Global Reporting Initiative 2012

2012 Report on 2011 Activities

ALBEMARLE®

451 Florida Street, Baton Rouge, LA 70801

Statement
GRI Application Level Check

GRI hereby states that **Albemarle** has presented its report "Albemarle Global Reporting Initiative Report on 2011 Activities" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 9 January 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

GRI REPORT
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1.0 Strategy and Analysis

1.1 Statement from the Most Senior Decision Maker of the Organization

Dear Stakeholder:

"Sustainability" is a word that is used a lot this time of year when corporations prepare year-end reports and letters to shareholders, but what exactly does that term mean? A widely used definition is one developed by the Brundtland Commission of the United Nations: "sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." At Albemarle, we ascribe to that definition. To us, it means delivering on the current commitments to our stakeholders -- shareholders, customers, employees and the communities in which we operate -- and doing so in a way that positions us to continue to deliver benefits to our stakeholders for the foreseeable future. As a result, we focus on revenue and profitability growth, innovation, environmental stewardship, safe operations and community outreach.

In 2011, Albemarle reported annual sales of $2.9 billion, up 21% over 2010 and profit of $436 million, up 35% over 2010. We also generated a record amount of cash and ended the year with the strongest balance sheet in the history of the company, even after we increased dividends to shareholders and purchased $178 million in stock. This record performance was a solid first step towards Vision 2015, our plan to double the size of the business by 2015.

As we grew the businesses, we did so responsibly by staying true to our principles to provide innovative and sustainable solutions without doing harm to people or the environment. Albemarle employees were awarded 239 new patents and two prestigious innovation awards during 2011: The Center for the Polyurethane Industry's "Polyurethane Innovation Award" and the World Refining Association's "Biodiesel Corporation of the Year" award. With 31% of the company's 2011 revenues derived from new products, we continued our trend of bringing new products to the market to meet the ever changing needs of our customers. More importantly, we did all of this while our sites achieved the safest year in the history of Albemarle. This did not happen by accident – it is the direct result of a clear focus and dedication to protecting our people and our environment.

We realize that we've been granted a license to conduct business in the communities in which we operate, and our employees continue to dedicate themselves to improving these communities. The Albemarle Foundation contributed over $2.6 million to local charities in 2011, and whether it was building a Habitat for Humanity home in Orangeburg, South Carolina; partnering with City Year and Teach for America in Baton Rouge, Louisiana; installing computer labs at public schools in Jordan; or supporting the Vliegenbos in Amsterdam, Albemarle employees gave of their time and talents to help make our communities better places to live, work and raise our families.

In 2011, we were honored for the second year in a row to be recognized as one of Corporate Responsibility Magazine's Top 100 Corporate Citizens. It's a nice recognition for our employees, but we don't conduct ourselves the way we do for recognition. We do it because it's the right thing to do. We do it to create a better tomorrow for all of our stakeholders.

Thanks for taking the time to review our 2011 Sustainability Report.

Luke Kissam
CEO

1.2 Key impacts, risks and opportunities

Adverse conditions in the global economy and volatility and disruption of financial markets can negatively impact our customers and suppliers and therefore have a material adverse effect on our results of operations.

A global economic downturn may reduce customer demand or inhibit our ability to produce our products, negatively impacting our operating results. Our business and operating results have been and will continue to be sensitive to global economic downturns (including credit market tightness which can impact our liquidity as well as our customers and suppliers) declining consumer and business confidence, fluctuating commodity prices, volatile exchange rates, and other challenges that can affect the global economy. Our customers may experience deterioration of their businesses, cash flow shortages, and difficulty obtaining financing. As a result, existing or potential customers can delay or cancel plans to purchase products and may not be able to fulfill their obligations in a timely fashion. Further, suppliers may be experiencing similar conditions, which could impact their ability to fulfill their obligations to us. If the current weakness in much of the global economy continues for an extended period or deepens significantly, our results of operations, financial condition and cash flows could be materially adversely affected.

Our inability to pass through increases in costs and expenses for raw materials and energy, on a timely basis or at all, could have a material adverse effect on the margins of our products.

Our raw material and energy costs can be volatile and may increase significantly. Increases are primarily driven by significantly tighter market conditions and major increases in pricing of basic building blocks for our products such as crude oil, chlorine and metals (including molybdenum and rare earths which are used in the refinery catalysts business). We generally attempt to pass through changes in the prices of raw materials and energy to our customers, but we may be unable to or be delayed in doing so. Our inability to pass through price increases or any limitation or delay in our passing through price increases could adversely affect our margins. In addition to raising prices, raw material suppliers may extend lead times or limit supplies. Constraints on the supply or delivery of critical raw materials could disrupt production and adversely affect the performance of our business.

We face competition from other specialty chemical companies, which places downward pressure on the prices and margins of our products.

We operate in a highly competitive marketplace, competing against a number of domestic and foreign specialty chemical producers. Competition is based on several key criteria, including product performance and quality, product price, product availability and security of supply, responsiveness of product development in cooperation with customers and customer service. Some of our competitors are larger than we are and may have greater financial resources. These competitors may also be able to maintain significantly greater operating and financial flexibility than we do. As a result, these competitors may be better able to withstand changes in conditions within our industry, changes in the prices of raw materials and energy and in general economic conditions. Additionally, competitors' pricing decisions could compel us to decrease our prices, which could affect our margins and profitability adversely. Our ability to maintain or increase our profitability is, and will continue to be, dependent upon our ability to offset decreases in the prices and margins of our products by improving production efficiency and volume, shifting to higher margin chemical products and improving existing products through innovation and research and development. If we are unable to do so or to otherwise maintain our competitive position, we could lose market share to our competitors.

Downturns in our customers' cyclical industries could adversely affect our sales and profitability.

Downturns in the businesses that use our specialty chemicals will adversely affect our sales. Many of our customers are in industries, including the electronics, building and construction, and automotive industries, that are cyclical in nature and sensitive to changes in general economic conditions. Historically, downturns in general economic conditions have resulted in diminished product demand, excess manufacturing capacity and lower average selling prices, and we may experience similar problems in the future. A decline in economic conditions in our customers' cyclical industries may have a material adverse effect on our sales and profitability.

Our results are subject to fluctuation because of irregularities in the demand for our HPC catalysts and certain of our agrichemicals.

Our HPC catalysts are used by petroleum refiners in their processing units to reduce the quantity of sulfur and other impurities in petroleum products. The effectiveness of HPC catalysts diminishes with use, requiring the HPC catalysts to be replaced, on average, once every one to three years. The sales of our HPC catalysts, therefore, are largely dependent on the useful life cycle of the HPC catalysts in the processing units and may vary materially by quarter. In addition, the timing and profitability of HPC catalysts sales can have a significant impact on revenue and profit in any one quarter. Sales of our agrichemicals are also subject to fluctuation as demand varies depending on climate and other environmental conditions, which may prevent farming for extended periods. In addition, crop pricing and timing of when farms alternate from one crop to another crop in a particular year can also alter sales of agrichemicals.

Changes in our customers' products can reduce the demand for our specialty chemicals.

Our customers use our specialty chemicals for a broad range of applications. Changes in our customers' products or processes may enable our customers to reduce consumption of the specialty chemicals that we produce or make our specialty chemicals unnecessary. Customers may also find alternative materials or processes that no longer require our products. For example, many of our flame retardants are incorporated into resin systems to enhance the flame retardancy of a particular polymer. Should a customer decide to use a different polymer due to price, performance or other considerations, we may not be able to supply a product that meets the customer's new requirements. Consequently, it is important that we develop new products to replace the sales of products that mature and decline in use. Our business, results of operations, cash flows and margins could be materially adversely affected if we are unable to manage successfully the maturation of our existing products and the introduction of new products.

Our research and development efforts may not succeed and our competitors may develop more effective or successful products.

The specialty chemicals industry is subject to periodic technological change and ongoing product improvements. In order to maintain our margins and remain competitive, we must successfully develop, manufacture and market new or improved products. As a result, we must commit substantial resources each year to research and development. Ongoing investments in research and development for future products could result in higher costs without a proportional increase in revenues. Additionally, for any new product program, there is a risk of technical or market failure in which case we may not be able to develop the new commercial products needed to maintain our competitive position or we may need to commit additional resources to new product development programs. Moreover, new products may have lower margins than the products they replace.

We also expect competition to increase as our competitors develop and introduce new and enhanced products. For example, our Fine Chemistry segment is experiencing increased competition from large-scale producers of pharmachemicals, particularly from Asian producers. In our Catalysts segment, our petroleum refinery customers are processing crude oil feedstocks of declining quality, while at the same time operating under increasingly stringent regulations requiring the gasoline, diesel and other fuels they produce to contain fewer impurities, including sulfur. As a result, our petroleum refining customers are demanding more effective and more cost-effective catalysts products. As new products enter the market, our products may become obsolete or competitors' products may be marketed more effectively than our products. If we fail to develop new products, maintain or improve our margins with our new products or keep pace with technological developments, our business, financial condition, results of operations and cash flows will suffer.

Our inability to protect our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

Protection of our proprietary processes, methods and compounds and other technology is important to our business. We generally rely on patent, trade secret, trademark and copyright laws of the U.S. and certain other countries in which our products are produced or sold, as well as licenses and nondisclosure and confidentiality agreements, to protect our intellectual property rights. The patent, trade secret, trademark and copyright laws of some countries may not protect our intellectual property rights to the same extent as the laws of the U.S. Failure to protect our intellectual property rights may result in the loss of valuable proprietary technologies. Additionally, some of our technologies are not covered by any patent or patent application and, even if a patent application has been filed, it may not result in an issued patent. If patents are issued to us, those patents may not provide meaningful protection against competitors or against competitive technologies. We cannot assure you that our intellectual property rights will not be challenged, invalidated, circumvented or rendered unenforceable.

We could face patent infringement claims from our competitors or others alleging that our processes or products infringe on their proprietary technologies. If we are found to be infringing on the proprietary technology of others, we may be liable for damages, and we may be required to change our processes, to redesign our products partially or completely, to pay to use the technology of others or to stop using certain technologies or producing the infringing product entirely. Even if we ultimately prevail in an infringement suit, the existence of the suit could prompt customers to switch to products that are not the subject of infringement suits. We may not prevail in intellectual property litigation and such litigation may result in significant legal costs or otherwise impede our ability to produce and distribute key products.

We also rely upon unpatented proprietary manufacturing expertise, continuing technological innovation and other trade secrets to develop and maintain our competitive position. While we generally enter into confidentiality agreements with our employees and third parties to protect our intellectual property, we cannot assure you that our confidentiality agreements will not be breached, that they will provide meaningful protection for our trade secrets and proprietary manufacturing expertise or that adequate remedies will be available in the event of an unauthorized use or disclosure of our trade secrets or manufacturing expertise.

Our business and operations could suffer in the event of cyber-security breaches.

Attempts by others to gain unauthorized access to our information technology systems are becoming more sophisticated. These attempts, which might be related to industrial or other espionage, include covertly introducing malware to our computers and networks and impersonating authorized users, among others. We seek to detect and investigate all security incidents and to prevent their recurrence, but in some cases, we might be unaware of an incident or its magnitude and effects. The theft, unauthorized use or publication of our intellectual property and/or confidential business information could harm our competitive position, reduce the value of our investment in research and development and other strategic initiatives or otherwise adversely affect our business. To the extent that any cyber-security breach results in inappropriate disclosure of our customers' or licensees' confidential information, we may incur liability as a result.

Our substantial international operations subject us to risks of doing business in foreign countries, which could adversely affect our business, financial condition and results of operations.

We conduct a substantial portion of our business outside of the U.S. We and our joint ventures currently have over 30 facilities located outside the U.S., including facilities and offices located in Austria, Australia, Belgium, Brazil, France, Germany, Hungary, India, Italy, Japan, Jordan, Korea, the Netherlands, the People's Republic of China, Russia, Saudi Arabia, Singapore, United Arab Emirates and the United Kingdom. We expect sales from international markets to continue to represent a significant portion of our net sales and the net sales of our joint ventures. Accordingly, our business is subject to risks related to the differing legal, political, social and regulatory requirements and economic conditions of many jurisdictions. Risks inherent in international operations include the following:

- fluctuations in foreign currency exchange rates may affect product demand and may adversely affect the profitability in U.S. Dollars of products and services we provide in international markets where payment for our products and services is made in the local currency;
- transportation and other shipping costs may increase;
- intellectual property rights may be more difficult to enforce;
- changes in foreign laws and tax rates or U.S. laws and tax rates with respect to foreign income may unexpectedly increase the rate at which our income is taxed, impose new and additional taxes or cause the loss of previously recorded tax benefits;
- foreign countries may adopt other restrictions on foreign trade or investment, including currency exchange controls;
- trade sanctions could result in losing access to customers and suppliers in those countries;
- unexpected adverse changes in foreign laws or regulatory requirements may occur;
- agreements may be difficult to enforce and receivables difficult to collect;
- compliance with a variety of foreign laws and regulations may be burdensome;
- unexpected adverse changes in export duties, quotas and tariffs and difficulties in obtaining export licenses;
- general economic conditions in the countries in which we operate could have an adverse effect on our earnings from operations in those countries;
- foreign operations may experience staffing difficulties and labor disputes;
- foreign governments may nationalize private enterprises; and
- our business and profitability in a particular country could be affected by political or economic repercussions on a domestic, country specific or global level from terrorist activities and the response to such activities.

In addition, certain of our joint ventures operate, and we have ongoing capital projects in, high-risk regions of the world such as the Middle East and South America. Unanticipated events, such as geopolitical changes, could result in a write-down of our investment in the affected joint venture, a delay or cancellation of those capital projects and negatively impact our future growth and profitability. Our success as a global business will depend, in part, upon our ability to succeed in differing legal, regulatory, economic, social and political conditions by developing, implementing and maintaining policies and strategies that are effective in each location where we and our joint ventures do business.

We are exposed to fluctuations in foreign exchange rates, which may adversely affect our operating results and net income.

We conduct our business and incur costs in the local currency of most of the countries in which we operate. The financial condition and results of operations of each foreign operating subsidiary and joint venture are reported in the relevant local currency and then translated to U.S. Dollars at the applicable currency exchange rate for inclusion in our consolidated financial statements. Changes in exchange rates between these foreign currencies and the U.S. Dollar will affect the recorded levels of our assets, liabilities, net sales, cost of goods sold and operating margins and could result in exchange losses. The primary currencies to which we have exposure are the European Union Euro, Japanese Yen, British Pound Sterling, Korean Won, Chinese Renminbi and the U.S. Dollar (in certain of our foreign locations). Exchange rates between these currencies and the U.S. Dollar in recent years have fluctuated significantly and may do so in the future. Significant changes in these foreign currencies relative to the U.S. Dollar could also have an adverse effect on our ability to meet interest and principal payments on any foreign currency-denominated debt outstanding. In addition to currency translation risks, we incur currency transaction risks whenever one of our operating subsidiaries or joint ventures enters into either a purchase or a sales transaction using a different currency from its functional currency. Our operating results and net income may be affected by any volatility in currency exchange rates and our ability to manage effectively our currency transaction and translation risks.

We incur substantial costs in order to comply with extensive environmental, health and safety laws and regulations.

In the jurisdictions in which we operate, we are subject to numerous federal, state and local environmental, health and safety laws and regulations, including those governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated properties. Ongoing compliance with such laws and regulations is an important consideration for us and we incur substantial capital and operating costs in our compliance efforts. Environmental laws have become increasingly strict in recent years. We expect this trend to continue and anticipate that compliance will continue to require increased capital expenditures and operating costs.

Violations of environmental, health and safety laws and regulations may subject us to fines, penalties and other liabilities and may require us to change certain business practices or curtail production.

If we violate environmental, health and safety laws or regulations, in addition to being required to correct such violations, we can be held liable in administrative, civil or criminal proceedings for substantial fines and other sanctions could be imposed that could disrupt or limit our operations. Liabilities associated with the investigation and cleanup of hazardous substances, as well as personal injury, property damages or natural resource damages arising from the release of, or exposure to, such hazardous substances, may be imposed in many situations without regard to violations of laws or regulations or other fault, and may also be imposed jointly and severally (so that a responsible party may be held liable for more than its share of the losses involved, or even the entire loss). Such liabilities may also be imposed on many different entities with a relationship to the hazardous substances at issue, including, for example, entities that formerly owned or operated the property affected by the hazardous substances and entities that arranged for the disposal of the hazardous substances at the affected property, as well as entities that currently own or operate such property. Such liabilities can be difficult to identify and the extent of any such liabilities can be difficult to predict. We use, and in the past have used, hazardous substances at many of our facilities, and we have in the past, and may in the future, be subject to claims relating to exposure to hazardous materials and the associated liabilities may be material. We also have generated, and continue to generate, hazardous wastes at a number of our facilities. Some of our facilities also have lengthy histories of manufacturing or other activities that have resulted in site contamination. We have also given contractual indemnities for environmental conditions relating to facilities we no longer own or operate. The nature of our business, including historical operations at our current and former facilities, exposes us to risks of liability under these laws and regulations due to the production, storage, use, transportation and sale of materials that can cause contamination or personal injury if released into the environment. Additional information may arise in the future concerning the nature or extent of our liability with respect to identified sites, and additional sites may be identified for which we are alleged to be liable, that could cause us to materially increase our environmental accrual or the upper range of the costs we believe we could reasonably incur for such matters.

We may be exposed to certain regulatory and financial risks related to climate change.

Growing concerns about climate change may result in the imposition of additional environmental regulations to which we may become subject. Potentially, some form of U.S. federal regulation is forthcoming with respect to greenhouse gas emissions (including carbon dioxide (CO2)) and/or "cap and trade" legislation. Additionally, some of our operations are within other jurisdictions that have, or are developing, regulatory regimes governing greenhouse gas emissions. For example, we have operations in the European Union, Brazil, China, Japan, Jordan, Saudi Arabia, Singapore and the United Arab Emirates, which have implemented measures to achieve objectives under the Kyoto Protocol, an international agreement linked to the United Nations Framework Convention on Climate Change which set binding targets for reducing greenhouse gas emissions. The first commitment period under the Kyoto Protocol is set to expire in 2012 and global attention is focused on the development of a successor global policy framework. The outcome of new legislation in the U.S. and other jurisdictions in which we operate may result in new or additional regulation, additional charges to fund energy efficiency activities or other regulatory actions. While certain climate change initiatives may result in new business opportunities for us in the area of alternative fuel technologies and emissions control, compliance with these initiatives may also result in additional costs to us, including, among other things, increased production costs or additional taxes or reduced emission allowances. We may not be able to recover the cost of compliance with new or more stringent environmental laws and regulations through our contractual terms, which could adversely affect our business and negatively impact our growth. Furthermore, the potential impacts of climate change and related regulation on our customers are highly uncertain and may adversely affect our operations.

Contractual indemnities may be ineffective in protecting us from environmental liabilities.

At several of our properties where hazardous substances are known to exist (including some sites where hazardous substances are being investigated or remediated), we believe we are entitled to contractual indemnification from one or more former owners or operators; however, in the event we make a claim, the indemnifier may disagree with us or not have the financial capacity to fulfill its indemnity obligation. If our contractual indemnity is not upheld or effective, our accrual and/or our costs for the investigation and cleanup of hazardous substances could increase materially.

Regulation, or the threat of regulation, of some of our products could have an adverse effect on our sales and profitability.

We manufacture or market a number of products that are or have been the subject of attention by regulatory authorities and environmental interest groups. For example, for many years we have marketed methyl bromide, a chemical that is particularly effective as a soil fumigant. In recent years, the market for methyl bromide has changed significantly, driven by the Montreal Protocol of 1990 and related regulations prompted by findings regarding the chemical's potential to deplete the ozone layer. Completion of the phase-out of methyl bromide as a fumigant took effect January 1, 2005 with continued use for critical uses allowed on an annual basis until feasible alternatives are available.

Recently, there has been increased scrutiny by regulatory authorities, legislative bodies and environmental interest groups in various countries in the world of certain brominated flame retardants. We manufacture a broad range of brominated flame retardant products, which are used in a variety of applications. Concern about the impact of some of our products on human health or the environment may lead to regulation, or reaction in our markets independent of regulation, that could reduce or eliminate markets for such products.

The only brominated flame retardant that we currently sell that has been banned for specified applications to date is decabromodiphenyl ether, which was banned for some applications in the states of Washington, Maine, Oregon and Vermont. In 2009, the state of Vermont passed a law that bans the use of decabromodiphenyl ether as a flame retardant in mattresses and upholstered furniture after July 1, 2010, and in televisions and computers after July 1, 2012. The state of Oregon also passed a ban on the use of decabromodiphenyl ether as a flame retardant after January 1, 2011. In December 2009, we, along with other leading producers announced a voluntary withdrawal, in cooperation with the EPA, from the production and sale of decabromodiphenyl ether in the U.S. over a period of three to four years. A similar agreement was reached later with Canada. Bills to restrict or ban the use of decabromodiphenyl ether are still under consideration in several U.S. states.

