROPE/MIDDLE**

**EAST/AFRICA**

**Sales and General Offices**

Amersfoort, Netherlands\*

31 33 467 6310

Bergheim, Germany

49 2271 902 0

Louvain-La-Neuve, Belgium

32 10 48 1711

**Research and**

**Development Facilities**

Amsterdam, Netherlands

Bergheim, Germany

Louvain-La-Neuve, Belgium

Thann, France

**Plants**

Amsterdam, The Netherlands

Avonmouth, United Kingdom

Bergheim, Germany

Feluy, Belgium\*

Gela, Italy\*\*

Jubail, Saudi Arabia\*\*

La Voulte, France\*\*

Port-de-Bouc, France

Safi, Jordan\*\*

Santa Cruz, Brazil\*\*

St. Jakob/Breitenau, Austria\*\*

Teesport, United Kingdom

Thann, France

**ASIA-PACIFIC**

**Sales and General Offices**

Beijing, China

106 505 4153

Seoul, South Korea\*

82 2 555 3005

Shanghai, China\*

86 21 5306 1360

Singapore\*

65 6732 6286

Tokyo, Japan\*

81 3 5251 0791

**Research and**

**Development Facilities**

Niihama, Japan\*\*

**Plants**

Jin Shan District, Shanghai,

China\*\*

Ninghai County, Zhejiang

Province, China\*\*

Niihama, Japan\*\*

Takaishi City, Osaka, Japan \*\*

*\* Leased Location*

*\*\*Joint Venture*



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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and certain other matters relating to Albemarle Corporation. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. If the description in the prospectus supplement differs from the description in the accompanying prospectus, the description in the prospectus supplement supersedes the description in the accompanying prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. Neither we, the selling shareholders nor the underwriters have authorized anyone to provide you with information other than that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. The information in this prospectus supplement and the accompanying prospectus may be accurate only as of their respective dates.

We, the selling shareholders and the underwriters are not making an offer to sell the common stock in jurisdictions where the offer or sale is not permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the common stock in certain jurisdictions may be restricted by law. Persons who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of the common stock and the distribution of this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for a person to make an offer or solicitation.

Unless the context otherwise indicates, the terms Albemarle, we, us, our or the company mean Albemarle Corporation and its consolidated subsidiaries.

**MARKET AND INDUSTRY DATA**

This prospectus supplement and the accompanying prospectus include market share and industry data and forecasts that we obtained from internal company surveys, market research, publicly available information and industry publications and surveys. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy and completeness of such information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, internal company surveys, forecasts and market research, which we believe to be reliable based upon management's knowledge of the industry, have not been verified by any independent sources. Except where otherwise noted, statements as to our position relative to our competitors or as to market position or share refer to the most recently available data.

**NON-GAAP FINANCIAL MEASURE**

In this prospectus supplement, we present EBITDA, which is a supplemental financial measure that is not required by, or presented in accordance with, accounting principles generally accepted in the United States, or U.S. GAAP. Our management believes EBITDA is more reflective of our operations as it presents investors with information about our operations and, in doing so, provides transparency to investors

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and enhances period-to-period comparability of operations, financial performance and liquidity. See footnote 5 in the section of this prospectus supplement titled "Summary Historical and Pro Forma Consolidated Financial Information of Albemarle" for the definition of EBITDA and related disclosure.

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EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our financial results prepared in accordance with U.S. GAAP. Some of these limitations are:

EBITDA does not reflect our cash expenditures, future requirements for capital expenditures or contractual commitments;

EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

EBITDA does not reflect the significant interest expense, or the cash requirements necessary to make interest or principal payments, on our debts;

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and

other companies in our industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business.

