December 13, 2011

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, D.C. 20006

PCAOB Rulemaking Docket Matter No. 37
Concept Release on Auditor Independence and Audit Firm Rotation

Members of the Board:

Albemarle Corporation (Albemarle) appreciates the opportunity to comment on the PCAOB's Concept Release on Auditor Independence and Audit Firm Rotation. Albemarle, headquartered in Baton Rouge, Louisiana, is a leading global developer, manufacturer, and marketer of highly-engineered specialty chemicals for consumer electronics, petroleum refining, utilities, packaging, construction, automotive/ transportation, pharmaceuticals, crop protection, food-safety and custom chemistry services. We are committed to global sustainability and are advancing eco-practices and solutions in three business segments, Polymer Solutions, Catalysts and Fine Chemistry. Albemarle employs approximately 4,000 people and serves customers in approximately 100 countries. In 2010, Albemarle had revenues totaling $2.4 billion and as of year-end 2010, had total assets of $3.1 billion.

We are supportive of the PCAOB's goals of continuously increasing audit quality and protecting investors. We also believe in the value of auditor independence, objectivity and professional skepticism in pursuit of those goals. We do not, however, support the idea that mandatory audit firm rotation will improve audit quality. In fact, we believe that mandatory audit firm rotation will reduce audit quality and efficiency, and reduce audit committee authority. The current oversight and inspections required by the PCAOB are adequate and the PCAOB should continue to seek more information on the causes of identified audit failures in order to take more effective action to increase audit quality.

Reduced Audit Quality and Efficiency

A mandatory change in auditors will reduce audit quality and efficiency. Audit firms new to Albemarle will be faced with learning about our complex operations in 72 legal entities with customers in approximately 100 countries. While we have no recent direct experience with changing audit firms, we would expect up to two years of additional time and effort by the new audit firm to get through this learning curve. In addition, we are concerned that during the early stages of appointment, the risk of undetected material misstatements will increase due to the audit firm's time focused on learning as well as the distraction placed on Albemarle personnel and management in assisting with that learning. Given the size and global reach of Albemarle's business, "Big Four" accounting firms are best suited to address Albemarle's needs. The level of expertise in the global specialty chemicals industry varies among the Big Four, and industry experience particularly with respect to our operating segments can only be developed over time. Mandatory audit firm rotation would severely limit Albemarle's choice of audit firm. Furthermore, a rotation of audit firms during significant transactions and events such as an acquisition will also increase the risk of misstatement. This reduced audit quality and efficiency does not come without increased economic costs. There will be increased cost in the early stages as the new audit firm will require additional staff and time to get through the learning curve. In addition, we will be faced with the costs and additional challenges of changing non-audit service providers where services are being performed by the newly named independent audit firm.

Reduced Audit Committee Authority

The Albemarle Audit Committee is committed to represent the best interests of Albemarle's shareholders and takes the annual decision to engage an audit firm very seriously as an important step to satisfy its duty to represent those interests. By limiting an audit firm's tenure, the PCAOB will undermine the Audit Committee's discretion in making the determination of what is in the best interests of shareholders in light of Albemarle's business and industry. As prescribed by New York Stock Exchange and Securities and Exchange Commission rules, the Audit Committee is comprised of independent directors, all of which have financial expertise and have achieved significant success in their respective professional lives. The Audit Committee is best positioned to determine when to change auditors and to assess the increased costs to Albemarle associated with that change. We have every confidence in our Audit Committee's ability to evaluate our audit firm's independence, objectivity and ability to exercise professional skepticism.

Current Oversight is Adequate

We believe that the existing PCAOB oversight of audit firms and the procedures followed by the PCAOB are adequate. There have been significant and meaningful changes to the U.S. regulatory framework to promote auditor independence. These procedures and changes include inspections of audit firms by the PCAOB, more restrictive requirements for mandatory partner rotation, requirements for audit committees comprised solely of independent board members and more restrictive independence rules covering non-audit services. We believe the PCAOB should continue to seek more information on the cause of identified audit failures as it meets its goal of increasing audit quality.

In summary, while we firmly believe in the value of auditor independence, objectivity and professional skepticism, we believe that the risks and costs of mandatory auditor rotation far outweigh the potential benefits. We also believe that the Audit Committee is best positioned to determine which audit firm to retain on behalf of Albemarle and its shareholders without unnecessary restrictions on its discretion.

Thank you for your consideration.

Sincerely,

Scott A. Tozier
Senior Vice President and CFO
Albemarle Corporation