Norway restricted decabromodiphenyl ether in April 2008, except for certain transportation applications. On April 1, 2008, the European Court of Justice annulled the exemption of decabromodiphenyl ether from the RoHS Directive, ruling that the European Commission had followed an incorrect procedure when adopting the exemption. As a consequence, the use of decabromodiphenyl ether in electrical and electronic equipment was banned in the European Union effective July 1, 2008. In 2010, the Republic of India decided to adopt similar legislation, effective January 1, 2012. In 2011, less than 1% of our net sales were derived from decabromodiphenyl ether. None of these legislative restrictions has caused or is expected to cause a significant adverse effect on our profitability.

Additionally, agencies in the European Union continue to evaluate the risks to human health and the environment associated with certain brominated flame retardants, including decabromodiphenyl ether, hexabromocyclododecane and tetrabromobisphenol A. We manufacture each of these brominated flame retardants. The Persistent Organic Pollutants Review Committee, a scientific body to the Stockholm Convention on Persistent Organic Pollutants (POPs), recommended in October 2011 that hexabromocyclododecane be listed under the Convention. The United Nations' UNEP agency continues its evaluation of hexabromocyclododecane; no action restricting the use of hexabromocyclododecane is expected before mid-2013. In February 2011, the European Union included hexabromocyclododecane on a list of substances published under Annex XIV of the REACH regulation. Our expectation is that the sale of hexabromocyclododecane could be banned in Europe under the REACH process as soon as 2014. In 2011, approximately 2.1% of our net sales were derived from hexabromocyclododecane.

Additional government regulations, including limitations or bans on the use of brominated flame retardants, would likely result in a decline in our net sales of brominated flame retardants and have an adverse effect on our sales and profitability. In addition, the threat of additional regulation or concern about the impact of brominated flame retardants on human health or the environment could lead to a negative reaction in our markets that could reduce or eliminate our markets for these products, which could have an adverse effect on our sales and profitability.

We could be subject to damages based on claims brought against us by our customers or lose customers as a result of the failure of our products to meet certain quality specifications.

Our products provide important performance attributes to our customers' products. If a product fails to perform in a manner consistent with quality specifications or has a shorter useful life than guaranteed, a customer could seek replacement of the product or damages for costs incurred as a result of the product failing to perform as guaranteed. These risks apply to our refinery catalysts in particular because, in certain instances, we sell our refinery catalysts under agreements that contain limited performance and life cycle guarantees. A successful claim or series of claims against us could have a material adverse effect on our financial condition and results of operations and could result in a loss of one or more customers.

Our business is subject to hazards common to chemical businesses, any of which could interrupt our production and adversely affect our results of operations.

Our business is subject to hazards common to chemical manufacturing, storage, handling and transportation, including explosions, fires, inclement weather, natural disasters, mechanical failure, unscheduled downtime, transportation interruptions, remediation, chemical spills, discharges or releases of toxic or hazardous substances or gases and other risks. These hazards can cause personal injury and loss of life, severe damage to, or destruction of, property and equipment and environmental contamination. In addition, the occurrence of material operating problems at our facilities due to any of these hazards may diminish our ability to meet our output goals. Accordingly, these hazards, and their consequences could have a material adverse effect on our operations as a whole, including our results of operations and cash flows, both during and after the period of operational difficulties.

Natural disasters and weather-related matters could impact our results of operations.

In 2005 and again in the third quarter of 2008, major hurricanes caused significant disruption to the operations on the U.S. Gulf Coast for many of our customers and our suppliers of certain raw materials, which had an adverse impact on volume and cost for some of our products. If similar weather-related matters or other natural disasters occur in the future, they could negatively affect the results of operations at our sites in the affected regions as well as have adverse impacts on the global economy.

The insurance that we maintain may not fully cover all potential exposures.

We maintain property, business interruption and casualty insurance but such insurance may not cover all risks associated with the hazards of our business and is subject to limitations, including deductibles and maximum liabilities covered. We may incur losses beyond the limits, or outside the coverage, of our insurance policies, including liabilities for environmental remediation. In addition, from time to time, various types of insurance for companies in the specialty chemical industry have not been available on commercially acceptable terms or, in some cases, have not been available at all. We are potentially at additional risk if one or more of our insurance carriers fail. Additionally, severe disruptions in the domestic and global financial markets could adversely impact the ratings and survival of some insurers. Future downgrades in the ratings of enough insurers could adversely impact both the availability of appropriate insurance coverage and its cost. In the future, we may not be able to obtain coverage at current levels, if at all, and our premiums may increase significantly on coverage that we maintain.

We may incur significant charges in the event we close or divest all or part of a manufacturing plant or facility.

We periodically assess our manufacturing operations in order to manufacture and distribute our products in the most efficient manner. Based on our assessments, we may make capital improvements to modernize certain units, move manufacturing or distribution capabilities from one plant or facility to another plant or facility, discontinue manufacturing or distributing certain products or close or divest all or part of a manufacturing plant or facility. We also have shared services agreements at several of our plants and if such agreements are terminated or revised, we would assess and potentially adjust our manufacturing operations. The closure or divestiture of all or part of a manufacturing plant or facility could result in future charges that could be significant.

If we are unable to retain key personnel or attract new skilled personnel, it could have an adverse effect on our business.

The unanticipated departure of any key member of our management team could have an adverse effect on our business. In addition, because of the specialized and technical nature of our business, our future performance is dependent on the continued service of, and on our ability to attract and retain, qualified management, scientific, technical, marketing and support personnel. Competition for such personnel is intense, and we may be unable to continue to attract or retain such personnel.

Some of our employees are unionized, represented by workers' councils or are employed subject to local laws that are less favorable to employers than the laws of the U.S.

As of December 31, 2011, we had 4,260 employees. Approximately 17% of our 2,155 U.S. employees are unionized. Our collective bargaining agreements expire in 2013, 2014 and 2015. In addition, a large number of our employees are employed in countries in which employment laws provide greater bargaining or other rights to employees than the laws of the U.S. Such employment rights require us to work collaboratively with the legal representatives of the employees to effect any changes to labor arrangements. For example, most of our employees in Europe are represented by workers' councils that must approve any changes in conditions of employment, including salaries and benefits and staff changes, and may impede efforts to restructure our workforce. Although we believe that we have a good working relationship with our employees, a strike, work stoppage or slowdown by our employees or significant dispute with our employees could result in a significant disruption of our operations or higher ongoing labor costs.

Our joint ventures may not operate according to their business plans if our partners fail to fulfill their obligations, which may adversely affect our results of operations and may force us to dedicate additional resources to these joint ventures.

We currently participate in a number of joint ventures and may enter into additional joint ventures in the future. The nature of a joint venture requires us to share control with unaffiliated third parties. If our joint venture partners do not fulfill their obligations, the affected joint venture may not be able to operate according to its business plan. In that case, our results of operations may be adversely affected and we may be required to increase the level of our commitment to the joint venture. Also, differences in views among joint venture participants may result in delayed decisions or failures to agree on major issues. If these differences cause the joint ventures to deviate from their business plans, our results of operations could be adversely affected.

We may not be able to consummate future acquisitions or integrate future acquisitions into our business, which could result in unanticipated expenses and losses.

As part of our business growth strategy, we have acquired businesses and entered into joint ventures in the past and intend to pursue acquisitions and joint venture opportunities in the future. Our ability to implement this component of our growth strategy will be limited by our ability to identify appropriate acquisition or joint venture candidates and our financial resources, including available cash and borrowing capacity. The expense incurred in consummating acquisitions or entering into joint ventures, the time it takes to integrate an acquisition or our failure to integrate businesses successfully, could result in unanticipated expenses and losses. Furthermore, we may not be able to realize any of the anticipated benefits from acquisitions or joint ventures.

The process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of existing operations. Some of the risks associated with the integration of acquisitions include:

- potential disruption of our ongoing business and distraction of management;
- unforeseen claims and liabilities, including unexpected environmental exposures;
- unforeseen adjustments, charges and write-offs;
- problems enforcing the indemnification obligations of sellers of businesses or joint venture partners for claims and liabilities;
- unexpected losses of customers of, or suppliers to, the acquired business;
- difficulty in conforming the acquired businesses' standards, processes, procedures and controls with our operations;
- variability in financial information arising from the implementation of purchase price accounting;
- inability to coordinate new product and process development;
- loss of senior managers and other critical personnel and problems with new labor unions; and
- challenges arising from the increased scope, geographic diversity and complexity of our operations.

Although our pension plans currently meet minimum funding requirements, events could occur that would require us to make significant contributions to the plans and reduce the cash available for our business.

We have several defined benefit pension plans around the world, including in the U.S., the Netherlands, Germany, Belgium, and Japan, covering most of our employees. The U.S. plans represent approximately 94% of the total liabilities of the plans worldwide. We are required to make cash contributions to our pension plans to the extent necessary to comply with minimum funding requirements imposed by the various countries' benefit and tax laws. The amount of any such required contributions will be determined annually based on an actuarial valuation of the plans as performed by the plans' actuaries.

During 2011, we made $50.0 million of voluntary contributions to our U.S. qualified defined benefit pension plans, and in 2010 we made $70.0 million of voluntary contributions to these plans. We anticipate that the funded status of each of our U.S. qualified defined benefit pension plans will be at least 80% in 2012 and, therefore, the plans should not be subject to benefit limitations in conjunction with the Pension Protection Act of 2006. Additional voluntary pension contributions in and after 2012 may vary depending on factors such as asset returns, then-current interest rates, and legislative changes. The amounts we may elect or be required to contribute to our pension plans in the future may increase significantly. These contributions could be substantial and would reduce the cash available for our business.

The occurrence or threat of extraordinary events, including domestic and international terrorist attacks, may disrupt our operations and decrease demand for our products.

Chemical-related assets may be at greater risk of future terrorist attacks than other possible targets in the U.S. and throughout the world. As an American Chemistry Council member company, we have completed vulnerability assessments of our U.S. manufacturing locations and meet the requirements of this industry standard. We have a corporate security standard and audit our facilities for compliance. Recent investments have been made to upgrade site security. However, federal legislation is under consideration that could impose new site security requirements, specifically on chemical manufacturing facilities, which may increase our overhead expenses.

New federal regulations have already been adopted to increase the security of the transportation of hazardous chemicals in the U.S. We believe we have met these requirements but additional federal and local regulations that limit the distribution of hazardous materials are being considered. We ship and receive materials that are classified as hazardous. Bans on movement of hazardous materials through cities like Washington, D.C. could affect the efficiency of our logistical operations. Broader restrictions on hazardous material movements could lead to additional investment to produce hazardous raw materials and change where and what products we manufacture.

The occurrence of extraordinary events, including future terrorist attacks and the outbreak or escalation of hostilities, cannot be predicted, and their occurrence can be expected to continue to negatively affect the economy in general and specifically the markets for our products. The resulting damage from a direct attack on our assets, or assets used by us, could include loss of life and property damage. In addition, available insurance coverage may not be sufficient to cover all of the damage incurred or, if available, may be prohibitively expensive.

We will need a significant amount of cash to service our indebtedness and our ability to generate cash depends on many factors beyond our control.

Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt depends on a range of economic, competitive and business factors, many of which are outside our control. Based on a weighted average interest rate of 4.8% and outstanding borrowings at December 31, 2011 of $763.7 million, our annual interest expense would be approximately $36.7 million. A hypothetical 10% change (approximately 52 basis points) in the average interest rate applicable to the variable portion of such borrowings would change our annualized interest expense by approximately $0.3 million. Our business may not generate sufficient cash flow from operations to service our debt obligations. If we are unable to service our debt obligations, we may need to refinance all or a portion of our indebtedness on or before maturity, reduce or delay capital expenditures, sell assets or raise additional equity. We may not be able to refinance any of our indebtedness, sell assets or raise additional equity on commercially reasonable terms or at all, which could cause us to default on our obligations and impair our liquidity. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, could have a material adverse effect on our business and financial condition.

Restrictive covenants in our debt instruments may adversely affect our business.

Our September 2011 credit agreement and the indentures governing our senior notes contain select restrictive covenants. These covenants provide constraints on our financial flexibility. The failure to comply with the covenants in our September 2011 credit agreement, the indentures governing the senior notes and the agreements governing other indebtedness, including indebtedness incurred in the future, could result in an event of default, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. See "Financial Condition and Liquidity—Long-Term Debt" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations on page 45.

A downgrade of the ratings on our debt or an increase in interest rates will cause our debt service obligations to increase.

Borrowings under our September 2011 credit agreement bear interest at floating rates. The rates are subject to adjustment based on the ratings of our senior unsecured long-term debt by Standard & Poor's Ratings Services, or S&P and Moody's Investors Services, or Moody's. S&P has rated our senior unsecured long-term debt as BBB+ and Moody's has rated our senior unsecured long-term debt as Baa1. S&P and/or Moody's may, in the future, downgrade our ratings. The downgrading of our ratings or an increase in benchmark interest rates would result in an increase of our interest expense on borrowings under our September 2011 credit agreement.

Changes in credit ratings issued by nationally recognized statistical rating organizations could adversely affect our cost of financing and the market price of our securities.

Credit rating agencies rate our debt securities on factors that include our operating results, actions that we take, their view of the general outlook for our industry and their view of the general outlook for the economy. Actions taken by the rating agencies can include maintaining, upgrading, or downgrading the current rating or placing us on a watch list for possible future downgrading. Downgrading the credit rating of our debt securities or placing us on a watch list for possible future downgrading would likely increase our cost of future financing, could limit our access to the capital markets and have an adverse effect on the market price of our securities.

Because a significant portion of our operations is conducted through our subsidiaries and joint ventures, our ability to service our debt is largely dependent on our receipt of distributions or other payments from our subsidiaries and joint ventures.

A significant portion of our operations is conducted through our subsidiaries and joint ventures. As a result, our ability to service our debt is largely dependent on the earnings of our subsidiaries and joint ventures and the payment of those earnings to us in the form of dividends, loans or advances and through repayment of loans or advances from us. Payments to us by our subsidiaries and joint ventures will be contingent upon our subsidiaries' or joint ventures' earnings and other business considerations and may be subject to statutory or contractual restrictions. In addition, there may be significant tax and other legal restrictions on the ability of non-U.S. subsidiaries or joint ventures to remit money to us.

The instruments governing our indebtedness do not limit our acquisitions and may allow us to incur additional indebtedness, including indebtedness in relation to acquisitions.

We have historically expanded our business primarily through acquisitions. A part of our business strategy is to continue to grow through acquisitions that complement and expand our distribution network. The terms of our indebtedness do not limit the number or scale of acquisitions that we may complete. Because the consummation of acquisitions and integration of acquired businesses involves significant risk, this means that investors in our securities will be subject to the risks inherent in our acquisition strategy.

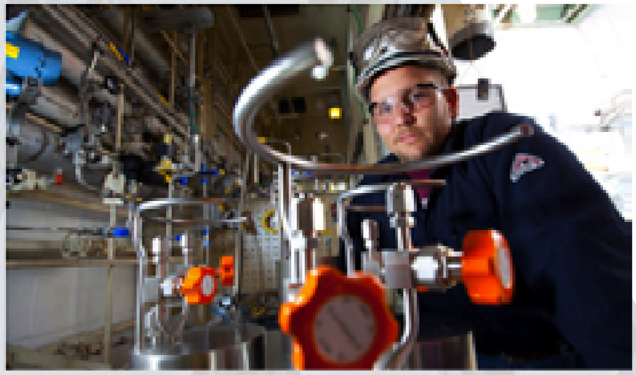
2.0 Organizational Profile

2.1 Name of Organization

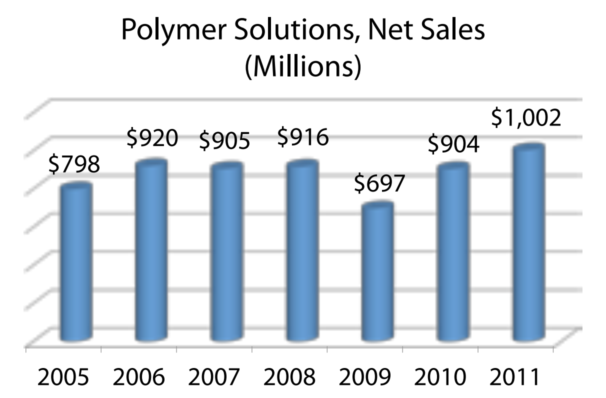
Albemarle Corporation

2.2 Primary Brands, Products and/or Services

We are a leading global developer, manufacturer and marketer of highly-engineered specialty chemicals that meet customer needs across an exceptionally diverse range of end markets including the petroleum refining, consumer electronics, plastics/packaging, construction, automotive, lubricants, pharmaceuticals, crop protection, food-safety and custom chemistry services markets. We are committed to global sustainability and are advancing responsible eco-practices and solutions in our three business segments. We believe that our commercial and geographic diversity, technical expertise, innovative capability, flexible, low-cost global manufacturing base, experienced management team, and strategic focus on our core base technologies will enable us to maintain leading market positions in those areas of the specialty chemicals industry in which we operate.



We and our joint ventures currently operate 50 facilities, encompassing production, research and development facilities, and administrative and sales offices in North and South America, Europe, the Middle East, Asia, Africa and Australia. We serve approximately 3,000 customers in over 100 countries.



Business Segments

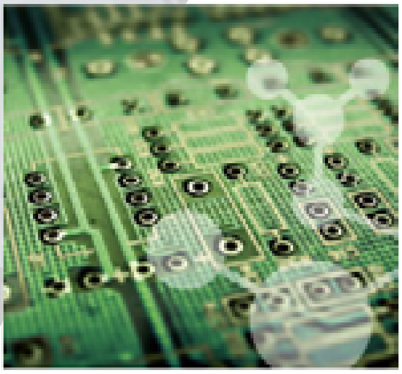
Our operations are managed and reported as three operating segments: Polymer Solutions, Catalysts and Fine Chemistry.

Polymer Solutions

Our Polymer Solutions segment consists of two product market categories: flame retardants and stabilizers and curatives.

Flame Retardants

Our fire safety technology enables the use of plastics in high performance, high heat applications by enhancin the flame resistant properties of these materials. Some of the end market products that benefit from our fire safety technology include plastic enclosures for consumer electronics, printed circuit boards, wire and cable, electrical connectors, textiles, foam insulation, and foam seating in furniture and automobiles. We compete in all of the markets for the major fire safety chemistries: brominated, mineral and phosphorus. Our brominated flame retardants include products such as Saytex®; our mineral-based flame retardants include products such as Martinal® and Magnifin®; and our phosphorus-based flame retardants include products such as Antiblaze® and Ncendx®. Our strategy is to have a broad range of chemistries applicable to each major flame retardant application.



Stabilizers and Curatives.

We produce plastic additives as well as other additives, such as curatives, antioxidants and stabilizers, which are often specially developed and formulated for a customer's specific manufacturing requirements. Our additives products include curatives for polyurethane, polyurea, and epoxy system polymerization. This business also produces antioxidants and stabilizers to improve the performance integrity of thermoplastic resins. We are well-positioned for global growth, notably with our leading antioxidant supplier position in the rapidly growing Chinese market.

Our Ethacure® curatives are used in cast elastomers, coatings, reaction injection molding (RIM) and specialty adhesives that are incorporated into products such as wheels, tires and rollers. Our line of Ethanox® antioxidants is used by manufacturers of polyolefins to maintain physical properties during the manufacturing process, including the color of the final product. These antioxidants are found in applications such as slit film, wire and cable, food packaging and pipes.

We also produce antioxidants used in fuels and lubricants. Our line of Ethanox® fuel and lubricant antioxidants is used by refiners and fuel marketers to extend fuel storage life and protect fuel systems, and by oil marketers and lubricant manufacturers to extend the useful life of lubricating oils, fluids and greases used in engines and various types of machinery.

Customers

Our Polymer Solutions segment offers more than 80 products to a variety of end-markets. We sell our products mostly to chemical manufacturers and processors, such as polymer resin suppliers, lubricant manufacturers, refiners and other specialty chemical companies.
Sales of Polymer Solutions in Asia are expected to grow long-term due to the underlying growth in consumer demand and the shift of the production of consumer electronics from the United States, or U.S., and Europe to Asia. In response to this development, we have established a sales and marketing network in China, Japan, Korea and Singapore with products sourced from the U.S., Europe, China and the Middle East. We are now operating three production facilities in China to deliver polymer solutions products to this rapidly growing market.
A number of customers of our Polymer Solutions segment manufacture products for cyclical industries, including the consumer electronics, building and construction, and automotive industries. As a result, demand from our customers in such industries is also cyclical.

