



Working Together to Create a Better Tomorrow

 ALBEMARLE®

2011 Corporate Sustainability Report

Companies are defined by the value they create and the legacy they leave.

Albemarle is committed to sustainable growth, driven by a global culture of innovation and ingenuity. Sustainable growth demands that we deliver today and invest in the future of our company and the betterment of the world around us. Our 4,000 plus employees are focused on:

- Being mindful of minimizing our environmental footprint and human impact
- Searching for innovative ways to apply our core competencies to meet the changing needs of our customers and society in general
- Protecting our employees, our business and our communities
- Finding ways to increase productivity without increasing our use of natural resources
- Pursuing renewable alternatives to traditional products

2011 was our **most profitable year ever**, our **safest year ever** and among our **most dynamic and innovative**. Through the efforts of many, we are creating a better world for future generations. For comprehensive sustainability information, see the Albemarle 2011 Global Reporting Initiative at www.albemarle.com/sustainability.

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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 Polyurethanes 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 Corporate Sustainability Report.

Sincerely,

Luke Kissam
Chief Executive Officer

了解您的世界。

Werk met zorg.

Soyez intègre.

Unter Verschluss.



关注事项。



ZORGVULDIG BEHEER IS BELANGRIJK.



PARCE QUE LA CONFORMITÉ COMPTE.



GEISTIGES EIGENTUM ZÄHLT.

Stay true.

Bescherm het.

Ken je wereld.

細心の注意
を払って業務に従事する。



CONDUCT MATTERS.



INTELLECTUELE EIGENDOM IS VAN BELANG.



INZICHT IS VAN BELANG.



管理責任は重要です。

세계에 대해
배우십시오.

Be certain.

진실성을 지키십시오.

Faites preuve de vigilance



아는 것은 중요합니다.



COMPLIANCE MATTERS.



수행은 중요합니다.



PARCE QUE LA PROPRIÉTÉ INTELLECTUELLE COMPTE.

Soyez fidèle.

精益求精，一丝不苟。

Comprenez votre monde.

确信。



PARCE QUE LA CONDUITE COMPTE.



管理事关重大。



PARCE QUE LA SENSIBILISATION COMPTE.



合规事项。

Keep it safe.

Gehen Sie auf
Nummer sicher.

始终如一。

Work with care.



INTELLECTUAL PROPERTY MATTERS.



COMPLIANCE ZÄHLT.



执行事项。



STEWARDSHIP MATTERS.

GOVERNANCE AND INTEGRITY protects our high ethical standards, professional relationships and company assets.

With Albemarle employees living and working in nearly 20 countries across the globe, our company is truly a mix of diverse cultures. Our people's different ideas and unique perspectives are a constant source of innovation and inspiration. To achieve continuous, sustainable growth, we must work together and do business with others consistent with our high standards for ethics, integrity and accountability, no matter where in the world that business is conducted. Our shared values and practices require that we do what's right, the first time, every time.

Operating by the Code

The Albemarle Code of Business Conduct sets forth a guide for everyday actions and decisions that define responsible business practices. A global team manages compliance, and an anonymous, confidential Integrity Helpline is available 24 hours a day to employees who have concerns or need assistance. Helpline assistance is available in nine spoken languages, as well as through a secure website.

The Code of Business Conduct sets expectations and provides guidance across seven key areas:

Maintaining healthy, safe workplaces—free from violence and substance abuse—where diversity is embraced and employee privacy is safeguarded

Protecting company assets by using business resources for business purposes only, and keeping intellectual property, company records and sensitive information strictly confidential

Putting the best interests of Albemarle first when dealing with outside activities and employment, securities trading, political activity, financial interests and other potential conflicts of interest

Competing honestly and fairly, based solely on our strengths; providing accurate, fully compliant information as required and requested; and expecting others who do business on our behalf to live up to our standards