**PRO FORMA FINANCIAL INFORMATION**

This prospectus supplement contains various references to pro forma financial information. This pro forma financial information is included in, or is derived from, the Unaudited Pro Forma Combined Financial Information that has been prepared in conformity with Regulation S-X. This unaudited pro forma financial information, included in this prospectus supplement, gives effect to (1) the acquisition of the refinery catalysts business of Akzo Nobel N.V., (2) the financing of the purchase price through borrowings under our new senior credit agreement and 364-day loan agreement, including amounts borrowed to refinance our then-existing credit agreement and to pay related fees and expenses and (3) to the extent appropriate, the completion of this offering and the application of the net proceeds as described under Use of Proceeds, as if such transactions had occurred on January 1, 2003, in the case of statement of income data, or on June 30, 2004, in the case of balance sheet data. Our Current Report on Form 8-K/A, incorporated by reference in this prospectus supplement, also includes pro forma financial information as of June 30, 2004 and for the year ended December 31, 2003 and the six months ended June 30, 2004 and 2003. The pro forma financial information set forth in the Current Report on Form 8-K/A reflects the acquisition and related financings as if they had occurred on January 1, 2003, in the case of income data, or on June 30, 2004, in the case of balance sheet data, which differs in presentation from what is included in the Unaudited Pro Forma Combined Financial Information set forth in this prospectus supplement because it does not give effect to the completion of this offering and the application of the net proceeds as described under Use of Proceeds. The term pro forma also reflects, to the extent appropriate, the realignment of our polyolefin catalysts business from our Polymer Chemicals segment, which we renamed Polymer Additives, to our new Catalysts segment.

**Table of Contents****EXCHANGE RATES**

The combined financial statements of Akzo Nobel's refinery catalysts business contained in this prospectus supplement are denominated in European Union euros. The following chart shows for certain periods from January 1, 2001 through September 30, 2004, the average, high and low noon buying rates in The City of New York for cable transfers of euros as certified for customs purposes by the Federal Bank of New York expressed as U.S. dollars per euro, or the noon buying rate. The noon buying rate on October 8, 2004, was \$1.2418 per 1.00. We make no representation that the euro or U.S. dollar amounts referred to in this prospectus supplement have been, could have been or could, in the future, be converted into U.S. dollars or euros, as the case may be, at any particular rate, if at all.

(dollars per euro)

<u>Year</u>	<u>Low</u>	<u>High</u>	<u>Average<sup>(1)</sup></u>	<u>Period End</u>
2001	0.8370	0.9535	0.8952	0.8901
2002	0.8594	1.0485	0.9454	1.0485
2003	1.0361	1.2597	1.1315	1.2597
<b>Month</b>				
March 2004	1.2088	1.2431	1.2261	1.2292
April 2004	1.1802	1.2358	1.1989	1.1975
May 2004	1.1801	1.2274	1.2000	1.2217
June 2004	1.2006	1.2320	1.2146	1.2179
July 2004	1.2032	1.2437	1.2266	1.2032
August 2004	1.2025	1.2368	1.2191	1.2183
September 2004	1.2052	1.2417	1.2214	1.2417

(1) The average of the noon buying rates in The City of New York for cable transfers of euros as certified for customs purposes by the Federal Reserve Bank of New York on the last day of each month that are published on the website maintained by the Federal Reserve Bank of New York.

**FORWARD-LOOKING STATEMENTS**

Some of the information presented in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on our current expectations, which are in turn based on assumptions that we believe are reasonable based on our current knowledge of our business and operations. We have used words such as anticipate, believe, could, estimate, expect, intend, should, will and variations of such words and similar expressions to identify such forward-looking statements. These forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict and many of which are beyond our control. There can be no assurance, therefore, that our actual results will not differ materially from the results and expectations expressed or implied in the forward-looking statements. Factors that could cause actual results to differ materially include, without limitation:

the timing of orders received from customers;

the gain or loss of significant customers;

competition from other manufacturers;

changes in the demand for our products;

changes in our margins;

increases in the cost of raw materials and energy, and our inability to pass through such increases;