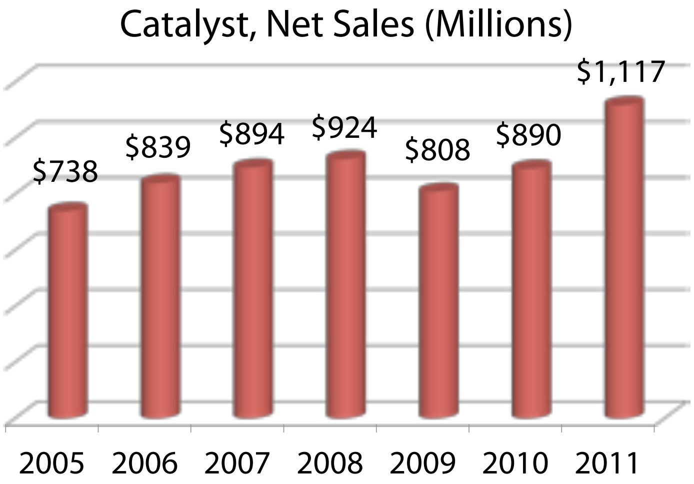
Raw Materials and Significant Supply Contracts

The major raw materials we use in our Polymer Solutions operations are bromine, bisphenol-A, phenol, benzene, caustic soda, phosphorus oxychloride, alumina trihydrate, polystyrene, isobutylene, and phosphorous derivatives, most of which are readily available from numerous independent suppliers and are purchased under contracts at prices we believe are competitive. The cost of raw materials is generally based on market prices although we may use contracts with price caps or other tools, as appropriate, to mitigate price volatility. Many of our customers operate under long-term supply contracts that provide for either the pass-through of raw material and energy cost changes, or pricing based on short-term "tenders" in which changing market conditions are quickly reflected in the pricing of the finished product.

The bromine we use in our Polymer Solutions segment comes from two locations: Arkansas and the Dead Sea. Our brine reserves in Arkansas are supported by an active brine rights leasing program. We believe that we have in excess of 50 years of proven bromine reserves in Arkansas. In addition, through our 50% interest in Jordan Bromine Company Limited, or JBC, a consolidated joint venture with operations in Safi, Jordan, we produce bromine from the Dead Sea, which has virtually inexhaustible reserves. In addition, we have a joint venture with Weifang Sinobrom Import and Export Company, Ltd., or Sinobrom, in China that allows us the option to source bromine directly from China's Shandong Province brine fields.

We entered into a range of phosphorus derivative supply agreements with Rhodia S.A. as part of the acquisition of the Rhodia polyurethane flame retardants business in 2003.

Catalysts



Our Catalysts segment includes our refinery catalysts and performance catalyst solutions (formerly polyolefin catalysts) businesses.

Refinery Catalysts.

Our two main refinery catalysts product lines are hydroprocessing catalysts, or HPC, and fluidized catalytic cracking, or FCC, catalysts and additives. In renewable, non-crude based fuels, we have also launched new catalysts for customers, along with ongoing research and development initiatives with additional potential customers.

HPC catalysts are primarily used to reduce the quantity of sulfur and other impurities in petroleum products as well as to convert heavy feedstock into lighter, more valuable products. FCC catalysts assist in the cracking of petroleum streams into derivative, higher-value products such as fuels and petrochemical feedstock. Our FCC additives are used to remove sulfur in gasoline and to reduce emissions of sulfur dioxide and nitrogen oxide in FCC units, to increase liquefied petroleum gas olefins yield and to boost octane in gasoline. We offer approximately 130 different HPC catalysts products and approximately 40 different FCC catalysts and additives products to our customers.

Performance Catalyst Solutions (PCS).

We have three business units in our PCS division: polymer catalysts, chemical catalysts, and electronic materials. We manufacture organometallic co-catalysts (e.g., aluminum, magnesium, and zinc alkyls) as well as metallocene components and co-catalysts (e.g., methylaluminumoxane, organoborons, metallocene compounds, and finished polymerization catalysts comprising these products). We also offer finished Single-Site catalysts with or without our proprietary ActivCat® technology and a line of proprietary Ziegler-Natta catalysts under the AdvantageTM brand. Our co-catalysts and finished catalysts are used in our customers' production of polyolefin polymers. Such polymers are commodity (i.e., Ziegler Natta polymerization technology) and specialty (i.e., Single Site polymerization technology) plastics serving a wide variety of end markets including packaging, non-packaging, films and injection molding. Some of our organometallic products are also used in the manufacture of alpha-olefins (i.e., hexene, octene, decene). In electronic materials, we manufacture and sell high purity metal organic products into electronic applications such as the production of light emitting diodes (LEDs) for displays and general lighting, as well as other products used in the production of solar cells. Our chemical catalysts include a variety of catalysts used in the broad chemical industry, for example, catalysts used in the production of ethylene dichloride and methylamines, among others.

Customers

Our Catalysts segment customers include multinational corporations such as ExxonMobil Corporation, Royal Dutch Shell plc, Chevron Corporation, TOTAL S.A., Saudi Basic Industries Corporation, and INEOS Group Holdings S.A.; independent petroleum refining companies such as Valero Energy Corporation and Tesoro Petroleum Corporation; and national petroleum refining companies such as Saudi Aramco Refinery Company Ltd., Petróleo Brasileiro S.A. and Petróleos Mexicanos.

We estimate that there are currently approximately 450 FCC units being operated globally, each of which requires a constant supply of FCC catalysts. In addition, we estimate that there are approximately 3,000 HPC units being operated globally, each of which typically requires replacement HPC catalysts once every one to three years. There are approximately 1,000 polyolefin and elastomer units worldwide which require a constant supply of co-catalysts and finished catalysts.

Raw Materials

The major raw materials we use in our Catalysts operations include aluminum, ethylene, alpha-olefins, sodium silicate, sodium aluminate, kaolin, rare earths, molybdenum, nickel and cobalt, most of which are readily available from numerous independent suppliers and are purchased or provided under contracts at prices we believe are competitive. The cost of raw materials is generally based on market prices, although we may use contracts with price caps or other tools, as appropriate, to mitigate price volatility. These raw materials may nevertheless be subject to significant volatility despite our mitigating efforts. Our profitability may be affected if we are unable to recover significant raw material costs from our customers.

Fine Chemistry

Fine Chemistry, Net Sales (Millions)

Our Fine Chemistry (formerly Fine Chemicals) segment consists of two categories: performance chemicals and fine chemistry services and intermediates.

Performance Chemicals.

Performance chemicals include products such as elemental bromine, alkyl bromides, inorganic bromides, brominated powdered activated carbon and a number of bromine fine chemicals. Our products are used in chemical synthesis, oil and gas well drilling and completion fluids, mercury control, paper manufacturing, water purification, beef and poultry processing and various other industrial applications. Other performance chemicals that we produce include tertiary amines for surfactants, biocides, disinfectants and sanitizers; potassium-based products used in industrial applications; alkenyl succinic anhydride used in paper-sizing formulations; and aluminum oxides used in a wide variety of refractory, ceramic and polishing applications. We sell these products to customers throughout the world for use in personal care products, automotive insulation, foundry bricks and other industrial products.

Fine Chemistry Services and Intermediates.

In addition to supplying the specific fine chemistry products and performance chemicals for the pharmaceutical and agricultural uses described below, our fine chemistry services business offers custom manufacturing, research and chemical scale-up services for companies. We believe that these services position us to support customers in developing their new products, such as new drugs, specialty materials and chemicals from renewables.

Our most significant pharmaceutical bulk active is ibuprofen. Ibuprofen is widely used to provide temporary pain relief and fever reduction. Bulk ibuprofen is formulated by pharmaceutical companies that sell in both the prescription and over-the-counter markets. This product competes against other painkillers, including aspirin and acetaminophen. We are one of the largest global producers of ibuprofen. We also produce a range of intermediates used in the manufacture of a variety of over-the-counter and prescription drugs.

Our agrichemicals are sold to agrichemical manufacturers and distributors that produce and distribute finished agricultural herbicides, insecticides, fungicides and soil fumigants. Our products include orthoalkylated anilines used in the acetanilide family of pre-emergent herbicides used with corn, soybeans and other crops and methyl bromide, which is used as a soil fumigant. We also manufacture and supply a variety of custom chemical intermediates for the agricultural industry.

In recent years, the market for methyl bromide has changed significantly, driven by the Montreal Protocol of 1990 and related regulations prompted by findings regarding the chemical's potential to deplete the ozone layer. Methyl bromide is injected into the soil by end users before planting to eliminate bacteria, nematodes, fungus and weeds. Methyl bromide is used on high-value crops, such as strawberries, tomatoes, melons and peppers.

We will continue to sell methyl bromide in our current markets throughout 2012, as current regulations allow, with smaller critical-use allowances compared to 2011. In accordance with the Montreal Protocol and the U.S. Clean Air Act, completion of the phase-out of methyl bromide as a fumigant in the U.S., Western Europe and Japan took effect in 2005. Methyl bromide, however, can continue to be used for "critical uses" where there are no other alternatives. Growers submit applications on a yearly basis detailing the amount of methyl bromide they will need for critical uses. Once approved by the U.S. Environmental Protection Agency, or EPA, the U.S. submits the application for approval by the parties to the Montreal Protocol. The critical use process is done annually and will continue until feasible alternatives are available. Certain other markets for methyl bromide, including quarantine and pre-shipment and chemical intermediate uses, are not restricted by the Montreal

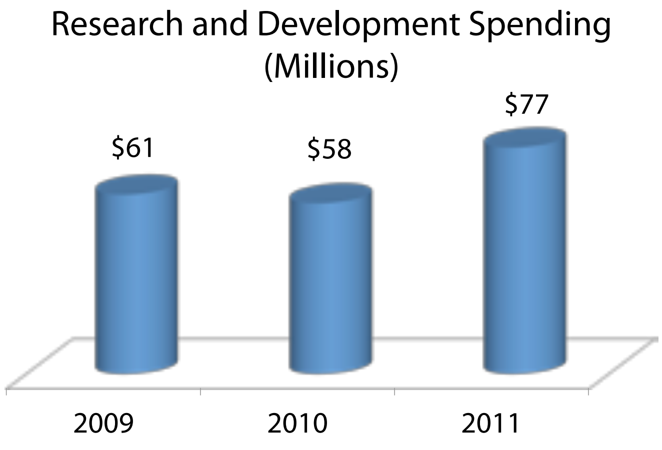
Customers

Our Fine Chemistry segment manufactures more than 100 products, which are used in a variety of end-markets. Sales of products and services are mostly to chemical manufacturers and processors, including pharmaceutical, agricultural, drilling and oil services, water treatment and photographic companies, and to other specialty chemical companies.
Pricing for many of our fine chemistry products and services is based upon negotiation with customers. The critical factors that affect prices are the level of technology differentiation we provide, the maturity of the product and the level of assistance required to bring a new product through a customer's developmental process.

Sales, Marketing and Distribution

We have an international strategic account program that uses cross-functional teams to serve large global customers. This program emphasizes creative strategies to improve and strengthen strategic customer relationships with emphasis on creating value for customers and promoting post-sale service. Complementing this program are regional Albemarle sales personnel around the world who serve numerous additional customers within North America, Europe, the Middle East, India, Asia Pacific, Russia, Africa and Latin America. We also use more than 60 selected distributors, commissioned sales representatives and specialists in specific market areas, some of which are subsidiaries of large chemical companies.

Research and Development



We believe that in order to generate revenue growth, maintain our margins, and remain competitive, we must continually invest in research and development, product and process improvements and specialized customer services. Through research and development, we continue to seek increased margins by introducing value-added products and proprietary processes and innovative green chemistry technologies. Our green chemistry efforts focus on the development of products that benefit society in a manner that minimizes waste and the use of raw materials and energy, avoids the use of toxic reagents and solvents and is produced in safe, environmentally friendly manufacturing processes. Green chemistry is encouraged with our researchers through periodic focus group discussions and special rewards and recognition for outstanding new green developments.

Our research and development efforts support each of our business segments. The focus of research in Polymer Solutions is divided among new and improved flame retardants, plastic and other additives and blends, and curing agents. Flame retardant research is focused primarily on developing new flame retardants which not only meet the higher performance requirements required by today's polymer producers, formulators and original equipment manufacturers but which also have superior toxicological and environmental profiles, such as our newly commercialized EarthwiseTM brand, which provides polymer solutions products (including our GreenarmorTM product) that are greatly enhanced in both end product performance and environmental responsibility. Plastic and other additives research is focused primarily on developing improved capabilities to deliver commodity and value-added plastic and other additive blends to the polymer market. Curatives research is focused primarily on improving and extending our line of curing agents and formulations.

Catalysts research is focused on the needs of our refinery catalysts customers, our performance catalysts customers, and the developing markets for advanced biofuels. Refinery catalysts research is focused primarily on the development of more effective catalysts and related additives to produce clean fuels and to maximize the production of the highest value refined products. In the performance catalysts area, we are focused primarily on developing metal organics for LED applications, catalysts, co-catalysts and finished catalysts systems for polymer producers to meet the market's demand for improved polyolefin polymers and elastomers. For biofuel production, we work closely with customers to develop sustainable and efficient liquid fuels from renewable resources, including the supply of catalysts for the production of high-performance biodiesel.

The primary focus of our Fine Chemistry research program is the development of efficient processes for the manufacture of chemical intermediates and actives for the pharmaceutical and agrichemical industries. Another area of research is the development of bromine-based products for use as biocides in industrial water treatment and food safety applications, and as additives used to reduce mercury emissions from coal-fired power plants.

2.3 Operational structure of the organization and major division, operating companies

The Authority to manage the business ultimately rests with the Board of Directors. The role of the board is to effectively govern the affairs of the organization for the benefit of its stakeholders.

Albemarle is organized into three major divisions: Polymer Solutions (flame retardants, stabilizers and curatives), Fine Chemistry (performance chemicals, pharmachemicals, agrichemicals and Fine Chemistry Services and Intermediates) and Catalysts (refinery catalysts, performance catalyst solutions and alternative fuel technology)

2.4 Location of Organization's Headquarters

Albemarle Corporation headquarters is located at 451 Florida Street, Baton Rouge, LA 70801 USA

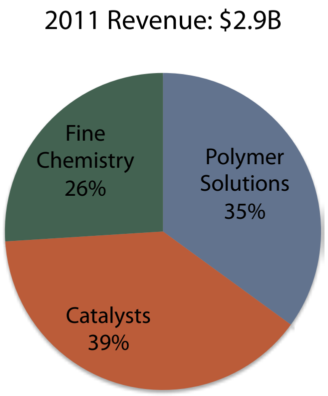
2.5/2.6 Number of Countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues in the report. Nature of Ownership and Legal Form

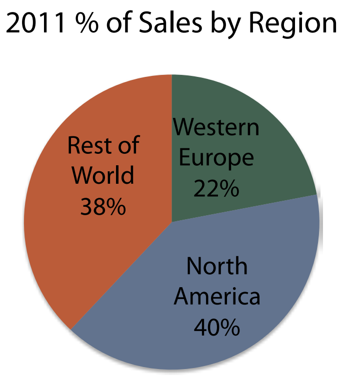
We operate on a global basis. We believe that our production facilities, research and development facilities, and administrative and sales offices are generally well maintained, effectively used and are adequate to operate our business.

Location	Principal Use	Owned/Leased
Ames, Iowa	Research and development of heterogeneous biodiesel catalysis	Leased
Amsterdam, the Netherlands	Production of refinery catalysts, research and product development activities	Owned
Avonmouth, United Kingdom	Production of flame retardants	Owned; on leased land
Baton Rouge, Louisiana	Research and product development activities, and production of flame retardants, catalysts and additives	Owned; on leased land
Baton Rouge, Louisiana	Principal executive offices	Leased
Bejing, China	Regional sales and administrative offices	Leased
Bergheim, Germany	Production of flame retardants and specialty products based on aluminum trihydrate and aluminum oxide, and research and product development activities	Leased
Budapest, Hungary	Regional shared services office	Leased
Dalian, China	Regional shared services office	Leased
Dubai, United Arab Emirates	Regional sales and administrative offices	Leased
Houston, Texas	Regional sales and administrative offices	Leased
Jin Shan District, Shanghai, China	Production of antioxidants and polymer intermediates	Owned; on leased land
Jubail, Saudi Arabia	Manufacturing and marketing of organometallics	Owned; Albemarle Netherlands BV and Saudi Specialty Chemicals Company (a SABIC affiliate) each owns 50% interest
Louvain-la-Neuve, Belgium	Regional offices and research and customer technical service activities	Owned
La Voulte, France	Refinery catalysts regeneration and treatment, research and development activities	Owned by Eurecat S.A., a joint venture owned 50% by each of IFP Investissements and us
Magnolia, Arkansas	Production of flame retardants, bromine, inorganic bromides, agricultural intermediates and tertiary amines	Owned
Mobile, Alabama	Production of tin stabilizers	Owned by Arkema Group LLC which operates the plant for Stannica LLC, a joint venture in which we and Arkema Group LLC each own a 50% interest
Moscow, Russia	Regional sales and administrative offices	Leased
Nanjing, China	Technology center, product repackaging and flame retardant production	Owned; on leased land

Location	Principal Use	Owned/Leased
Nevada, Iowa	Research and development of heterogeneous biodiesel catalysis	Leased
Niihama, Japan	Production of refinery catalysts	Leased by Nippon Ketjen Company Limited, a joint venture owned 50% by each of Sumitomo Metal Mining Company Limited and us
Ninghai County, Zhejiang Province, China	Production of antioxidants and polymer intermediates	Owned; on leased land
Orangeburg, South Carolina	Production of flame retardants, aluminum alkyls and fine chemistry products, including pharmaceutical actives, fuel additives, orthoalkylated phenols, polymer modifiers and phenolic antioxidants	Owned
Pasadena, Texas	Production of aluminum alkyls, alkenyl succinic anhydride, orthoalkylated anilines, and other specialty chemicals	Owned
Pasadena, Texas	Production of refinery catalysts, research and development activities	Owned
Pasadena, Texas	Refinery catalysts regeneration services	Owned by Eurecat U.S. Incorporated, a joint venture in which we own a 57.5% interest and a consortium of entities in various proportions owns the remaining interest
Safi, Jordan	Production of bromine and derivatives and flame retardants	Owned and leased by JBC, a joint venture owned 50% by each of Arab Potash Company Limited and us
St. Jakobs/Breitenau, Austria	Production of specialty magnesium hydroxide products	Leased by Magnifin Magnesiaprodukte GmbH & Co. KG, a joint venture owned 50% by each of Radex Heraklith Industriebeteiligung AG and us
Santa Cruz, Brazil	Production of catalysts, research and product development activities	Owned by Fábrica Carioca de Catalisadores S.A, a joint venture owned 50% by each of Petrobras Química S.A.—PETROQUISA and us
Seoul, South Korea	Regional sales and administrative offices	Leased
Shandong, China	Regional sales and administrative offices	Owned by Shandong Sinobrom, a joint venture in which we own a 75% interest, and Weifang Rui Yin Investment Management and Consultancy Co. Ltd., owns a 25% interest
Shanghai, China	Regional sales and administrative offices	Leased
Singapore	Regional sales and administrative offices	Leased
South Haven, Michigan	Production of custom fine chemistry products including pharmaceutical actives	Owned
Takaishi City, Osaka, Japan	Production of aluminum alkyls	Owned by Nippon Aluminum Alkys, a joint venture owned 50% by each of Mitsui Chemicals, Inc. and us
Tokyo, Japan	Regional sales and administrative offices	Leased
Tokyo, Japan	Administrative offices	Leased by Nippon Ketjen Co., Ltd., a joint venture 50% owned by each of Sumitomo Metal Mining Co. Ltd. and us
Tokyo, Japan	Regional sales and administrative offices	Leased by Nippon Aluminum Alkyls, a joint venture owned 50% by each of Mitsui Chemicals, Inc. and us
Twinsburg, Ohio	Production of bromine-activated carbon	Leased
Tyrone, Pennsylvania	Production of custom fine chemistry products, agricultural intermediates, performance polymer products and research and development activities	Owned
Yeosu, South Korea	Research and product development activities/small scale production of catalysts and catalyst components	Owned

2.7 Markets Served





2.8 Scale of Organization

We and our joint ventures currently operate 50 facilities, encompassing production, research and development, and administrative and sales offices in North and South America, Europe, the Middle East, Asia, Africa and Australia. We serve approximately 3,000 customers in over 100 countries. As of December 31, 2011 pesonnel count was 4,260 employees (as reported in the Albemarle Corporation 2011 10k).

Net Sales - $2.869 Billion

Total Capitalization

Total Assets: $3.204 Billion
Total Debt: $763.7 Billion
Stockholders' Equity: $ 1.591 Billion

Beneficial ownership information is found in the Albemarle Corporation 2011 Proxy Statement.

2.9 Significant changes during the reporting period regarding size, structure or ownership

While we are continuously assessing opportunities in high growth and evolving markets, in the last year we have not had a significant change in size, structure or ownership. Over the last few years, we have completed small acquisitions and developed joint ventures that are consistent with our business strategy. These additions expanded our base business, provided our customers with a wider array of products and presented new alternatives for discovery through additional chemistries. The following is a summary of the acquisitions and joint ventures we consummated during the last three years:

On October 27, 2009, we entered into an agreement with Ibn Hayyan Plastic Products Company (TAYF), an affiliate of Saudi Basic Industries Corporation (SABIC), to form a joint venture called Saudi Organometallic Chemicals Company (SOCC). Under the terms of the joint venture agreement, the two parent companies are building a world-scale organometallics production facility strategically located in the Arabian Gulf Industrial City of Al-Jubail.

While the transaction was not significant or material, in May 2011 we expanded our position in the biofuels market by acquiring Catilin, Inc. – a technology leader in the development and application of heterogeneous biodiesel catalysts.

2.10 Awards received in the reporting period

Always innovative, Albemarle employees were awarded 239 new patents and two prestigious innovation awards during 2011: The Center for the Polyurethane Industry's "Polyurethane Innovation Award" and the World Refining Association's "Biodiesel Corporation of the Year" award. We do this because it is the right way to run a business, and we were honored when we were named one of Corporate Responsibility Magazine's 100 Best Corporate Citizens for the second year in a row. Albemarle also was also nominated for the American Chemistry Council's Responsible Care Initiative of the Year award, won an ACC Energy Efficiency award and an ACC facility safety award.

Below is a list of site-specific awards earned by Albemarle facilities:

Location	Facility Awards
Pasadena, Texas	ACC "Significant Improvement in Manufacturing" award for The Specialties Flare Calorimeter Project
Orangeburg, South Carolina	South Carolina Smart Business Recycling Program - recognition of program efforts
Tyrone, Pennsylvania	Blair County Chamber of Commerce Hall of Fame for Technology; Citation from Pennsylvania House of Representative for Innovation; Blair County Conservation District Conservation Company of the Year

3.0 Report Parameters

3.1 Reporting Period for Information Provided
3.2 Date of Most Recent Previous report
3.3 Reporting Cycle

The reporting period for this information is the calendar year 2011. This is the fourth publicly release Global Reporting Initiative G3 report for Albemarle Corporation. This report is released in 2012 based upon 2011 information. Albemarle Corporation produces this report annually.

3.4 Contact point for questions regarding the report or contents

Niomi Krzystowczyk, Vice President, Health, Safety and Environment
Niomi.Krzystowczyk@albemarle.com

3.5 Process for defining report content, including the process for determining the materiality and prioritization of issues within the report, the identification of stakeholders that the organization expects to us the report

The subjects/material covered in this report were selected based upon the GRI guidelines, Albemarle's management systems and their importance to our stakeholders. A multifunctional sustainability team compiled quantitative data from each operating site/department. Experts throughout the organization provided qualitative reporting and commentary on various subjects.

Albemarle has identified the following stakeholders expected to use this report:

3.6 Boundary of the report (countries/regions, division/ facilities/ JV's/ subsidiaries)

The financial data provided for this report includes assets, liabilities, revenues and expenses of all owned and leased operations under Albemarle control. Please see section 2.5 for ownership parameters.

3.7 State any specific limitations on the scope or boundary of the report

Limitations to this report are based upon Albemarle's ability to monitor and track specific data requirements. Limitations or data not included are clearly indicated in the specific sections of this report. In the specific instance of human resource reporting in regions outside of the United States, we are prevented from compiling and reporting demographic specific information. For all other information, we will investigate existing reporting systems to provide the necessary detail in the 2013 GRI report.

3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.

Reporting on joint ventures is indicated in specific indicators and elsewhere within the report where relevant.

3.9 Data measurement techniques and bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report

Bases and techniques of specific calculations are identified in the pertinent indicator sections. Industry accepted methodology for financial and emissions calculations and reporting are used across the board.

3.10 Explanation of the nature and effect of any restatements in information provided in previous reports and reasons for restatement(s)

To the best of our knowledge, the information in this report is current and historical information that may be included in previous versions of this report or other public reports is consistent.

3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

No significant changes in reporting methods have been identified.

3.12 Standard Disclosure Table

The Standard Disclosure Table is the Index which begins on Page 65.

3.13 Policy and current practice with regard to seeking independent assurance for the report.

This report is not subjected to a comprehensive external assurance process. Financial, safety and environmental information is subject to both national regulatory requirements as well as internal and external audit. This report contains a consolidation of this information.

4.0 Governance, Commitments and Engagement

4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks such as setting strategy or organizational oversight.

I. Board of Directors

Members of Albemarle Corporation's Board of Directors (the "Board") are elected annually by its shareholders to oversee Management and to act in the best interests of the Company and its shareholders.

II. Ethical Business Principles

All Company employees, officers and Directors understand the importance of and our commitment to conducting business with integrity. Our Board members set the standard for following the highest ethical conduct and sound business practices. The Nominating & Governance Committee periodically reviews the Company's Code of Business Conduct, including related polices. Management regularly reports to the Committee about implementation of and adherence to these guiding policies.

III. Board Composition

Given the current size of the Company and the nature of its business, a Board consisting of 7 to 12 members is appropriate. There is no specific mandate governing the Board's composition, however the Company's Corporate Governance Guidelines requires a majority of the Directors to be independent. Currently the Board has 11 members, all independent but for one – our CEO. Of those 11 members: (i) 90% is over 50 years old and 1% is 30-50 years old, (ii) 18% is female and 82% is male and (iii) 10% represents an ethic minority and 90% Is not part of an ethnic minority. In order for the Board to affirmatively determine a Director as "independent", the Director candidate must (i) be free of any relationship that, applying the rules of the New York Stock Exchange, would preclude a finding of independence and (ii) not have a material relationship (either directly or as a partner, shareholder or officer of an organization) with the Company or any of its affiliates or any executive officer of the Company or any of its affiliates. In evaluating the materiality of any such relationship, the Board of Directors considers whether disclosure of the relationship would be required by the proxy rules under the Securities Exchange Act of 1934. If such disclosure is required, the Board must then assess the relationship and determine whether it is a bar to finding a Director candidate is independent.

IV. Board Committees

The Board of Directors maintains the following four standing Committees: Audit, Executive Compensation, Nominating & Governance and Health Safety & Environment. The Board determined that each of the members of the standing Committees are (i) "independent" within the meaning of the listing standards of the NYSE and the independence standards of our Corporate Governance Guidelines, (ii) "non-employee directors" (within the meaning of Rule 16b-3 under the Exchange Act) and (iii) "outside directors" (within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code")).

V. Responsibilities of the Board of Directors and Committees

The Company's Corporate Governance Guidelines list responsibilities for the full Board and its Committees, including Approve major corporate decisions and oversee, develop and implement Board policies.

- Approve major corporate decisions and oversee, develop and implement Board policies.
- Periodically review the Company's legal compliance programs and procedures.
- Monitor and assess performance and ask appropriate questions of Management to address accountability with established goals.
- Stay well informed regarding the Company's businesses; Management is responsible for providing accurate information to Board members.
- Be a partner with the Chief Executive Officer on strategic issues by advising and consulting.
- Be willing to be proactive in crisis situations.
- Review and approve major capital allocation recommendations of Management.
- Monitor financial statements through the Audit Committee.
- Assume responsibility for the selection, evaluation, retention and succession of the Chief Executive Officer.
- Establish proper governance, which includes a periodic review of the Corporate Governance Guidelines by the Nominating and Governance Committee, the consideration by such Committee of other corporate governance issues and related matters, and any resulting recommendation by such Committee as to the governance issues that should be addressed by the Board of Directors
- Recruit effective new members; recruiting efforts to be led by the Chairman and the Nominating and Governance Committee
- Assess the effectiveness of our health, safety and environment program.

VI. Chief Executive Officer Succession

The Chief Executive Officer succession planning process shall include a regular Board review. Any review of possible internal candidates should include:

- Readiness and potential
- Demonstrated skills and competencies
- Needed experience and training to fill gaps
- Plan for adequate exposure to Board of Directors

4.2 Indicate if the Chair of the highest governance body is also an executive officer.

Jim W. Nokes is the Company's Non-Executive Chairman of the Board and an independent Director.

4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.

As of April 2012, ten of the Company's 11 Board members are independent and non-executive members.

4.4 Mechanism for shareholders and employees to provide recommendation or direction to the highest governance body

Shareholders and employees may communicate with the Board of Directors by sending written correspondence to the Chairman of the Nominating & Governance Committee c/o Albemarle Corporation, 451 Florida Street, Baton Rouge, Louisiana 70801 or by email at governance@albemarle.com. Communications regarding financial and accounting matters may also be sent directly to the Audit Committee at audit.chair@albemarle.com.

4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).

Approximately 50% of the Board of Director compensation, and approximately 30 to 40% (depending upon the executive in question and the assumptions made) of Senior Executive total compensation is linked to the performance of Albemarle stock, which reflects company financial and nonfinancial performance over the long-term. Given that we are a specialty chemical company that has to comply with or exceed certain environmental and safety standards to be able to operate and grow, we believe share price for companies like ours reflects nonfinancial factors such as our long-term track record around environmental stewardship and safety performance. Additionally, the Annual Cash Bonus plan for our executives (comprising approximately 20 to 40% of their total compensation depending upon the executive in question and the assumptions made) is also performance-based, with environmental and safety performance included in the set of performance measures set each year by the Board of Directors.

4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.

There are two specific processes in place to prevent conflicts of interests. The first is the Board's related person transaction policy that governs the review, approval or ratification of related person transactions. The policy, managed by the Audit Committee, generally provides that a director, among other covered persons, may enter into a related person transaction only if (i) the Audit Committee or the disinterested members of the Board of Directors approves or ratifies such transaction in accordance with the guidelines set forth in the policy,(ii) if the transaction is in, or not inconsistent with, the best interests of the Company and its shareholders, and (iii) the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party; or the transaction involves compensation approved by our Executive Compensation Committee.

The second process, managed by the Nominating & Governance Committee, reviews any requests by the CEO to serve as a director on another public company's board. In no event shall the CEO serve on more than two other public company boards of directors. The Nominating & Governance Committee must be notified of the intention of Directors, the CEO and other senior managers to serve on another board of directors, and the Nominating & Governance Committee will then review the possibility for conflicts of interest and time constraints. In addition to the two specific processes described, there are other processes in place to avoid potential conflicts of interest including the Company's annual Director & Officer questionnaires which poses questions designed to enable the Company to assess potential conflicts of interest and the Corporate Governance Guidelines requirement that each director notify the Chair of the Nominating & Governance Committee of any conflicts or potential conflicts of interest.

4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on issues related to economic, environmental and social topics.

The Nominating & Governance Committee evaluates all candidates for the Board of Directors in accordance with the Director qualification standards described in the Corporate Governance Guidelines. The Board of Directors as a whole is constituted to be strong in its diversity and collective knowledge of a wide range of issues including, but not limited to: accounting and finance, management and leadership, vision and strategy including strategy on economic, environmental, social matters, business operations, business judgment, regulatory matters, crisis management, risk assessment, industry knowledge, corporate governance, and global markets. A candidate's qualifications to serve as a member of the Board is based on the background and expertise of individual members as well as the background and expertise of the Board as a whole. The Nominating & Governance Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board of Directors, the balance of management and independent Directors, the need for Audit Committee expertise and the evaluation of other prospective nominees.

4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation.

Albemarle drafted and adopted a "Values and Mission Statement" and a Code of Business Conduct available on the Company's website at www.albemarle.com/About_Albemarle/Governance/Code_of_conduct. The "Values and Mission Statement" is summarized below:

4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation.

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Values and Mission: The Albemarle Principles
Our Mission is to be the best performing specialty chemical company by all metrics and standards through our principles of:
Integrity
Unwavering commitment to truth, candor and objectivity; It is imperative that we operate our business in a simple, clear, transparent and honest manner.
Stewardship
Uncompromising with regard to quality and safety; we will operate our plants and run our business in a way that respects the environment and protects the health and safety of our stakeholders.
Planning
Designing a sustainable future by taking initiative with our thoughts, words and capital to validate our future condition and vision.
Discipline
Targeting the achievement of perfection based on solid execution, built on learning, training and restraint.
Innovation
Challenging the status quo, thinking differently and driving creativity to solve the problems that drive value. Past success does not necessarily lead to future success. Our stakeholders are counting on us.
Customer Fulfillment
Meeting and exceeding our customers' expectations to solve problems and provide seamless supply of our products and services. The key to leadership in our strategic markets is customer service. Our front line people put a face on our business and have tremendous influence. If they are tenacious, aggressive and proactive, our leadership will continue. Leadership is earned and not tenured and must never be taken for granted.
Communication
Communicating openly, honestly, and frequently in an active two-way process, is essential to success. Our leadership will listen to our stakeholders in an environment where all of our stakeholders feel they will be heard without repercussion. Good communication means where the organization is going and how it plans to get there. In this manner, we can align our team to achieve our objectives.
Teamwork
Manifesting great teamwork through hard work, high energy, enthusiasm and innovation. Positive mental attitude and trust make teamwork sustainable. Our business will thrive led by people, who truly enjoy what they do, who are excited by the challenges and energized by the possibilities.

In addition, the company has developed a global policy describing our philosophy toward Health, Safety, Security and Environmental Stewardship:

Health, Safety, Security and Environmental Policy

LUKE KISSAM

RON ZUMSTEIN

GEORGE WELSH

NIOMI KRZYSTOWCZYK

KAREN NARWOLD

JOHN NICOLS

RON GARDNER

TONY PARNELL

SILVIO GHYOOT

ROLANDO RANAURO

STEVE MATTOX

NICOLE DANIEL

Governance and Safety Stewardship

We will take personal responsibility for safety and are committed to insuring that we cause no harm to ourselves, our co-workers or the communities in which we operate. Our goal is to maintain an incident-free, secure and healthy workspace. Working in a safe, secure and environmentally responsible manner is an inherent part of our jobs and a condition of employment for each of us. We will comply with all applicable legal requirements and company policies and procedures. Each of us will take appropriate steps, including discontinuing operations if necessary, to correct actions and conditions before they lead to incidents, and no one will undertake any task unless it can be done in a safe and environmentally responsible manner. We adhere to the principles and expectations of Responsible Care® in our daily operations.

Social Responsibility

We will extend our health, safety, security and environmental philosophy beyond the workplace and seek opportunities to advocate this philosophy in our neighborhoods, in transit and at home. We will endeavor to make a positive impact in our communities through the Albemarle Foundation™ and actively support the cornerstones of sustainability: education, health and social services, cultural initiatives and volunteerism.

Green Chemistry Principles and Environmental Obligations

We will strive for continuous improvement in health, safety, security and environmental performance and will measure our performance against the best performing companies. We will reduce emissions caused by our operations by optimizing raw material, energy and water usage. We will be responsive to the concerns of our stakeholders and actively seek participation by them in our programs. We will continually search for innovative and sustainable ways to develop solutions that meet environmental and societal needs today and for generations to come.

People and Development

Our greatest asset is our people. We will invest time, energy and money to ensure that our people have the necessary understanding, education, expertise and training to perform tasks in a safe and environmentally responsible manner. We will improve the future, by learning from the past. Our facilities will share experiences and lessons learned with each other, and we will implement across our sites. We will empower people to prevent accidents or incidents before they happen.

Financial Performance

We will do the right thing from a health, safety, security and environmental standpoint, and doing so will benefit our employees, communities, customers and other stakeholders. We will invest in improvements at our facilities to ensure compliance with HS&E policies and standards and to improve operational efficiencies. Incremental savings are never justified when there is potential risk to people, property or products. We will continue to seek wise investments that promote improved processes while ensuring positive health, safety, security and environmental impact for all of our stakeholders.

ALBEMARLE®

JOHN STEITZ

MICHAEL BROWN

EDWIN BERENDS

SUSAN KELLIHER

SCOTT TOZIER

MATT JUNEAU

SCOTT MARTIN

DAVE CLARY

AHMAD KHALIFEH

ORLANDO OCANTO

DAVID KUZY

April 1, 2012

4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance including, the identification and management of relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles.

To assist in its oversight responsibilities, the Board of Directors maintains the following four standing Committees comprised entirely of independent directors: Audit, Executive Compensation, Nominating & Governance and Health Safety & Environment. Additionally, Management designed an Enterprise Risk Management ("ERM") process led by the Company's Senior Vice President, Chief Financial Officer and Chief Risk Officer, and managed by an ERM Committee with cross functional representation by senior Company leaders worldwide. The ERM Committee meets quarterly to identify, discuss and assess Company-wide risks and develop action plans to mitigate those risks categorized as having the largest potential financial, reputational and/or health, safety or environmental impacts – all of which are included in an ERM quarterly report. The Chief Risk Officer (or other ERM Committee members) regularly reports to the Audit Committee, generally highlighting those risks identified as the most significant, reviewing the Company's methods of risk assessment and risk mitigation strategies, and updating the Audit Committee on issues the ERM Committee identified as possible emerging risks. The Audit Committee engages in regular periodic discussions with the Chief Risk Officer and other members of the ERM Committee, as appropriate.

The Audit Committee reports to the full Board of Directors on, among other matters, risk oversight. Additionally, the Board of Directors receives quarterly a copy of the ERM Committee's reports and annually a detailed report from the Chief Risk Officer in which the Company identifies its risk areas and oversight responsibility. The Board of Directors also engages in periodic discussions with the Chief Risk Officer and other members of the ERM Committee, as appropriate.

While the Audit Committee is responsible for, among other matters, general ERM, the full Board of Directors and each of the other standing Board Committees considers risks within its area of responsibility. The Board of Directors oversees corporate strategy, business development, capital structure, market exposure and country-specific risks. The Executive Compensation Committee considers human resource risks and potential risks relating to our employee (including executive) compensation programs. The Nominating & Governance Committee considers succession planning, intellectual property and governance risks. The Health, Safety & Environment Committee considers the effectiveness of our health, safety and environment programs and initiatives. The Health, Safety & Environment Committee also assists the Board of Directors with oversight of matters related to the enhancement of our global reputation, our corporate social responsibility and the stewardship and sustainability of our products. Each of the Committees regularly reports to the Board of Directors.

4.10 Processes for evaluating the highest governance body performance, particularly with respect to economic, environmental and social performance.

The Board of Directors conducts a self-evaluation at least annually to determine whether it and its Committees are functioning effectively.

4.11 Explanation of whether and how the precautionary approach of principles is addressed by the organization.

Albemarle Corporation actively implements many procedures and programs which use the precautionary approach of principles. Examples of such are:

- Whistleblower policy
- RC14001
- Sustainable Development Policy
- GRI
- Emissions Trading in EU
- Community involvement (Natural disaster relief as an example)
- Technology innovation
- "Fire Safety" company
- VECAP

4.12 Externally developed, voluntary economic, environmental and social charters, sets of principles, or other initiatives to which the organization subscribes or which it endorses.

Initiative	Date of Adoption	Countries	Stakeholders involved in development and governance	Voluntary/ Manditory
ACC and Responsible Care	1988	United States	American Chemistry Counsel and member companies	Voluntary
VECAP	2006	EU, US, Japan, China, South Korea	Albemarle Corporation and other brominated flame retardant companies	Voluntary
ISO 9001, ISO 9002 and ISO 14001	Varies by facility	US, UK, Jordan, China, Australia, Germany, The Netherlands	International Organization for Standardization and is administered by accreditation and certification bodies	Voluntary
RC14001	2005	United States	American Chemistry Counsel and member companies	Voluntary

4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.