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changes in our manufacturing processes;

changes in our markets in general;

fluctuations in foreign currencies;

changes in new product introductions resulting in increases in capital project requests and approvals leading to additional capital spending;

changes in laws and regulations;

the occurrence of claims or litigation;

the inability to maintain current levels of product or premises liability insurance or the denial of such coverage;

political unrest affecting the global economy, including adverse effects from terrorism or hostilities;

changes in accounting standards;

the integration of the Akzo Nobel refinery catalysts business into our operations;

the inability to achieve results from our global manufacturing cost reduction initiatives as well as our ongoing continuous improvement and rationalization programs;

changes in interest rates, to the extent they (1) affect our ability to raise capital or increase our cost of funds, (2) have an impact on the overall performance of our pension fund investments and (3) increase our pension expense and funding obligations; and

the other factors detailed from time to time in the reports we file with the Securities and Exchange Commission, or the SEC.

We assume no obligation to provide revisions to any forward-looking statements should circumstances change, except as otherwise required by securities and other applicable laws.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*The following section summarizes more detailed information presented later in this prospectus supplement and the accompanying prospectus. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the section entitled "Risk Factors", before making an investment decision. Unless indicated otherwise, the information contained in this prospectus supplement and the accompanying prospectus assumes that the underwriters' over-allotment option is not exercised.*

**Albemarle Corporation**

We are a leading global developer, manufacturer and marketer of highly-engineered specialty chemicals. Our products enhance the value of our customers' end-products by improving performance, providing essential product attributes, lowering cost and simplifying processing. We sell a highly diversified mix of products to a wide range of customers, including manufacturers of electronics, building and construction materials, automotive parts, packaging, pharmaceuticals and agrichemicals and to petroleum refiners. We believe that our commercial and geographic diversity, technical expertise, flexible, low-cost global manufacturing base, strong cash flows and experienced management team enable us to maintain leading market positions in those areas of the specialty chemicals industry in which we operate.

We and our joint ventures currently operate 38 production facilities, research and development facilities, and administrative and sales offices in North and South America, Europe and Asia and serve more than 3,400 customers in approximately 100 countries. In 2003, we generated net sales of \$1,515.2 million, operating profit of \$139.9 million, net income (before cumulative effect of a change in accounting principle) of \$97.5 million and earnings before interest, taxes, depreciation and amortization, or EBITDA, of \$ million, in each case on a pro forma basis. The following chart presents the geographic balance of our 2003 pro forma net sales.

On July 31, 2004, we acquired the refinery catalysts business of Akzo Nobel N.V. for 615.7 million (approximately \$763 million at applicable exchange rates) in cash. We financed the acquisition with borrowings under our new senior credit agreement and 364-day loan agreement. We believe that this acquisition significantly enhances our business by giving us a strong new operating segment. Key attributes of the acquired refinery catalysts business are:

leading global market positions;

strong industry fundamentals;

proprietary technology and service-driven business model; and

attractive margins and cash flows.

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Following the refinery catalysts acquisition, we transferred our existing polyolefin catalysts business from our Polymer Chemicals segment, which we renamed Polymer Additives, to a newly created Catalysts segment, which includes the assets we acquired from Akzo Nobel. Our operations are now managed and reported as three operating segments: Polymer Additives; Catalysts; and Fine Chemicals. The following chart presents the contributions of our three segments based on our 2003 pro forma net sales.

### **Polymer Additives**

Our Polymer Additives business consists of the following two product categories:

**Flame Retardants.** We are a leading global producer of brominated, mineral-based and phosphorous flame retardants. These flame retardants comprise the bulk of the global flame retardant market, which is estimated at more than \$2.0 billion. Our flame retardants help materials in a wide variety of finished products meet fire-safety requirements. Some of the products that benefit from our flame retardants include plastic enclosures for consumer electronic products, printed circuit boards, wire and cable, electrical connectors, foam seating in furniture and automobiles, and textiles. We believe that the key drivers for growth of demand for our flame retardants are the increasing demand for electrical and electronic equipment, new construction and increasingly stringent fire-safety regulations in many countries around the world.