- ACC – American Chemistry Council
- ACSFE – Alliance of Consumer Fire Safety Europe
- AEEC – Arkansas Electric Energy Consumers, Inc.
- AGC – Arkansas Gas Consumers, Inc.
- Alliance for Polyurethane Industry (API)
- American Board of Industrial Hygiene (ABIH)
- American Chemical Society
- American Industrial Hygiene Association (AIHA)
- American Institute of Chemical Engineers (AIChE)
- American Society of Materials (ASM)
- American Society of Quality (ASQ)
- American Society of Mechanical Engineers (ASME)
- Arkansas Environmental Federation
- Arkansas State Chamber Of Commerce
- Associated Industries Of Arkansas
- Association of the German Chemical Industry (VCI)
- Association of Water Technologies (AWT)
- Board of Certified Safety Professionals (BCSP)
- BSEF – Bromine Science and Education Foundation
- CIBO "Council of Industrial Boiler Owners" http://www.cibo.org/
- CEFIC European Chemical Industry
- CEFIC Board
- CEFIC Fine, Specialty and Consumer chemicals
- CEFIC Plastic Additives
- CEFIC Sector groups such as ECMA, EBFRIP, EFRA, ELISANA
- Channel Industries Mutual Aid (CIMA)
- ChemITC
- Chemical Industries Association
- China Plastics Processing Industry Association (CPPIA)
- Citizens for Fire Safety
- Community of Character
- Cooling Technology Institute (CTI)
- DCAT –Drug, Chemical and Associated Technologies
- East Harris County Manufacturers Association (EHCMA)
- ECMA - European Catalyst Manufacturers Association
- EFRA – European Flame Retardant Association
- EPCA – European Petrochemical Association
- European-American Business Council
- European Oilfield Specialty Chemical Association
- Freight Transport Association (FTA)
- Greater Baton Rouge Industrial Alliance (GBRIA)
- High-Density Packaging Users Group (HDPUG)
- IAER – International Association of Electronics Recyclers
- Institute of Management Accountants (IMA/USA)
- IOSH - Institution of Occupational Safety and Health
- ICAC "Institute for Clean Air Companies" http://www.icac.com/
- International Electronics Manufacturers Initiative (iNEMI)
- International Antimony Association
- International Society of Pharmaceutical Engineers
- IPC – Association Connecting Electronics Industries
- La Porte Citizens Advisory Council
- La Porte Local Emergency Planning Committee (LEPC)
- Local Emergency Planning Committee (LEPC)
- Louisiana Chemical Association (LCA)
- Louisiana Engineering Society (LES)
- Magnolia Chamber Of Commerce
- Magnolia Economic Development Commission
- Materials Technology Institute (MTI)
- Modified Plastics Professional Committee
- National Association of Corrosion Engineers (NACE)
- NAM –National Association of Manufacturers
- NPRA - National Petrochemical and Refiners Association
- National Society of Professional Engineers (NSPE)
- Ningbo Intellectual Property Association
- Ningbo Petroleum Chemical Association
- Ninghai Commercial and Industrial Association
- Orangeburg County Chamber of Commerce
- PCA "Portland Cement Association" http://www.cement.org/
- PEFRC – Phosphate Ester Flame Retardant Consortium
- Petroleum and Chemical Industry Committee (PCIC)
- Polyurethane Foam Association
- Regulatory Affairs Professional Society
- Society of Human Resource Management
- Society of Maintenance and Reliability Professionals (SMRP)
- SOCMA – Synthetic Organic Chemical Manufacturers Assoc.
- South Carolina Chamber of Commerce
- Texas Chemical Council
- VIRAN – Dutch Catalysis Research Institute
- Water Environment Association of South Carolina

4.14 List of stakeholder groups engaged by the organization

Stakeholder groups identified and engaged by Albemarle:

4.15 Basis for identification and selection of stakeholders with whom to engage.

Engagement with identified stakeholders is imperative to business success. We work to select stakeholders that are 1. Are impacted by the decisions that Albemarle makes and 2. Impact Albemarle by decisions that they make.

By using this focus for engagement, we close the loop by including:

1. Users of our products and their supply chain (customers and suppliers)
2. Those that are impacted directly and indirectly by our choices (employees, retirees, communities in which we operate, etc.)
3. Those that choose to invest in our company (shareholders, investment groups, etc.)
4. Experts and stakeholders in the areas we operate (Industry and Trade Associations, Governments and regulators, eNGO's)
5. Downstream users and spokespersons (consumers, media.)

We work to select particular groups to interact with that have specific needs, concerns, and solutions. Ongoing dialog and communication with these groups provides insight into what we can do to enhance our focus and improve our processes throughout the organization.

4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

Albemarle regularly engages each of our stakeholders in order to maintain strong relationships with them, share information, and gather feedback. Depending on the stakeholder group, the method and frequency of engagement varies.

Employees and Retirees

Albemarle regularly communicates company initiatives, news, goals, and performance to employees through our intranet, our website, quarterly mangers' calls, written memos and face-to-face meetings. The intranet and website are maintained daily. Written memos are sent as needed, but at least quarterly. Performance updates and calls with managers are made at least quarterly. In addition, in 2007, Albemarle formed The Albemarle Foundation, a 501(c) 3 nonprofit organization aimed at energizing employee donations of time, resources, and money to community-based initiatives. Employees serve on an advisory board in each location where they oversee the Foundation's activities in that region, and employees vote on where monies are to be distributed.

Communities in which we operate

Each site continues to develop strong relationships by donating funds and infrastructure towards community initiatives focused on the areas of education, environmental sustainability and charitable contributions. In 2007, Albemarle formed The Albemarle Foundation, a 501(c) (3) nonprofit organization, to direct these employee efforts. Since inception, donations of time and money have increased each year, and the footprint of the Foundation now covers each community in the US where we operate.

In addition, sites conduct Community Advisory Panels under the Responsible Care Management System, where site leaders and employees meet regularly with members of the community. The meetings are geared towards keeping the community informed of our operations, our performance, and important initiatives as well as gathering feedback and suggestions from the local community members.

Shareholders and Investment Groups

The company holds quarterly earnings calls that are open to the public. Main participants are employees, shareholders, investment groups, and analysts. During the calls, senior leaders report on the company's financial performance and major strategic initiatives. The calls further increase our visibility and transparency.

Media Regulators, Customers and Suppliers

In addition to quarterly earnings calls which are open to all groups, Albemarle staff host regular communications via phone, email, or meetings with government and regulators worldwide to help ensure that Albemarle is focusing on the most significant regulatory concerns. Monthly interaction happens via phone or meetings with customers and suppliers to discuss issues of concern (supply/demand issues, methods to reduce product emissions, regulatory issues, etc.) We work with Industry and Trade Associations on a regular basis (at least every month) to understand the needs and issues of their membership. Albemarle interacts with eNGO's at various meetings about every 1-2 months to try to better understand their areas of concern and focus.

In addition, Albemarle routinely distributes press releases which are geared towards trade media, customers, regulators and/or suppliers. These news releases report on strategic initiatives, pricing, and significant news within the company.

4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.

In 2011 Albemarle Corporation spent approximately $3.8 million on toxicology tests, attorney and expert fees, public relations and advertising, and lobbying related to protecting, defending and sustaining its businesses, processes, products and the communities in which we operate. Our advocacy efforts are primarily driven towards defending the science upon which our chemistry solutions are based as well as promoting sustainable solutions to global challenges. In addition, we are also protecting our customers' businesses and advocating for clean energy sources for the world and communities in which we operate. Examples of some of our primary areas of focus in 2011 are:

- Development of and promotion of advanced solutions for industries with mercury control challenges: Through developing and promoting the use of our mercury control technologies, we not only help customers solve challenges with regulatory compliance, we also promote environmentally friendly solutions in response to concerns from our community members and global stakeholders.
- Support of increased fire safety standards with industry organizations and national regulatory bodies
- Promotion of a new chemical regulatory framework to replace TSCA in the United States, defense of phosphorus, mineral and bromine-based flame retardants.

Albemarle advocates the use of science-based chemical regulatory processes in preference to product specific legislation. Through our advocacy efforts and our community relations efforts, we seek to not only gather feedback from multiple stakeholder groups, but we also seek to educate these stakeholders (government agencies, regulators, community members) on the merits of our science-based solutions and the positive impacts they have on the world in which we live and operate. However, societal concerns addressed by multiple stakeholders about certain chemicals is of particular concern to Albemarle. We have had research programs underway to develop alternatives for both HBCD and decabrom. Our criteria for new polymer additive products are that in addition to meeting economic and performance requirements, they must be non-toxic, non-bioaccumulative, and facilitate recycling. In December 2009 Albemarle announced a voluntary program to withdraw decabrom from the market in cooperation with the U.S. Environmental Protection Agency. At this time, we announced the development of our GreenArmorTM flame retardant, a new polymeric and highly sustainable alternative to decabrom. Commercialization of GreenArmorTM flame retardant is in progress. We continue to work on transitioning customers from decabrom to alternative products as quickly and smoothly as possible

Albemarle Corporation is dedicated to the principles of Green Chemistry and Green Engineering, which is in line with discussions with multiple stakeholders (customers, consumers, eNGO's, Government and Regulators, and media). We collaborate with the Green Chemistry Institute of the American Chemistry Society, work to implement green metrics in our R&D organization, participate in chemical industry roundtable discussions and have experts in Green Chemistry speak at various internal meetings and workshops. We sponsor a corporate award, the TEAL award, which is given annually to selected Albemarle employees to improve the awareness and adoption of Green Chemistry and Engineering principles within the company.

Economic Indicators

Management Approach: Economics

We believe that our commercial and geographic diversity, technical expertise, innovative capability, flexibility, low-cost global manufacturing base, experienced management team, and strategic focus on our core base technologies will enable us to maintain leading market positions in those areas of the specialty chemicals industry in which we operate. Our diverse product portfolio, broad geographic presence and customer-focused solutions will continue to be key drivers to our future earnings growth. We continue to build upon our existing green solutions portfolio and our ongoing mission to provide innovative, yet commercially viable, clean energy products and services to the marketplace. We believe our disciplined cost reduction efforts, on-going productivity improvements and strong balance sheet position us well to take advantage of strengthening economic conditions while softening the negative impact of any temporary disruption in the economy.

EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

CONSOLIDATED BALANCE SHEETS

(In Thousands)

December 31	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	$ 469,416	$ 529,650
Trade accounts receivable, less allowance for doubtful accounts (2011—$2,709; 2010—$2,527)	355,372	340,888
Other accounts receivable	36,199	33,772
Inventories:		
Finished goods	311,869	279,365
Raw materials	74,809	66,645
Stores, supplies and other	44,817	43,200
	431,495	389,210
Other current assets	63,138	54,678
Total current assets	1,355,620	1,348,198
Property, plant and equipment, at cost	2,619,428	2,440,178
Less accumulated depreciation and amortization	1,489,948	1,433,865
Net property, plant and equipment	1,129,480	1,006,313
Investments	198,427	180,690
Other assets	116,871	125,878
Goodwill	273,145	272,238
Other intangibles, net of amortization	130,281	134,764
Total assets	$ 3,203,824	$ 3,068,081
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 184,472	$ 175,183
Current portion of long-term debt	14,416	8,983
Accrued expenses	175,257	143,684
Dividends payable	15,237	12,547
Income taxes payable	11,796	23,780
Total current liabilities	401,178	364,177
Long-term debt	749,257	851,927
Postretirement benefits	57,588	55,014
Pension benefits	127,964	102,836
Other noncurrent liabilities	111,107	108,811
Deferred income taxes	77,903	109,570
Commitments and contingencies (Note 15)		
Equity:		
Albemarle Corporation shareholders' equity:		
Common stock, $.01 par value (authorized 150,000 shares), issued and outstanding—88,841 in 2011 and 91,594 in 2010	888	916
Additional paid-in capital	15,194	18,835
Accumulated other comprehensive loss	(222,922)	(164,196)
Retained earnings	1,798,117	1,560,519
Total Albemarle Corporation shareholders' equity	1,591,277	1,416,074
Noncontrolling interests	87,550	59,672
Total equity	1,678,827	1,475,746
Total liabilities and equity	$ 3,203,824	$ 3,068,081

CONSOLIDATED STATEMENTS OF INCOME

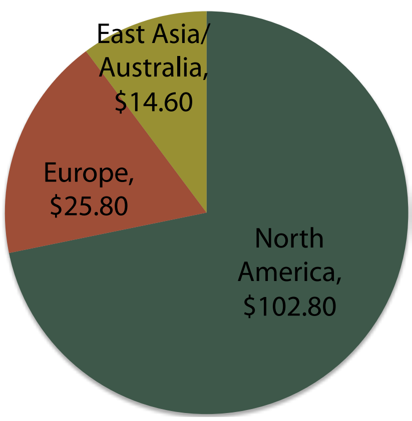
(In Thousands, Except Per Share Amounts)

Year Ended December 31	2011	2010	2009
Net sales	$ 2,869,005	$ 2,362,764	$ 2,005,394
Cost of goods sold	1,891,946	1,616,842	1,521,532
Gross profit	977,059	745,922	483,862
Selling, general and administrative expenses	312,136	265,722	212,628
Research and development expenses	77,083	58,394	60,918
Restructuring and other charges	—	6,958	11,643
Port de Bouc facility disposition charges	—	—	12,393
Operating profit	587,840	414,848	186,280
Interest and financing expenses	(37,574)	(25,533)	(24,584)
Other income (expenses), net	357	2,788	(1,423)
Income before income taxes and equity in net income of unconsolidated investments	550,623	392,103	160,273
Income tax expense (benefit)	130,014	92,719	(7,028)
Income before equity in net income of unconsolidated investments	420,609	299,384	167,301
Equity in net income of unconsolidated investments (net of tax)	43,754	37,975	22,322
Net income	$ 464,363	$ 337,359	$ 189,623
Net income attributable to noncontrolling interests	(28,083)	(13,639)	(11,255)
Net income attributable to Albemarle Corporation	$ 436,280	$ 323,720	$ 178,368
Basic earnings per share	$ 4.82	$ 3.54	$ 1.95
Diluted earnings per share	$ 4.77	$ 3.51	$ 1.94
Weighted-average common shares outstanding – basic	90,522	91,393	91,512
Weighted-average common shares outstanding – diluted	91,522	92,184	92,046
Cash dividends declared per share of common stock	$ 0.67	$ 0.56	$ 0.50

	2011 (in thousands)	2010 (in thousands)
Net Sales	$2,869,005	$2,362,764
Net Income	$464,363	$337,359
EBITDA (excl special items)	$700,621	$544,508
Total Assets	$3,203,824	$3,068,081
Capital Expenditures	$190,574	$75,478
Total Long Term Debt	$763,673	$860,910
Accrued Employee benefits, payroll and related taxes	$67,727	$48,978

Economic value retained, dollars in thousands	2011
Revenues	2,869,005
Operating Costs	2,003,844
Wages/Benefits	275,453
Payments to providers of capital	90,886
Payments to governments	143,247
Donations/ Community Investments	1,869
Economic Value Retained	353,706

Taxes Paid in 2011 - $143.2 million



EC 2 Financial implications and other risks and opportunities for the organization's activities due to climate change

Growing concerns about climate change may result in the imposition of additional environmental regulations to which we may become subject. Potentially, some form of U.S. federal regulation is forthcoming with respect to greenhouse gas emissions (including carbon dioxide (CO2)) and/or "cap and trade" legislation. Additionally, some of our operations are within other jurisdictions that have, or are developing, regulatory regimes governing greenhouse gas emissions. For example, we have operations in the European Union, Brazil, China, Japan, Jordan, Saudi Arabia, Singapore and the United Arab Emirates, which have implemented measures to achieve objectives under the Kyoto Protocol, an international agreement linked to the United Nations Framework Convention on Climate Change which set binding targets for reducing greenhouse gas emissions. The first commitment period under the Kyoto Protocol is set to expire in 2012 and global attention is focused on the development of a successor global policy framework. The outcome of new legislation in the U.S. and other jurisdictions in which we operate may result in new or additional regulation, additional charges to fund energy efficiency activities or other regulatory actions. While certain climate change initiatives may result in new business opportunities for us in the area of alternative fuel technologies and emissions control, compliance with these initiatives may also result in additional costs to us, including, among other things, increased production costs or additional taxes or reduced emission allowances. We may not be able to recover the cost of compliance with new or more stringent environmental laws and regulations through our contractual terms, which could adversely affect our business and negatively impact our growth. Furthermore, the potential impacts of climate change and related regulation on our customers are highly uncertain and may adversely affect our operations.

EC 3 Coverage of the organization's defined benefit plan obligations.

Albemarle offers certain noncontributory defined benefit pension plans covering certain employees in the United States, The Netherlands, Germany and Japan. Albemarle also has a contributory defined benefit pension plan covering certain employees in Belgium. In addition, postretirement medical benefits and life insurance is provided for certain groups of U.S. retired employees. Medical and life insurance benefit costs have been funded principally on a pay-as-you-go basis.

The funding policy for each plan complies with the requirements of relevant governmental laws and regulations. Albemarle also has unfunded plans for compensation above qualified plan limits in the United States. The corporate Benefit Plans Investment Committee (BPIC) must approve any funding in excess of legal minimums.

The aggregate projected benefit obligation (PBO) under U.S. GAAP as of December 31, 2011, for all of Albemarle's major defined pension benefit and postretirement plans was $674.7 million and $68.9 million, respectively, with an aggregate fair value of assets of $531.1 million and $7.7 million, respectively.

Albemarle offers a defined contribution plan to certain employees in the United States and the United Kingdom. Albemarle also has a collective defined contribution plan in The Netherlands. The collective defined contribution plan in The Netherlands is supported by annuity contracts through an insurance company. Pension coverage for the employees of our other foreign subsidiaries is provided through separate plans. These plans are funded in conformity with the funding requirements of applicable governmental regulations.

The following provides a reconciliation of benefit obligations, plan assets, and funded status of the plans, as well as a summary of significant assumptions for our pension benefit plans (in thousands):

	Year Ended December 31, 2011		Year Ended December 31, 2010	
	Total Pension Benefits	Domestic Pension Benefits	Total Pension Benefits	Domestic Pension Benefits
Change in benefit obligations:				
Benefit obligation at January 1	$ 613,880	$ 572,963	$ 570,871	$ 526,478
Service cost	12,830	11,169	11,271	9,577
Interest cost	32,933	30,945	31,844	29,934
Plan amendments	508	508	288	288
Actuarial loss	49,729	48,977	40,289	40,124
Benefits paid	(35,249)	(30,378)	(37,528)	(33,438)
Employee contributions	299	—	258	—
Foreign exchange loss (gain)	(265)	—	(3,413)	—
Benefit obligation at December 31	$ 674,665	$ 634,184	$ 613,880	$ 572,963
Change in plan assets:				
Fair value of plan assets at January 1	$ 507,064	$ 498,967	$ 417,125	$ 410,037
Actual return on plan assets	3,107	2,662	50,988	50,471
Employer contributions	56,105	51,157	76,841	71,897
Benefits paid	(35,249)	(30,378)	(37,528)	(33,438)
Employee contributions	299	—	258	—
Foreign exchange gain (loss)	(221)	—	(620)	—
Fair value of plan assets at December 31	$ 531,105	$ 522,408	$ 507,064	$ 498,967
Funded status at December 31	$ (143,560)	$ (111,776)	$ (106,816)	$ (73,996)

	December 31, 2011		December 31, 2010	
	Total Pension Benefits	Domestic Pension Benefits	Total Pension Benefits	Domestic Pension Benefits
Amounts recognized in consolidated balance sheets:				
Current liabilities (accrued expenses)	$ (15,596)	$ (13,927)	$ (3,980)	$ (1,332)
Noncurrent liabilities (pension benefits)	(127,964)	(97,849)	(102,836)	(72,664)
Net pension liability	$ (143,560)	$ (111,776)	$ (106,816)	$ (73,996)
Amounts recognized in accumulated other comprehensive loss:				
Prior service benefit	$ (7,200)	$ (7,623)	$ (8,661)	$ (9,141)
Net actuarial loss	420,909	416,314	351,778	346,699
Net amount recognized	$ 413,709	$ 408,691	$ 343,117	$ 337,558
Weighted-average assumption percentages:				
Discount rate	5.04%	5.07%	5.40%	5.45%
Rate of compensation increase	3.96%	4.11%	3.93%	4.11%

EC 4 Significant Financial Assistance from Government

We work very closely with the governments of the countries in which we operate to develop novel sustainable solutions for our world's increasing energy demands. Below is a summary of the significant financial assistance we received from governments in 2011.

the Netherlands	€ 743,555	WBSO 2011 R&D Tax Incentive
the Netherlands	€ 72,752	GAP - Biorefinery project
the Netherlands	€ 28,600	Casimir scholarship
United States federal government	$ 282,740	National Alliance for Advanced Biofuels and Products
United States federal government	$ 536,871	National Advanced Biofuels Consortium

There is not a government presence in the shareholding structure related to the assistance received.

EC 5 Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation.

Significant Location(s)	Name(s)	Lowest Level Wage	Minimum Wage	Ratio Entry-level Wage to Minimum Wage
Americas				
Baton Rouge LA USA	Baton Rouge Tower	$14.42/hr	$7.25/hr	1.98 : 1
Baton Rouge LA USA	Process Development Center	$19.63/hr	$7.25/hr	2.70 : 1
Houston TX USA	Bayport	$19.38/hr	$7.25/hr	2.67 : 1
Houston TX USA	Pasadena	$18.46/hr	$7.25/hr	2.55 : 1
Magnolia AR USA	Magnolia	$15.73/hr	$7.25/hr	2.17 : 1
Orangeburg SC USA	Orangeburg	$15.27/hr	$7.25/hr	2.11 : 1
South Haven MI USA	South Haven	$17.17/hr	$7.25/hr	2.37 : 1
Twinsburg OH USA	Twinsburg	$17.50/hr	$7.25/hr	2.41 : 1
Tyrone PA USA	Tyrone	$15.49/hr	$7.25/hr	2.14 : 1
EMA				
Amsterdam the Netherlands	Amsterdam	€2235/mo	€1398.60/mo	1.60 : 1
Avonmouth UK	Avonmouth	£10.42/hr	£5.93/hr	1.76 : 1
Bergheim Germany	Bergheim	€774/mo	N/A	N/A
Budapest Hungary	Budapest	150000 HUF/mo	73500 HUF/mo	2.04 : 1
Louvain-la-Neuve Belgium	LLN	€2029/mo	€1440.67/mo	1.41 : 1
Asia Pacific				
Nanjing China	Nanjing	2200 RMB/mo	1140 RMB/mo	1.93 : 1
Beijing China	Beijing	11390 RMB/mo	1160 RMB/mo	9.82 : 1
Shanghai China	Shanghai	3850 RMB/mo	1120 RMB/mo	3.44 : 1
Jinhsan China	Shanghai	1700 RMB/mo	1120 RMB/mo	1.52 : 1
Ninghai China	Ningbo	1580 RMB/mo	1100 RMB/mo	1.44 : 1
Seoul South Korea	South Korea	15865 KRW/hr	4110 KRW/hr	3.86 : 1
Yeosu South Korea	South Korea	6029 KRW/hr	4110 KRW/hr	1.47 : 1
Singapore	Singapore	6420 SGD/mo	N/A	N/A
Tokyo Japan	Japan	2269 JPY/hr	821 JPY/hr	2.76 : 1

EC 6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.

Albemarle sources all spending on a bid basis. Local based suppliers are involved but not necessarily guaranteed selection. In the chart below, spending data is broken down in each region and locality in which Albemarle operates.

Location	Total Spending by the Location	Albemarle Spending on Regional Suppliers	Albemarle Spending on Local Suppliers
Americas (USD)			
Baton Rouge, Louisiana USA	$99,490,370	$76,927,476	$37,728,002
Houston, Texas, USA	$275,284,092	$232,108,296	$142,795,522
Magnolia, AR USA	$63,378,328	$22,811,443	$16,895,335
Orangeburg, SC USA	$95,773,110	$72,718,147	$36,614,355
South Haven, MI USA	$13,742,668	$53,324,060	$5,872,719
Twinsburg, OH	$6,570,813	$14,023,874	$548,740
Tyrone, PA USA	$45,124,763	$69,046,877	$11,821,606
EMA (USD)			
Amsterdam, the Netherlands	$108,999,882	$102,764,757	$46,595,321
Avonmouth, UK	$8,598,298	$47,792,909	$6,218,795
Bergheim, Germany	$90,656,825	$90,534,052	$41,830,585
Louvain-la-Neuve, Belgium	$3,898,377	$6,948,716	$3,040,744
AP (USD)			
Nanjing, China	$13,234,389	N/A	N/A
Jinshan, China	N/A	$80,961,672	$31,101,940
Ningbo, China	N/A	N/A	N/A
Yoseu, South Korea	$10,389,110	$10,815,850	$10,010,463

EC 7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation

Albemarle does not have a global policy for granting preference to local residents when hiring in significant locations of operations. As part of standard business practice, we review qualified candidates in local markets as well as outer markets to select the best candidates for positions.

Significant Location(s)	Name(s)	% Senior Management from Local Community
Americas		
Baton Rouge LA USA	Baton Rouge Tower	30%
Baton Rouge LA USA	Process Development Center	25%
Houston TX USA	Bayport	40%
Houston TX USA	Pasadena	25%
Magnolia AK USA	Magnolia	25%
Orangeburg SC USA	Orangeburg	25%
South Haven MI USA	South Haven	70%
Twinsburg OH USA	Twinsburg	100%
Tyrone PA USA	Tyrone	100%
EMA		
Amsterdam the Netherlands	Amsterdam	95%
Avonmouth UK	Avonmouth	100%
Bergheim Germany	Bergheim	90%
Budapest Hungary	Budapest	0%
Louvain-la-Neuve Belgium	LLN	0%
Asia Pacific		
Nanjing China	Nanjing	25%
Beijing China	Beijing	40%
Shanghai China	Shanghai	13%
Jinhsan China	Shanghai	11%
Ninghai China	Ningbo	0%
Seoul South Korea	South Korea	0%
Yeosu South Korea	South Korea	
Singapore	Singapore	0%
Tokyo Japan	Japan	20%

EC 8 Development and impact of infrastructure, investments and services provided primarily for public benefit through commercial, in kind or pro bono engagement.

ALBEMARLE FOUNDATION

The Albemarle Foundation focuses on philanthropic efforts through monetary donations and volunteer efforts in the communities in which we live and operate. The local foundation councils strive to make their communities stronger with an emphasis in the areas of education, social health and cultural initiatives. In 2011, Albemarle transferred $1,588,654 to the Albemarle Foundation. In addition, Albemarle employees, retirees, and the Board of Directors donated $528,558 in support of the annual community campaigns.

Environmental Indicators

Management Approach: Environmental Management

Green Chemistry Principle and Environmental Responsibility

As Albemarle Corporation, we take our responsibility to maintain and improve the health, safety and environmental performance of our facilities, products and communities very seriously. This commitment is embodied in our HSSE policy and part of all our internal communications with employees. Our company focuses on opportunities to ensure a sustainable business model as well as to support our ability to provide innovative solutions to meet the needs of society.

Our responsibilities include measuring our health, safety and environmental performance and continually improving upon past performance. This commitment is simply essential to our mission and to our company's success. We will eliminate emission sources and optimize raw material, energy and water usage in our processes, and we will be responsive to the concerns of our stakeholders and seek active participation by them in these programs. While we are proud of our achievements and our products to date, we will continually seek innovative ways to ensure we maintain our focus on developing sustainable solutions that meet environmental and societal needs today and for generations to come.

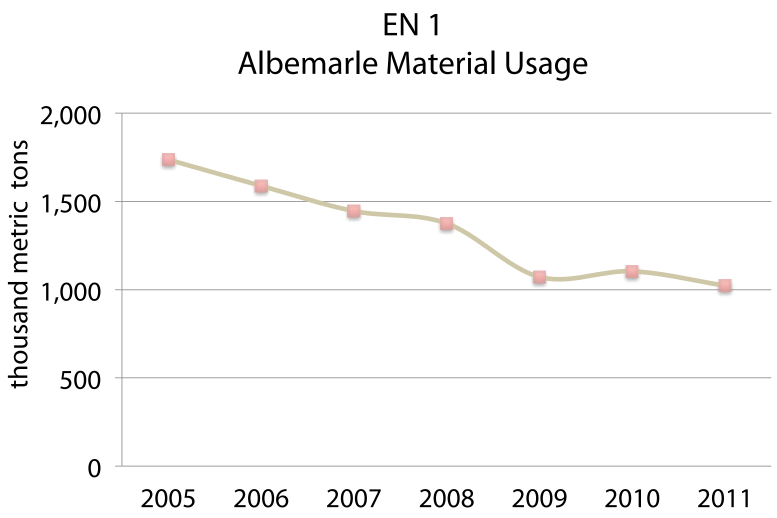
Environmental Management System

Albemarle maintains an environmental management system within the corporate Health, Safety and Environmental program. This program encompasses policies and procedures that address Albemarle's environmental aspects. The management system applies to all Albemarle's operations world wide and is third party certified in the United States under RC14001:2008.

EN1 Materials used by weight or volume

Albemarle tracks the consumption of process raw materials, energy products, and the natural mineral resource bromine for the purposes of this indicator. The volume of packaging materials used in manufacture and transportation is not tabulated. In 2011, Albemarle used a total of 1.02 million metric tons of raw materials. This volume does not include materials transferred between production facilities or the use of water (see EN8).

The majority of materials used are categorized as non-renewable. Albemarle produces specialty materials have been shown to remove from 80 to more than 90 percent of the vaporous mercury from power plant smokestacks, on average. Activated carbon is a key raw material for these products. In 2011, 145 tonnes of activated carbon were used from renewable sources.

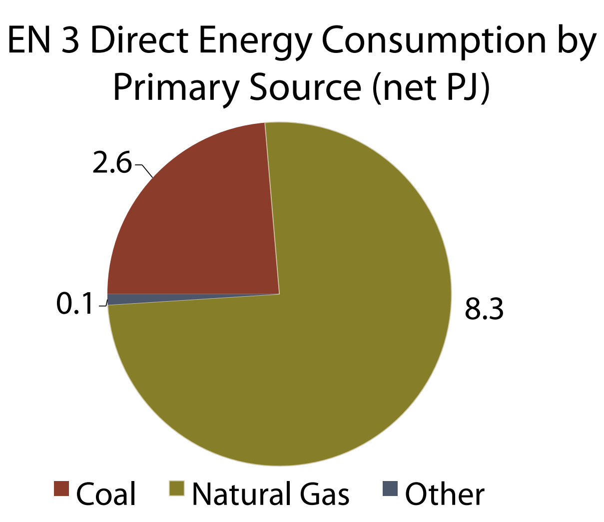


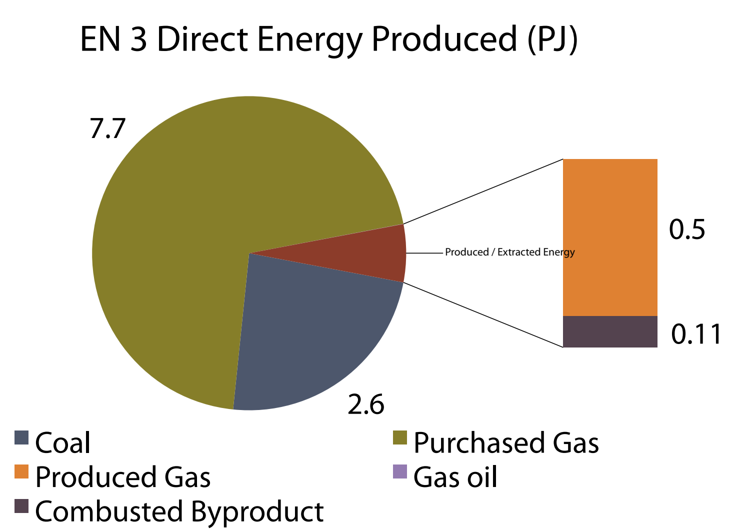
EN2 Percentage of materials that are recycled input materials.

A very small fraction of Albemarle's raw materials are "non-virgin" material. Recycled input materials account for approximately 0.05% of total raw material usage. Sales of petroleum catalysts represent approximately one-third of Albemarle Corporation sales. In this division, a portion of the product is reprocessed for the customer as part of the purchase agreement. More information on this product is included in section EN27.

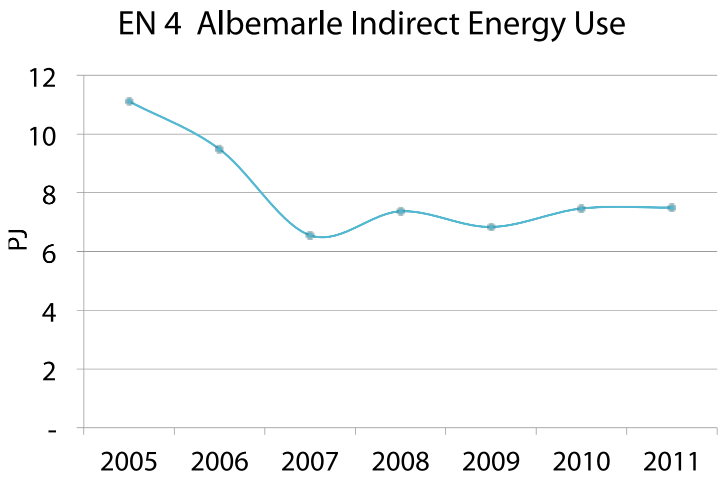
EN3 Direct energy consumption by primary energy source

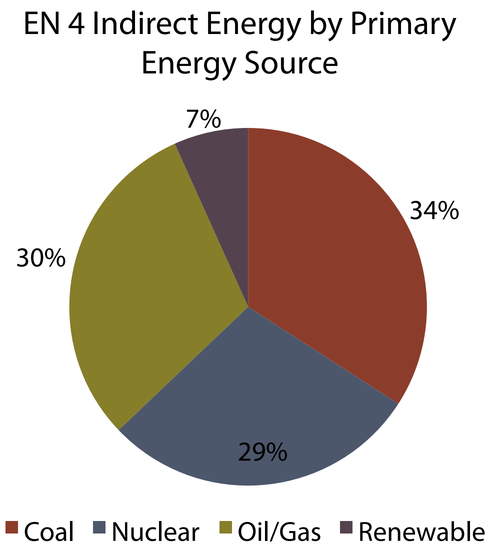
Albemarle's consumption of direct primary energy in 2011 was 11 petajoules from manufacturing facilities. This includes 0.6 petajoules of energy extracted or produced by Albemarle. The energy impact of distribution of products and waste has not been assessed and is not included. Energy use at Albemarle Corporation non-manufacturing facilities (i.e. business offices) is small when compared to manufacturing facilities and is not included in this indicator. Business office GHG impact is shown in EN17. All direct primary energy used by Albemarle as defined by this indicator is classified as nonrenewable. In a few instances, Albemarle transfers energy between co located companies. This value is small and the data expressed above is net energy use by Albemarle.





EN4 Indirect energy consumption by primary source

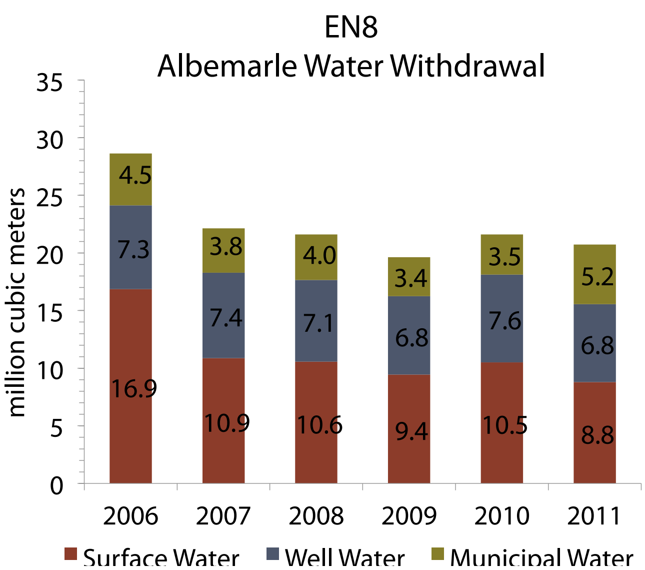




Indirect energy consumption for Albemarle results from two major intermediate energy sources – purchased electricity and steam. These intermediate energy uses totaled 7.4 PJ in 2011 from manufacturing facilities. Of the total, purchased electricity accounts for 6.6 PJ and purchased steam accounts for 0.8 PJ. Energy use at Albemarle Corporation non-manufacturing facilities (i.e. business offices) are small when compared to manufacturing facilities and is not included in this indicator. Business office GHG impact is shown in EN17. In a few instances, Albemarle transfers energy between co located companies. This value is small and the data expressed above is net energy use by Albemarle. Generation efficiencies used for this calculation are derived from US Department of Energy and American Chemistry Council data.

EN8 Total water withdrawal by source

Albemarle's 2011 water withdrawal totaled 20.8 million m3. This total does not include the volume of salt brine that is extracted from and returned to the same deep strata at Albemarle's Magnolia, Arkansas (US) facilities.



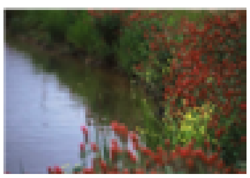
EN9 Water sources significantly affected by withdrawal of water

There are no known significant negative impacts to water sources or related habitats resulting from Albemarle's withdrawal of water.

EN11 Location and size of land owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas.

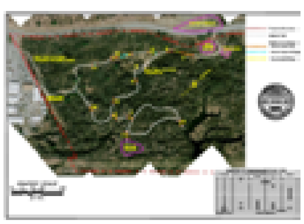
Bergheim Germany: The water outfall from the facility flows to the river Erft.

Orangeburg, SC: The facility borders the Edisto River. The facility manages 135 acres that are registered with the Wildlife Habitat Council.



Magnolia, AR: 100 acres of wetlands bank near west plant where hard woods are planted. 50 acres of south plant artificial marsh are registered with the Wildlife Habitat Council. The west plant has 20 acres of artificial marsh. 1500 acres of forest are managed for timber (paper or structural).

Tyrone, PA: Approximately 10 acres of the site are wetlands and the facility borders Cook Creek. The plant also has a Wildlife Habitat Council registered site.



Amsterdam, The Netherlands: The facility is adjacent to the city parkforest "Het Vliegenbos" and the river IJ. Natura 2000 areas in the site's vicinity: IJmeer en Markermeer (land and marshland).

Other facilities include:

Location	Area of High Biodiversity or Protected Areas
Avonmouth, UK	The facility is close to the Svern Estuary, which has a protected status.
Jinshan, China	The Huanggu River is protected and is 300 m north of the facility.
Ningbo, China	The facility is located in a biodiversity area. Two "beauty spots" are 5.8 km and 4.6 km away.
Nanjing, China	The Changjiang River is approximately 4 km south of the Nanjing Chemical Industry park where the facility is located.
Pasadena, TX	The facility borders 35 acres of wetlands.
Process Development Center, Baton Rouge, LA	The facility borders Bayou Monte Sano
Sayerville, NJ	The site includes 16 acres located in the Raritan River watershed of which approximately 7 acres are wetlands.
South Haven, MI	Lake Michigan is west of the facility.
Yeosu, South Korea	The facility is 3km away from the forest around HeungKook Temple. This forest is designated as cultural asset preservation area by Yeosu City.

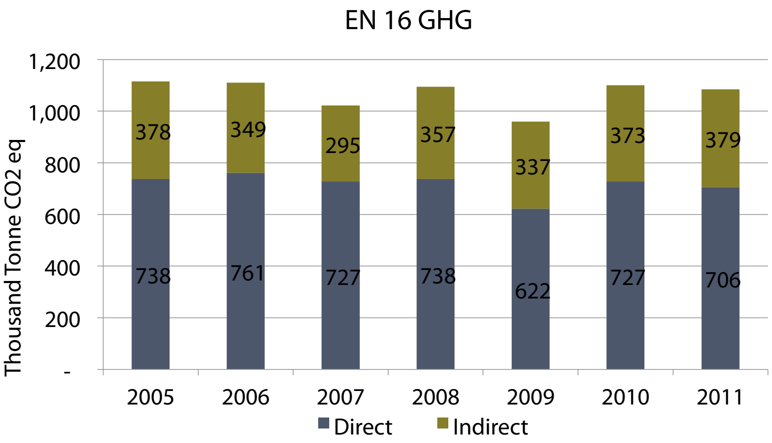
EN 12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

EN13 Habitats Protected or restored.

The area identified in EN11 for Magnolia, Arkansas has been positively impacted by the facility's actions. These areas include a 100-acre tract of land that has been reforested, 70 acres of artificially created marsh (certified by The Wildlife Habitat Council), and 1,500 acres of land that is managed for timber. In 2009, Wildlife Habitat Council named the facility a Corporate Lands for Learning location. The Orangeburg, South Carolina facility has positively impacted 135 acres of property included above as part of registration to The Wildlife Habitat Council, Corporate Lands for Learning. The facility was invited to make a presentation of their efforts at the Wildlife Habitat Council Annual Meeting on November 10, 2009. The Tyrone, Pennsylvania facility achieved a Wildlife Habitat Certification for their wooded uplands project. All these Wildlife Habitat Council properties are maintained for natural habitat and educational purposes. The Amsterdam facility partnered with the Foundation W. H. Vliegenbos, a non-profit organization dedicated to preserving forested areas in North Amsterdam. No other impacts to the areas identified in EN11 have been identified.