**Other Additives.** We produce plastic and other additives, such as curatives, antioxidants and stabilizers, which are often specially developed and formulated for a customer's specific manufacturing requirements. Our additives improve the performance characteristics of inks and coatings, adhesives, bullet-proof glass and numerous plastic products by enhancing strength, durability, color stability and other performance qualities. We also produce antioxidants used in fuels and lubricants, which are sold to lubricant manufacturers and refiners, some of which are also customers of our Catalysts segment.

### **Catalysts**

Our Catalysts business consists of the following two product categories:

**Refinery Catalysts.** We and our joint ventures, collectively, are one of the leading global producers of hydroprocessing, or HPC, catalysts and fluidized catalytic cracking, or FCC, catalysts. HPC catalysts are primarily used to reduce the quantity of sulfur and other impurities in petroleum products. FCC catalysts assist in the cracking of petroleum streams into derivative, higher-value products such as gasoline, diesel and raw material components. In 2002, worldwide sales of HPC and FCC catalysts accounted for approximately 80% of the estimated \$2.0 billion refinery catalysts market. We believe the key drivers for the growth of demand for refinery catalysts are the increasing global demand for petroleum products, the generally deteriorating quality of crude oil feedstocks and the implementation of more stringent fuel quality requirements in many countries around the world as part of anti-pollution initiatives.



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***Polyolefin Catalysts.*** We are a leading global manufacturer of aluminum- and magnesium-alkyls. These alkyls are used in the production of plastic products such as food wrap, stretch films, trash bags and a variety of plastic films. We are also a leader in the production of metallocene/single-site catalysts, which aid in the development and production of new polymers that increase impact strength, clarity and melt characteristics of plastic films. We expect that our extensive experience in polyolefin catalysts will present synergistic opportunities with our refinery catalysts business, particularly with respect to increasing our business with petroleum and petrochemical processing customers.

## **Fine Chemicals**

Our Fine Chemicals business consists of the following four product categories:

***Performance Chemicals.*** We are a leading global producer of bromine with geographically diverse production resources. In 2003, approximately 87% of the bromine that we produced was used internally in our Polymer Additives and Fine Chemicals segments and the remainder was sold into the merchant market. We also produce a number of bromides and bromine-based performance chemicals, which are used in a broad range of applications, including chemical synthesis, oil and gas well drilling and completion fluids, paper manufacturing, water purification, glass manufacturing and photography.

***Pharmaceuticals.*** Our bulk actives, ibuprofen and naproxen, are widely used to provide temporary pain relief and fever reduction. Bulk ibuprofen and naproxen are formulated by pharmaceutical companies for sale in both the prescription and over-the-counter markets. These products compete against other painkillers, including aspirin and acetaminophen. We are one of the largest global producers of ibuprofen. We also produce other intermediates used in the manufacture of a variety of over-the-counter and prescription drugs.

***Agrichemicals.*** We sell a diverse portfolio of chemical intermediates and active ingredients used in the manufacture of crop protection products, such as herbicides, insecticides, fungicides and soil fumigants. Our agrichemicals customers include major global agrichemical manufacturers and distributors.

***Fine Chemistry Services and Intermediates.*** Our fine chemistry services and intermediates business offers custom manufacturing, research and scale-up services for downstream chemical and pharmaceutical companies. We support our customers' product development efforts by offering discovery-through-commercialization services, including cGMP manufacturing capabilities.

## **Competitive Strengths**

We believe we benefit from the following competitive strengths:

***Leading Market Positions in Major Product Categories.*** We believe that we have leading global market positions in our major product categories, including bromine and bromine-based products, flame retardants and refinery catalysts. We have achieved these positions as a result of the performance characteristics of our products, long-standing customer relationships and our ability to develop and effectively market new generations of value-added products.

***Commercial and Geographic Diversity.*** We, along with our joint ventures, sell our products to over 3,400 customers across a diverse range of end-use markets in approximately 100 countries worldwide. Our broad product range allows us to serve customers in a wide variety of industries, including petroleum refining, consumer electronics, building and construction materials, automotive parts, pharmaceuticals and agrichemicals. We believe that the diversity of our operations fosters stability in our operating performance through reduced reliance on any one customer, industry, product or geographic area.

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**Technological Expertise.** We are a technological innovator within the markets we serve and are committed to maintaining a leadership position with respect to technological innovation, expertise and service. At September 30, 2004, we had over 1,400 patents as well as over 850 pending patent applications. At September 30, 2004, our research and development effort was supported by approximately 350 employees, of whom approximately one-third had PhDs. Examples of our innovative products and services include:

reactive brominated flame retardants that, when incorporated into commonly used resin systems, help electronic devices meet fire-safety requirements;

advanced mineral-based flame retardants for extreme temperature applications, such as automotive electrical connectors;

highly active HPC catalysts that help petroleum refiners meet more stringent fuel quality requirements without significant capital expenditures or reductions in refining capacity; and

in conjunction with a pharmaceutical company, a novel polymeric drug release coating for use in a recently approved medical device.

**Strong Underlying Industry Fundamentals.** We believe we are well positioned to capitalize on favorable trends within the areas of the specialty chemicals industry in which we operate. We expect our Polymer Additives segment to benefit from the increasing demand for electrical and electronic equipment, new construction and increasingly more stringent fire-safety regulations. We expect demand for our refinery catalysts to grow as a result of the increasing global demand for petroleum products, the generally deteriorating quality of crude oil feedstocks and the implementation of more stringent fuel quality requirements in many countries around the world as a part of anti-pollution initiatives. We expect our Fine Chemicals segment to continue to benefit from the rapid pace of innovation and the introduction of new products coupled with a movement by pharmaceutical companies to outsource certain research, product development and manufacturing functions.

**Flexible, Low-Cost Global Manufacturing Base.** We believe our manufacturing base affords us a competitive advantage by virtue of its breadth, cost position and flexibility. We and our joint ventures operate 27 manufacturing plants, with major facilities in North and South America, Europe and Asia. This global footprint allows us to provide timely service to our customers and supply our products to rapidly growing regions such as Asia. We are also vertically integrated in bromine. We believe that we are one of the lowest-cost producers of the bromine used in our brominated flame retardants and bromine derivative products. In addition, our pilot facilities provide us with the flexibility to commercialize newly developed products rapidly and cost efficiently. The ability to move quickly from product innovation to large-scale, commercial production contributes to our ability to capitalize on our product development efforts. For example, our Orangeburg, South Carolina facility currently is scaling up to produce commercial quantities of a new antioxidant for fuels after initial market-trial quantities were successfully produced at our Tyrone, Pennsylvania facility.

**Strong Cash Flows.** We have generated strong cash flows from operations even through adverse business cycles and periods of challenging chemical sector fundamentals. We generated average net cash provided from operations of approximately \$150 million per year between 1999 and 2003. In 2003, Akzo Nobel's refinery catalysts business had net cash provided from operations of approximately 41.1 million (approximately \$50.1 million based on an exchange rate of 1.00=\$1.2179, the noon buying rate for euros on June 30, 2004). Our ability to generate strong cash flows is principally attributable to the diversity of our product lines, our strong margins and the effective management of working capital. We believe that our strong cash flow will help us to reduce our indebtedness and implement our growth strategies discussed below.

**Experienced Management Team.** We have a highly experienced management team throughout our organization, including our Catalysts segment, which includes all of the incumbent managers of Akzo Nobel's refinery catalysts business. Our senior management team has an average of 29 years of experience in the



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chemicals business and a proven track record of developing and marketing new chemical products. Members of this team also have significant experience in executing and integrating acquisitions, including the acquisitions of eight businesses or product lines during the last five years.

### **Growth Strategy**

Our key objectives are to increase our revenues and our profitability and to broaden our product offerings. Our strategies to achieve these objectives include:

***Develop New Value-Added Products and New Applications for Existing Products.*** We believe that significant opportunities exist for us to generate additional high margin business through the introduction of new value-added products and processes. We estimate that approximately 14% of our 2003 net sales were from products newly introduced or re-engineered during the preceding five years.