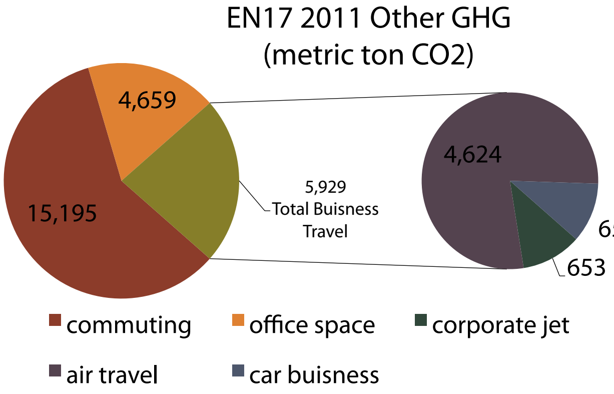
EN16 Total direct and indirect greenhouse gas emissions by weight

Albemarle collects data on direct and indirect primary fuel consumption at manufacturing facilities for the purpose of determining green house gas generation. In addition, data is also collected at our processing facilities on direct green house gas generation from sources other than combustion of fuels. Factors for conversion of energy quantities to equivalent CO2 are derived from data published by The American Chemistry Council. Generation efficiencies used for this calculation are derived from US Department of Energy and American Chemistry Council data. The greenhouse gas impact of distribution of products and waste has not been assessed and is not included. Greenhouse gas impacts from Albemarle Corporation non-manufacturing facilities (i.e. business offices) are small when compared to those above. This data is included in EN 17. The total direct and indirect greenhouse gas emissions for Albemarle in 2011 were 1,084,600 metric tons.



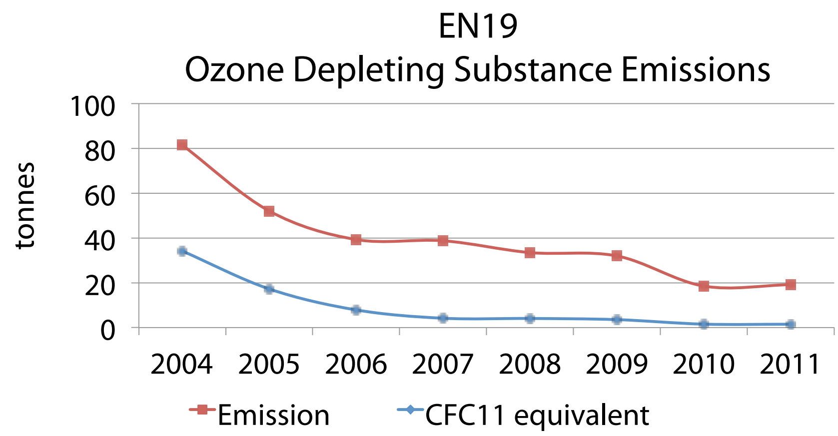
EN17 Other relevant indirect greenhouse gas emissions by weight

Albemarle Corporation first began to collect information on other indirect greenhouse gas emissions in 2007. Included in the analysis for 2011 is the GHG impact from business travel, employee commuting and Albemarle's major office complexes. These offices include the corporate headquarters in Baton Rouge, Louisiana, as well as offices in Clearlake Texas, Tokyo, Shanghai and Louvain-la-Neuve Belgium. These impacts are small in comparison with the GHG emissions presented in EN16 and are grouped together for this reason.



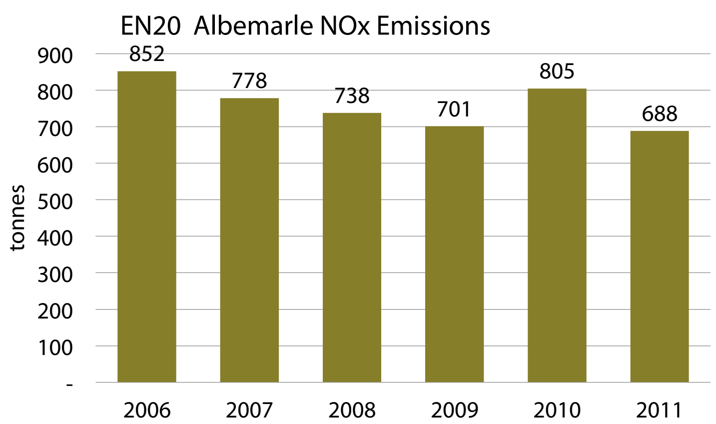
EN19 Emissions of ozone –depleting substances by weight

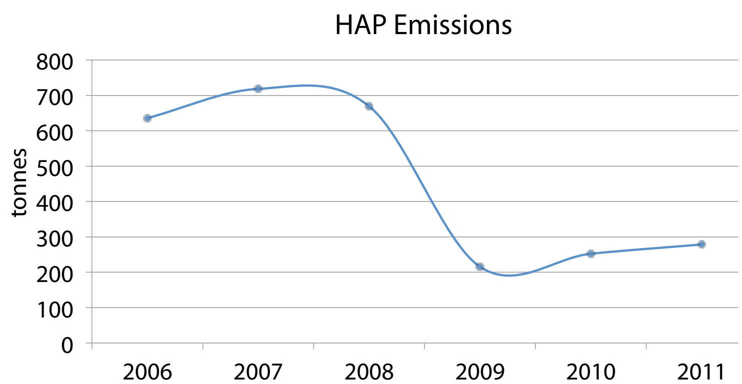
In 2011, Albemarle's emissions of ozone depleting substances consisted of bromochloromethane, R-11, and R-22. The 2010 emissions of ozone depleting substances totaled 19.2 tonnes (1.5 tonnes CFC-11 equivalent).

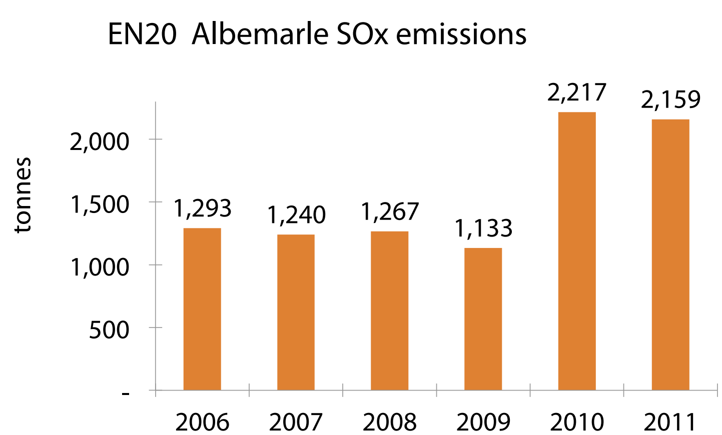


EN20 NOx, SOx, and other significant air emissions by type and weight.

Albemarle tabulates NOx and SOx and Hazardous Air Pollutant (HAP) emissions at manufacturing sites for the purpose of this indicator. These values are based on a combination of calculations, measured values and permitted limits. NOx emissions in 2011 totaled 688 tonnes. SOx emissions totaled 2,159 tonnes. HAP emissions totaled 279 tonnes.

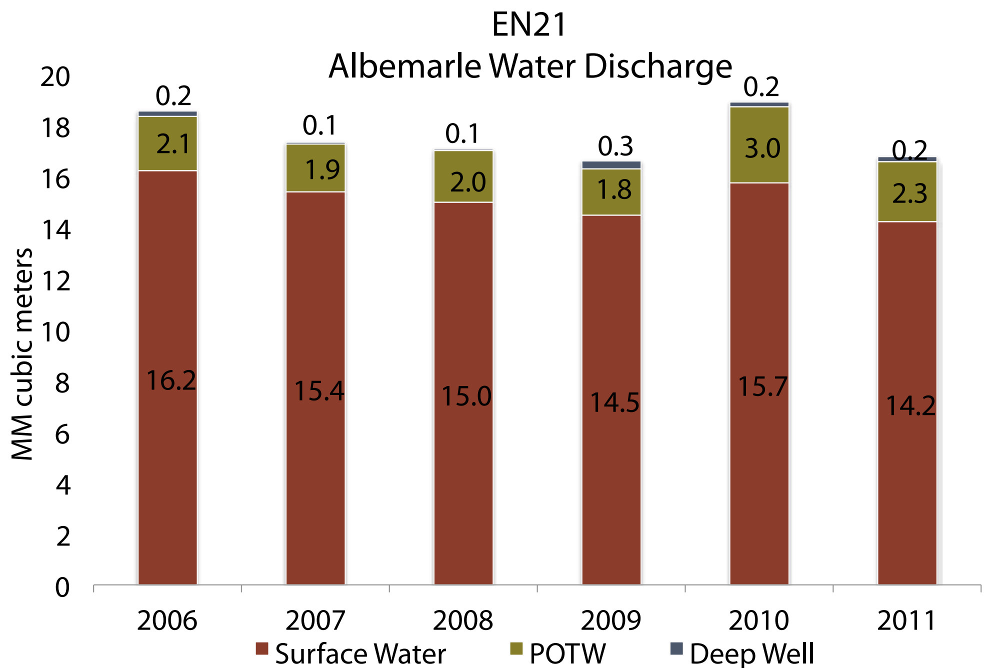






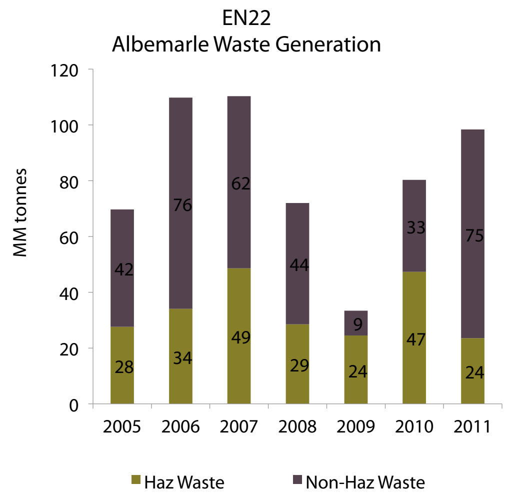
EN21 Total water discharge by quality and destination

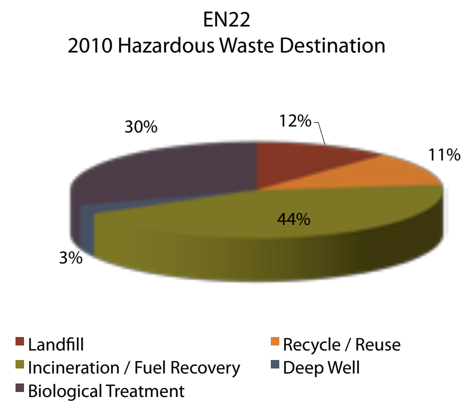
Albemarle discharges water to three major destinations: Surface water includes discharge to streams, rivers, lakes & marshes; Publicly Owned Treatment Works (POTW); and deep well injection. Not included in this indicator is the volume of salt brine that is extracted from and returned to deep strata at Albemarle's Magnolia, Arkansas (US) facilities. Albemarle is subject to various laws and regulation governing the discharge of water into the environment. Each discharge is in compliance and expect to remain in compliance with all applicable requirements. 2007 was the first year that rainfall was excluded from discharge volume during the information collection process. Rainfall accounts for a small portion of the total discharge volume therefore previous years data was not corrected. Albemarle's 2011 return of water to the environment totaled 16.8 million cubic meters.



EN22 Total weight of waste by type and disposal method

Each Albemarle manufacturing site tabulates hazardous and non-hazardous waste generation. 2011 generation of hazardous waste was 24,887 tonnes. Non hazardous waste generation in 2011 totaled 75,177 tonnes. The non-hazardous total does not include wastewaters. Albemarle facilities also recycled 5,731 tonnes of other materials such as metal and paper in 2010.

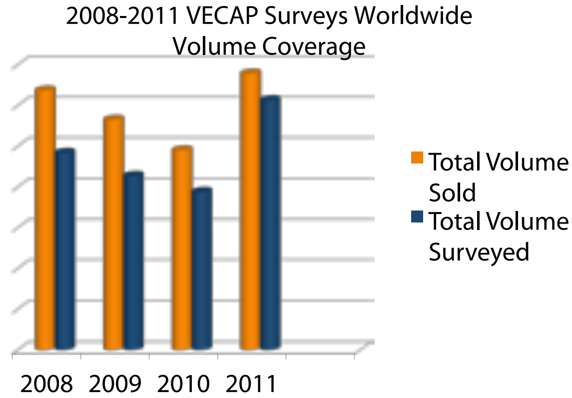




EN23 Total number and volume of significant spills

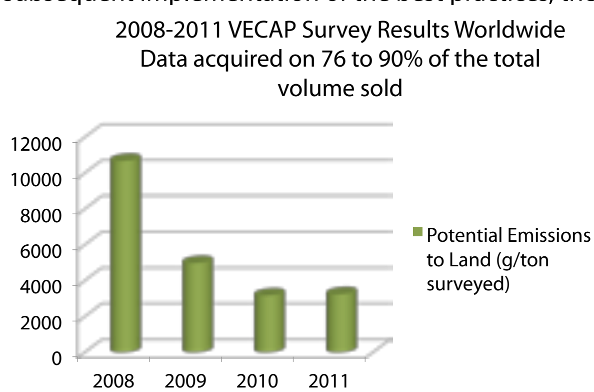
Albemarle tabulates and records all spills and releases that cause serious off site impacts. Significant spills include those incidents where there is major environmental impact or impact to employees or the public. Albemarle designates these spills as 'Level 3' events. Albemarle experienced no such events in 2010. Sixteen minor leaks occurred in 2011.

EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.



VECAP is an innovative and excellence-driven way of doing business, based on ISO 14001 principles. It demonstrates the commitment of the industries involved to act in the interest of society and the environment while enhancing the competitiveness of local industries. It offers all companies – small, medium or large – equal access to the industry's expertise in environmental best practices as well as procedures driving continuous improvement and allows benchmarking for other industries to apply similar principles. VECAP uses basic tools to help users of chemicals understand where material is used and intentionally or unintentionally discarded. The VECAP process is fundamentally a continuous improvement system and is designed to be cost effective and simple to implement.

Over the last 4 years, Albemarle has conducted VECAP surveys at our Brominated Flame Retardant customers in China, Europe, Japan, Korea and North America. Approximately 90% of the volume sold in those regions or countries in 2011 was covered with surveys, versus 77% in 2010. The primary reason for this additional volume coverage is a result of better coverage in China. Potential emissions to air, water and land were estimated and recommendations were provided for the implementation of the best available techniques, which allow for reduction of these potential emissions. The main area of emission concerns highlighted through the surveys is the disposal of packaging waste. If incineration or chemically controlled landfill is not the method of disposal, the residues in the packaging are likely to end up in the environment. During the 2008 survey, ~10,700 g/ton of potential land emissions from residue in packaging waste was identified at numerous users. Through our recommendations and the users subsequent implementation of the best practices, these potential land emissions could be reduced to ~3,200 g/ton in the 2011 survey, which we consider a very encouraging result. The graph below of the 2010 and 2011 surveys results worldwide show a "leveling-off" in potential emissions to land; however, this is a result of the significant increase in volume coverage in the 2011 survey over the 2010 survey. We anticipate improvements and reductions in potential emissions to land from newly participating users once recommendations and best practices have been implemented. Future surveys will capture these anticipated results. Albemarle's main manufacturing site in Magnolia, Arkansas, which was VECAP certified by Bureau Veritas in January 2009, was re-certified in Dec 2011, according to the certification timeframe. Our manufacturing plant in Jordon was VECAP certified in May 2011, and our Process Development Center in Baton Rouge, LA also received certification in Dec 2011.



<u>Mercury control for cleaner air</u> - Albemarle is a leader in mercury air pollution control technology. In 2011, we continued our research projects focusing on new, renewable carbon sources for Powdered Activated Carbon (PAC). We also deployed our Field Engineering team to commercially demonstrate the efficacy of our PAC treatment methodology in the coal-fired, electric generation market, as well as the Portland cement market.

On December 16, 2011, the Environmental Protection Agency (EPA) finalized the first ever-national standards to reduce mercury and other toxic air pollution from coal and oil-fired power plants. Albemarle projects as many as 650 units will require Activated Carbon Injection (ACI) to met the new national standard for mercury stack emissions. Albemarle believes in ACI as a proven and dependable tool to remove air pollutants from our environment. It is an effective and cost efficient way to remove air toxins, and we are encouraged by the technology's ability to help meet the new regulations under the Clean Air Act.

EN27 Percentage of products sold and their packaging materials that are reclaimed by category.

555 tonnes of products and packaging were identified in 2011 that were directly reclaimed by Albemarle or it's contractors. In addition, greater than 10,000 tonnes of catalyst product are recycled annually, by external sources. Albemarle's polymer antioxidants and lubricant antioxidants are incorporated into many plastics products that are reclaimed/recycled in kind with the national average for these markets.

EN28 Monetary value of significant fines and total number of non-monetary sanctions for non compliance with environmental laws and regulations.

Albemarle maintains a very robust auditing program for environmental performance and compliance. As a result, Albemarle had no environmental fines in 2011. Additionally, Albemarle had no other significant administrative or judicial sanctions levied against the company in 2011.

EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.

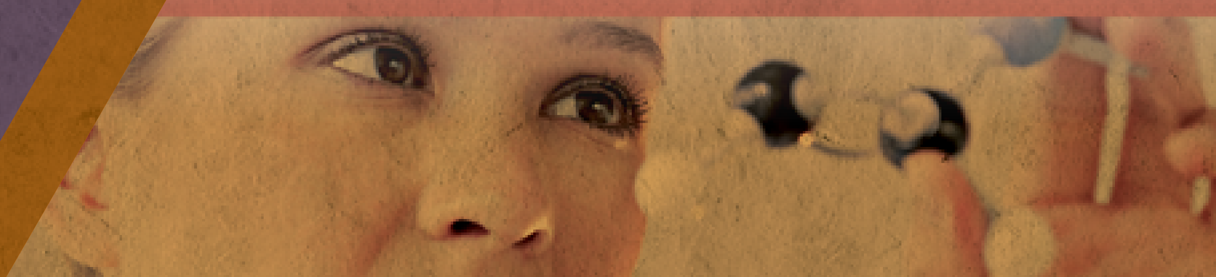
Albemarle collects information on distribution incidents as the measure of this indicator. Energy and emissions from transportation of products and waste are not currently tracked. Emissions associated with workforce transportation are shown in EN17. All distribution incidents in which any volume of material is released from a container are recorded as Level 2 distribution incidents. There were six Level 2 distribution releases in 2011. Any spill with an environmental or public impact is recorded as a Level 3 distribution incident. Albemarle experienced no Level 3 Distribution events in 2011.

Social Performance Indicators

Management Approach: Labor Practices and Decent Work

People and Development

We recognize our Company's greatest asset is our people. We invest time, energy and money to ensure that our workforce has the necessary knowledge and expertise to conduct its work in a safe and environmentally responsible manner, and we reinforce our initial training throughout the employee life cycle. We provide refresher courses and host forums that promote information exchange between employees within their own facilities as well as with their colleagues at other Company locations. We firmly believe that to improve the future, we must learn from the past. Cross-communication between our facilities, sharing experiences and lessons learned, and establishing best practices is critical to improving our performance and empowering our employees to make good choices for our Company and the communities in which we serve.



LA1 Total workforce by employment type, employment contract, and region.

2011 Worldwide Staffing Summary (as of 12/31/2011)

	Salaried	Hourly	Total Direct	Contract	TOTAL
Americas	1344	818	2162	575	2737
EMA	1203	0	1203	60	1263
AP	618	0	618	69	687
Middle East	16	236	252	30	282
TOTAL	3181	1054	4235	734	4969

LA2 Total number and rate of employee turnover by age group, gender, and region.

2011 Turnover Data – specific breakdown not available at this time

LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.

<table>
<tr><th>Significant Location(s)</th><th>Name(s)</th><th>Minimuim Benefits for FT Employees</th></tr>
<tr><td colspan="3">Americas</td></tr>
<tr><td>Baton Rouge LA USA</td><td>Baton Rouge Tower</td><td rowspan="9">• Medical Insurance
• Dental Insurance
• Disability Insurance
• Life Insurance
• Personal Accident Insurance
• Blanket Travel Accident Insurance
• Health Care and Dependent Care Spending Accounts
• Health Savings Account
• Executive Long Term Disability
• Retirement/Savings Plan
• Educational Reimbursement Plan
• Matching Gifts to Education and Charitable Organizations
• Seat Belt Coverage and Accidental Insurance
• Aflac</td></tr>
<tr><td>Baton Rouge LA USA</td><td>Process Development Center</td></tr>
<tr><td>Houston TX USA</td><td>Bayport</td></tr>
<tr><td>Houston TX USA</td><td>Pasadena</td></tr>
<tr><td>Magnolia AK USA</td><td>Magnolia</td></tr>
<tr><td>Orangeburg SC USA</td><td>Orangeburg</td></tr>
<tr><td>South Haven MI USA</td><td>South Haven</td></tr>
<tr><td>Twinsburg OH USA</td><td>Twinsburg</td></tr>
<tr><td>Tyrone PA USA</td><td>Tyrone</td></tr>
</table>

Significant Location(s)	Name(s)	Minimuim Benefits for FT Employees
EMA		
Amsterdam the Netherlands	Amsterdam	• Health insurance • Pension • Disability insurance for income guarantee of 70% • Blanket Travel Accident Insurance
Avonmouth UK	Avonmouth	• Avonmouth (same for part time and for full time) • First aid payment • Maternity Returners allowance • Defined contribution pension • Share scheme • Blanket Travel Accident Insurance
Bergheim Germany	Bergheim	• Health insurance • Unemployment insurance • Pension benefits • Nursing benefits • Blanket Travel Accident Insurance
Budapest Hungary	Budapest	• Health Insurance • Pension • Weekend Home Travel and Daily Commuting • Meal Voucher • Monthly Public Transport Pass • Private Wellness/Health Fund • Voluntary Private Pension Fund • Home Internet Connection
Louvain-la-Neuve Belgium	LLN	• Health insurance • Extra legal Pension plan • Death and Disability insurance • Luncheon vouchers • Transportation allowances and Company car if GL >= 11 or sales person • Repatriation insurance for high frequency traveler • Blanket Travel Accident Insurance
Asia Pacific		
Nanjing China	Nanjing	• Statutory government benefits • Supplemental medical, life, AD&D • Blanket Travel Accident Insurance
Beijing China	Beijing	
Shanghai China	Shanghai	
Jinhsan China	Shanghai	
Ninghai China	Ningbo	
Seoul South Korea	South Korea	• Statutory government benefits • Blanket Travel Accident Insurance
Yeosu South Korea	South Korea	• Statutory government benefits • Blanket Travel Accident Insurance
Singapore	Singapore	• Statutory government benefits • Blanket Travel Accident Insurance
Tokyo Japan	Japan	• Statutory government benefits • Blanket Travel Accident Insurance

LA4 Percentage of employees covered by collective bargaining agreements.

Significant Location(s)	Name(s)	% Employees Represented by Unions / CBA
Americas		
Baton Rouge LA USA	Baton Rouge Tower	0%
Baton Rouge LA USA	Process Development Center	22%
Houston TX USA	Bayport	0%
Houston TX USA	Pasadena	55%
Magnolia AR USA	Magnolia	0%
Orangeburg SC USA	Orangeburg	57%
South Haven MI USA	South Haven	0%
Twinsburg OH USA	Twinsburg	0%
Tyrone PA USA	Tyrone	0%
EMA		
Amsterdam the Netherlands	Amsterdam	95%
Avonmouth UK	Avonmouth	80%
Bergheim Germany	Bergheim	95%
Budapest Hungary	Budapest	0%
Louvain-la-Neuve Belgium	LLN	0%
Asia Pacific		
Nanjing China	Nanjing	0%
Beijing China	Beijing	0%
Shanghai China	Shanghai	0%
Jinhsan China	Shanghai	0%
Ninghai China	Ningbo	0%
Seoul South Korea	South Korea	0%
Yeosu South Korea	South Korea	0%
Singapore	Singapore	0%
Tokyo Japan	Japan	0%

LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.

Significant Location(s)	Name(s)	Minimum Notice Periods for Operational Changes
Americas		
Baton Rouge LA USA	Process Development Center	60 Days Notice to reopen contract
Orangeburg SC USA	Orangeburg	Orangeburg labor agreement with IBT Local 509 requires a seven-day notice to employees for a layoff/significant operational change. For a change in the production schedule employees must have 48 hours notice. If the schedule change is due to mechanical breakdown then eight hours notice is required.
Baton Rouge LA USA	Baton Rouge Tower	No minimum notice period applicable
Houston TX USA	Bayport	No minimum notice period applicable
Houston TX USA	Pasadena	30 Days notice and meet with Union to change schedule/ reduce operating schedules (60 days prior to contract end to terminate contract)
Magnolia AR USA	Magnolia	No minimum notice period applicable
South Haven MI USA	South Haven	No minimum notice period applicable
Twinsburg OH USA	Twinsburg	No minimum notice period applicable
Tyrone PA USA	Tyrone	No minimum notice period applicable
EMA		
Amsterdam the Netherlands	Amsterdam	1 month up to grade 8, 3 months from grade 9
Avonmouth UK	Avonmouth	3 months notice for all and 6 months for site manager
Bergheim Germany	Bergheim	Depending on age and seniority based on collective chemical CLA and law
Budapest Hungary	Budapest	1 month; required period increased based on tenure
Louvain-la-Neuve Belgium	LLN	3-6 months
Asia Pacific		
Nanjing China	Nanjing	One month
Beijing China	Beijing	
Shanghai China	Shanghai	
Jinhsan China	Shanghai	
Ninghai China	Ningbo	
Seoul South Korea	South Korea	No minimum notice period applicable
Yeosu South Korea	South Korea	No minimum notice period applicable
Singapore	Singapore	One month
Tokyo Japan	Japan	No minimum notice period applicable

LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.

INJURY METRICS		
	2011	2010
INJURY RATE	0.24	0.59
OCCUPATIONAL DISEASES	0	0
LOST DAYS	208	532
ABSENTEEISM	No data	No data
WORK-RELATED FATALITIES	0	0
CONTRACTOR RATES	0.55	0.13

Absenteeism is a metric which neither Albemarle Corporation nor any regulatory authority within whose jurisdiction we operate requires. We do not report on this issue and have no intention of reporting in the future as the disclosure is not material to our business because we have a robust on the job and off the job safety program to ensure employees are aware of best practices in maintaining their health and wellness.

LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

Albemarle provides training, counseling, prevention and risk-control programs and training for disease. These programs vary by region. Where a disease is perceived to have the potential to be wide spread, Albemarle provides resources to employees and families to mitigate the disease effects. Albemarle does not have a high incidence or risk of specific occupational diseases.

LA10 Average hours of training per year per employee by employee category.

Significant Location(s)	Name(s)	Average Hours of Training/Year
Americas		
Baton Rouge LA USA	Baton Rouge Tower	8 hours
Baton Rouge LA USA	Process Development Center	40 hours
Houston TX USA	Bayport	16 hours
Houston TX USA	Pasadena	16 hours
Magnolia AR USA	Magnolia	52 hours
Orangeburg SC USA	Orangeburg	45 hours
South Haven MI USA	South Haven	90 hours
Twinsburg OH USA	Twinsburg	52 hours
Tyrone PA USA	Tyrone	16 hours
EMA		
Amsterdam the Netherlands	Amsterdam	40 hours
Avonmouth UK	Avonmouth	33 hours
Bergheim Germany	Bergheim	7 hours
Budapest Hungary	Budapest	40 hours
Louvain-la-Neuve Belgium	LLN	10 hours
Asia Pacific		
Nanjing China	Nanjing	70 hours
Beijing China	Beijing	20 hours
Shanghai China	Shanghai	8 hours
Jinhsan China	Shanghai	16 hours
Ninghai China	Ningbo	16 hours
Seoul South Korea	South Korea	26 hours
Yeosu South Korea	South Korea	24 hours
Singapore	Singapore	4 hours
Tokyo Japan	Japan	16 hours

LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

We invest in our employees through many different channels. At all locations, we use internal training programs for skill development. Programs range from broad leadership programs to specific skill development, such as welding. The internal training programs are supplemented with external programs that provide for new skill development or skill refresher. Additionally, for those eligible individuals willing to make the commitment, we support employees' continuing education aspirations by funding university tuition and certain fees, and allowing the necessary time for classroom attendance.

In addition to our education and training programs, we also offer outplacement services to employees who leave the organization due to job elimination and reduction-in-force. The following processes are covered in the training and job placement benefits provided as part of the outplacement services:

- Self Assessment
- Review of previous work history, training and achievements
- General career counseling
- Development of a career search strategy
- Coaching, advice and support by a full-time, proactive consultant
- Interview and networking training
- Job leads and methods for discovering employment
- opportunities
- If during the program period, advice in evaluating,
- responding to and negotiating offers
- Assistance in completion and reproduction of a professional resume
- Development plan for retirement (if applicable)
- Individually focused training, counseling and follow-up

LA12 Percentage of employees receiving regular performance and career development reviews.

2011 Worldwide Staffing Summary (as of 12/31/2011)
(from LA1)

	Salaried	Hourly	Total Direct
Americas	1344	818	2162
EMA	1203	0	1203
AP	618	0	618
Middle East	16	236	252
TOTAL	3181	1054	4235

Each employee, either through a formal or informal process, receives feedback on his/her performance on an annual basis from his/her supervisor.

LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

2011 Diversity Data – Americas Region Only

Americas	
Total # of Direct Eees (excludes contract)	2162
Gender	
Total Male	1785 / 83%
Total Female	367 / 17%
Age	
Total Age < 30	211 / 10%
Total Age 30-50	1066 / 49%
Total Age > 50	875 / 41%
Ethnicity	
Ethnic – Asian	61 / 3%
Ethnic – Black or African American	203 / 10%
Ethnic – Hispanic or Latino	91 / 4%
Ethnic – White	1777 / 82%
Ethnic – Other Categories	20 / 1%

LA14 Ratio of basic salary of men to women by employee category.

From LA13 – Americas Region Only

	Total	Male Count	Male Ave Wage	Female Count	Female Ave Wage	Ratio Ave Wage
Ethnic – Asian	61	47	$57.47/hr	14	$45.09/hr	1.27 : 1
Ethnic – Black or African American	203	154	$31.33/hr	49	$32.18/hr	0.97 : 1
Ethnic – Hispanic or Latino	91	71	$38.71/hr	20	$39.43/hr	0.98 : 1
Ethnic – White	1777	1497	$41.81/hr	280	$38.97/hr	1.07 : 1
Ethnic – Other Categories	20	16	$32.73/hr	4	$38.92/hr	0.84 : 1

Management Approach: Human Rights

The Company believes that fostering a high quality, effective workforce is the unique determinant of sustained business success. Therefore, all employees in management roles are accountable to ensure the appropriate application of employee policies and employment practices. Further, all employees are encouraged to take personal responsibility to maximize their productivity, personal development and contributions to the success of the organization. The Company strives to provide an environment that values results of individuals and teams, while emphasizing respect for each other and effective communications. Employees are expected to raise workplace issues that represent a risk to the Company, violate the policies of the Company, or threaten a safe and successful work environment. The Company maintains an open door practice that allows employees multiple avenues for expressing and ensuring resolution of any issues.

The Company will abide by all applicable employment laws regarding employment decisions, including recruitment, hiring, placement, promotion, reassignment, compensation, training, discipline and dismissal. Reasonable accommodations will be made as required by applicable law for individuals with handicaps or disabilities. Harassment in any form is absolutely prohibited. It is the Company's policy to comply faithfully with the applicable immigration laws and regulations. The Company will also abide by applicable labor laws at all global facilities.

HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screenings.

In 2011, no agreements were screened for human rights considerations. In 2012, our Corporate Compliance and Purchasing organizations will undertake a process to define our management system for addressing human rights in investment and purchasing agreements.

HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

In 2011, no suppliers or contractors were screened for human rights considerations. In 2012, our Corporate Compliance and Purchasing organizations will undertake a process to define our management system for addressing human rights in investment and purchasing agreements.

HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

As Albemarle Corporation does not have a formal procedure for human rights considerations, 0% of employees were trained in 2011.

HR4 Total number of incidents of discrimination and actions taken.

0 – No reported incidents for discrimination; no action taken

HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

As of December 31, 2011, we had 4,260 employees of whom 2,155, or 51%, are employed in the U.S.; 1,165, or 27%, are employed in Europe; 615, or 14%, are employed in Asia and 325, or 8%, are employed in the Middle East. Approximately 17% of our U.S. employees are unionized. We have bargaining agreements at three of our U.S. locations:

- Baton Rouge, Louisiana—United Steel Workers (USW);
- Orangeburg, South Carolina—International Brotherhood of Teamsters-Industrial Trades Division (IBT); and
- Pasadena, Texas—United Steel Workers (USW); Sheet Metal Workers International Association (SMWIA); United Association of Journeymen & Apprentices of Plumbing and Pipefitting Industry (UAJAPPI); and International Brotherhood of Electrical Workers (IBEW).

We believe that we have good working relationships with these unions, and we have operated without a labor work stoppage at each of these locations for more than 18 years. Bargaining agreements expire at our Orangeburg, South Carolina location in 2013, our Pasadena, Texas location in 2014 and our Baton Rouge, Louisiana location in 2015.

We have two works councils representing the majority of our European sites—Amsterdam, the Netherlands and Bergheim, Germany—covering approximately 920 employees. In addition, we have approximately 50 employees at our manufacturing facility in Avonmouth, United Kingdom that are represented by unions through a current collective bargaining agreement. We believe that we have a generally good relationship with these councils and bargaining representatives. In September 2009, we entered into consultation processes under local laws at our Amsterdam and Bergheim locations for restructuring programs that included planned reductions in force. During the fourth quarter of 2009, approximately $1.6 million in related charges were recorded for our Amsterdam restructuring program, followed by approximately $6.6 million in charges associated with the program at our Bergheim location during the first quarter of 2010.

HR6 Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.

0 – No operations identified as having significant risk for incidents of child labor; no measures taken

HR7 Operations identified as having significant risk for incidents of forced or compulsory labor, and measure to contribute to the elimination of forced or compulsory labor.

0 – No operations identified as having significant risk for incidents of forced or compulsory labor; no measures taken

HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations labor.

0% of security personnel trained in policies and procedures concerning aspects of human rights

HR9 Total number of incidents of violations involving rights of indigenous people and actions taken.

0 – No reported incidents of violations involving rights of indigenous people; no actions taken

Management Approach: Society

Corporate Citizenship

As full participants in Responsible Care, Albemarle Corporation takes its commitment to the safe, secure and environmentally sound operation very seriously. These principles do not stop at the end of the work day nor outside the workplace. Albemarle employees and contractors sustain a heightened sense of awareness of their actions on and off the job and proactively seek to advocate this philosophy in our communities and with those we interact with on a daily basis. We are also committed to making a positive impact on those communities by advancing education, health and social services, cultural initiatives and volunteerism.

Social Performance Indicators

S01 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

With regard to assessing and managing the impact of operations on communities, including entering, operating and exiting, Albemarle coordinates the requirements of entering and exiting a community with a special task force that is initiated upon the need for such action. In addition, for continuing operations within a community, Albemarle has instituted its emissions reduction program. Each site has specific issues that need addressing; therefore, each initiative has specific programs and practices that are derived and executed by the Albemarle team for each situation or location.

In addition, each site has a Community Advisory Panel that is the conduit for open communication between the site and the community within which it operates.

S02 Percentage and total number of business units analyzed for risks related to corruption.

Each of Albemarle's three business units have been analyzed for risks related to corruption, resulting in a 100% risk evaluation.

S03 Percentage of employees trained in organization's anti-corruption policies and procedures.

All employees, upon hire, are required to complete training with respect to the Company's Code of Conduct – Albemarle's principle document and philosophy for the prevention of corruption. Following hire, all employees complete Code of Conduct training on an annual basis.

S04 Actions taken in response to incidents of corruption.

During 2011 Albemarle did not have any incidents relating to corruption, thus action in response to any such instances was unnecessary.

S05 Public policy positions and participation in public policy development and lobbying.

Albemarle has a strong commitment to participating in public policy debates as well as communicating our positions with government entities around the world. We dedicate time and personnel to interacting with a variety of groups and officials in areas where we believe we can make a difference to the debate. These areas include:

- US federal legislation requiring mandatory security standards for chemical facilities which will protect not only our employees but the surrounding community
- Active participation in producing a more effective chemical management system by modernizing the US federal Toxic Substances Control Act (TSCA)
- Dialogue with country specific agencies on fire safety standards for consumer products that will save lives
- Federal standards that provide safe pharmaceutical products
- Active participation with US EPA initiatives in the following areas:
    - High Production Volume (HPV) Chemical program
    - Design for Environment (DfE) program in printed circuit boards and Deca-BDE replacements
    - Catalysts for clean fuel technology
- Active participation with European initiatives in the following areas:
    - Ecolabels
    - Risk assessments and risk reduction strategies
    - EU legislative developments
- Global harmonization of chemical management policies that follow the guidelines of the EU REACH program to provide the public with the most scientific knowledge of our products, as well as a confidence in the safety of our products
- Activity at the state and federal government level as well as academia towards a commitment to Green Chemistry principles and a systematic, science-based chemical regulatory system which has stimulated our research of new products into areas of innovative chemical processes and products that make the world an environmentally safer and healthier place to live
- Development and leadership of working groups made up of industry, government, end user and ENGO participants working towards development of chemicals policy and product safety in various end markets.

S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

During 2011 there were no significant fines or sanctions for non-compliance with laws and regulations.

Management Approach: Product Responsibilty

Product Stewardship encompasses many activities and programs with the overall goal of safe handling, distribution and use of our products. Albemarle meets all local and international requirements for the safe shipment of our products. We conduct risk assessments on the products themselves as well as on their distribution life cycle. We communicate the hazards to all involved in the manufacture, distribution or use of our products. We register our products according to the applicable local, national or international regulations. For our most hazardous materials, we develop specific product stewardship manuals to ensure that each aspect of responsible manufacture and use are clearly defined. All US and two international sites are certified to the Responsible Care 14001 standard.

Social Performance Indicators

PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

All of Albemarle's products and services are subject to and assessed for improvement opportunities as part of the Albemarle HSE Product Risk Characterization Process. Albemarle has both our products and our facilities certified.

	YES	NO
Development of product concept	X	
R & D	X	
Certification	X	
Manufacturing and production	X	
Marketing and promotion	X	
Storage distribution and supply	X	
Use and service	X	
Disposal, reuse, or recycling	X	

PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome.

Albemarle experienced six distribution incidents. One resulted in a fine of $5,000.

PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

Per our corporate procedures, Albemarle Corporation follows all pertinent regional, national and global regulations for product service information and labeling for all Albemarle products. We generally do not list the source of the raw materials used in our finished products. The following product and service information is required by the organization's procedures for product and service information and labeling:

	YES	NO
The sourcing of components of the product or service		X
Content, particularly with regard to substances that might produce an environmental or social impact	X	
Safe use of the product or service	X	
Disposal of the product and environmental/social impacts	X	

PR4 Number and type of instances on non-compliance with regulations concerning product and service information and labeling

In 2010, Albemarle Corporation had 37 self-identified labeling non-conformances. None involved regulatory authorities nor did they result in a fine, penalty or warning.

PR5 Procedures related to customer satisfaction, including results measuring customer satisfaction

In order to provide world-class customer service, Albemarle must be able to demonstrate care and responsiveness to a customer's concerns as well as continually drive efficiency and effectiveness in order management. The process and tool that facilitate both needs are the Customer Feedback Process and its associated database.
Any input from a customer is important in that it communicates a concern that needs to be addressed. That concern may be a disappointment in Albemarle's products or services that is a result of a failure somewhere within the direct control of Albemarle; or, it may be a disappointment resulting from a failure that is the result of actions (or inactions) by one of Albemarle's third party service providers (or otherwise outside the direct control of the Company). Ultimately, to the customer and within the intent of the Customer Feedback philosophy, there is no distinction. In the spirit of demonstrating care and responsiveness, both circumstances require an investigation into the cause and a timely response back to the customer.

While the primary point of contact for information from customers is most often the Sales Service Specialist, the Customer Feedback System is available to anyone within Albemarle to originate issues for follow-up. Once entered, incidents are assigned to a coordinator defined for the area in which the issue resides. The coordinator classifies the incident by business process and issue, along with function and location. Then the coordinator assigns the incident to a designated champion. The champion is tasked with investigating the incident to determine the root cause, identifying appropriate corrective actions, and summarizing the overall response in the system. This response is forwarded to the customer advocate, then reviewing the response for follow-up with appropriate customer contacts. When successfully resolved, the incident is officially closed in the system.

The global tool is also used to resolve incidents internal to Albemarle. "Internal Incidents" are defined as any failure in the order fulfillment process that generated waste (time or material) or could result in a failure to meet customer expectations. By identifying these incidents, we strive to drive out shortcomings in the order fulfillment work process that unresolved, might ultimately lead to customer disappointment and, potentially, loss of business.

Much like external issues, internal incidents are also categorized by business process, business sub-process, and location where the incident took place.

The classification of all incidents is used for metrics and trends across organizations. A weekly report of customer complaints is published and distributed to senior management. This elevates any external issues across the organization and captures the event by responsible location, either internal or external. In 2011, Albemarle logged in 1,377 customer complaints into the Customer Feedback System. Of these, 93.2% were resolved and closed by year end.

PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

Albemarle utilizes the services of external consultants for strategic communications and marketing communications initiatives with support and direction from internal specialists. Adherence to laws and standards is addressed in the Corporate Graphic Standards Manual which is posted in the Employee Communications section of the company's intranet.

PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

Albemarle did not receive any significant fines or non-monetary sanctions in this area during 2011.

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