***Expand Our Global Reach.*** We intend to grow domestically and internationally by expanding our product sales to new and existing multinational customers, particularly as they target high-growth regions and markets. We believe that our relationships with large multinational customers will provide access to new geographic and end-use product markets. We intend to add personnel focused on sales, marketing and research and development in selected regions and to expand our infrastructure to respond to the needs of our customers. We also plan on making selective acquisitions and participating in joint ventures consistent with this strategy. For example, we recently acquired a significant distributor in Korea, giving us direct access to a growing market for many of our Polymer Additives products.

***Focus on Operational Improvement.*** In 2002, we launched a three-year \$50 million manufacturing cost reduction program to reduce our fixed cost base. As of June 30, 2004, we believe that this program has yielded estimated savings of approximately \$22 million. We expect to implement additional cost-saving initiatives focused on achieving operational efficiencies by continuing to invest in flexible manufacturing equipment and processes, to optimize process control technologies and to reduce fixed costs through the rationalization of manufacturing capacity and the efficient management of capital spending.

***Cultivate Strategic Collaborations and Alliances.*** We believe that strategic collaborations and alliances, including joint ventures, afford us the opportunity to develop and expand our business with less capital investment and lower risk. We currently have joint ventures in Austria, Brazil, France, Japan, Jordan, the People's Republic of China and the United States. By entering into collaborations and alliances, we can leverage the technology and research and development skills of our partners, extend our business reach, gain greater access to important raw materials and benefit from our partners' knowledge of the local business environment.

***Pursue Disciplined Acquisition Strategy.*** We intend to continue to explore possible acquisitions in areas that allow us to build upon our product and technology portfolio, expand our customer base, and leverage our sales and distribution infrastructure and existing customer relationships. We intend to target acquisitions that are expected to contribute to sustainable cash flow and that are consistent with maintaining our investment grade credit rating.

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We were incorporated in Virginia in 1993. Our principal executive offices are located at 330 South Fourth Street, Richmond, Virginia 23219, and our telephone number is (804) 788-6000.



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**The Offering**

Issuer	Albemarle Corporation
Common stock offered by us	shares <sup>(1)</sup>
Common stock offered by the selling shareholders	shares
Common stock to be outstanding immediately after the offering	shares <sup>(1)(2)</sup>
Use of proceeds	<p>We expect to use all of the net proceeds from our offering of common stock to retire a corresponding portion of the outstanding short-term debt that we incurred to finance our acquisition of Akzo Nobel's refinery catalysts business.</p> <p>We will not receive any of the proceeds from the sale of shares of our common stock by the selling shareholders.</p>
Dividend policy	<p>We intend to continue to declare and pay quarterly cash dividends on our common stock. The current annual rate is \$0.58 per share. The declaration and payment of dividends is subject to the discretion of our board of directors and will depend on various factors, including our financial condition, earnings, cash requirements, legal requirements and other factors deemed relevant by our board of directors.</p>
Listing	New York Stock Exchange
Symbol	ALB

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- (1) Excludes up to an additional \_\_\_\_\_ shares of common stock that may be purchased by the underwriters within 30 days of the date of this prospectus supplement if their over-allotment option is exercised.
- (2) Excludes:

3,150,525 shares issuable upon the exercise of outstanding stock options as of September 30, 2004; and

2,321,000 shares available for future issuance under our incentive compensation plan as of September 30, 2004.

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**Summary Historical and Pro Forma Consolidated Financial Information of Albemarle**

The following table sets forth summary historical consolidated financial information of Albemarle as of and for the years ended December 31, 2003, 2002 and 2001, which have been derived from our audited consolidated financial statements, and as of and for the six months ended June 30, 2004 and 2003, which have been derived from our unaudited consolidated financial statements. In the opinion of our management, the unaudited consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments necessary for a fair presentat