Maintaining the highest degree of financial integrity across all accounting, reporting and auditing practices; and communicating in a way that meets the expectations of our stakeholders, regulators and the general public

Following all domestic and international laws and regulations that govern our business, including anti-boycott and export control legislation, as well as anti-bribery legislation

Improving the quality of human life through innovative products; health, safety and environmental protection; and being a positive influence in the communities where we live and work



Doing more to do business the right way

As Albemarle pursues the aggressive growth plans outlined in Vision 2015 (see below), we must be aware of the global environment in which we operate. Today's shifting business, societal, governmental and economic landscapes demand an increased focus on protecting our assets and formalizing our corporate compliance initiatives.



In 2011, the company launched **My Albemarle**, an internal program that charges every employee with taking active measures to protect what matters most to us—our jobs, our livelihoods and our communities. The first three initiatives rolled out under the My Albemarle umbrella include:

“Keep it Safe” – Protecting our intellectual property—the innovations, ideas and data that provide Albemarle with a competitive advantage

“Know Your World” – Protecting our traveling employees, ex-pats and global facilities

“Stay True” – Ensuring continued awareness and adoption of the principles of our Code of Business Conduct

We have an obligation to protect each other and our company, and My Albemarle makes each of us aware of risks and provides the necessary tools and policies for ensuring proper actions and precautions. Created to be an evolving effort, My Albemarle will grow and change with our company and the world in which we operate, but the principles will remain the same.

Stronger through diversity

The employees pictured here and throughout this report represent but a fraction of the more than 4,000 men and women around the world who make Albemarle what it is today—and what we will be tomorrow. We consider it both a privilege and a competitive strength that our success has allowed us to build a more diverse workforce. Our pursuit of sustainability in all its forms couldn't be in better hands.



Vision 2015

We believe that continuous growth is the best way to fuel company success and maximize the positive impact we have on the world. In 2011, we began a five-year effort to accelerate our performance and exceed shareholder expectations by using our culture of innovation to double the size of our business. **Vision 2015** builds upon our core strengths to benefit from:

- Our presence in emerging global markets
- Investments in our current businesses
- Expansion into adjacent markets
- Response to emerging economic/societal trends
- Selective mergers and acquisitions
- Strategic product portfolio management

Vision 2015 draws on our proven technologies, operational agility, exceptional people, global leadership and financial strength to deliver today with a strong focus on the possibilities of tomorrow. To chart our progress in year one, see the *Financial Performance* section of this report.

CORPORATE CITIZENSHIP AND COMMUNITY INVOLVEMENT deepens our investment in the places we live, work and raise our families.

With a growing worldwide presence, it's more important than ever for Albemarle to protect, serve and advance the local communities where we do business. From global initiatives to highly localized programs and projects, we continue to find innovative, meaningful ways to give the very best of our time and talents to those around us.

Another 100 Best Corporate Citizens inclusion



For the second consecutive year, Albemarle was named to *Corporate Responsibility Magazine's* “100 Best Corporate Citizens” list. This leading social responsibility journal bases its list on more than 360 data points of public information across multiple categories, including environment, climate change, human rights, philanthropy, employee relations and governance. To be recognized in both 2010 and 2011 is testament to the commitment of our entire team to provide industry-leading products while remaining selflessly involved in our communities.

Growing our Foundation's impact

The Albemarle Foundation is a nonprofit organization formed in 2007 to promote community sustainability. Through the support of our employees, retirees and Board of Directors, the Foundation has delivered more than \$7 million in grants to deserving agencies over the last five years. We make a difference through grants, volunteer projects/grants, matching gift programs and scholarships.

In 2011, Albemarle Foundation contributed over \$2.6 million to nonprofit agencies in our communities, with Albemarle employees pledging over \$625,000 and participating in over 95 community events. With the Foundation now active in all of our U.S. sites, plans are underway to formally grow our presence internationally.

A world of involvement and engagement

While cash contributions are great, the time and talents that Albemarle employees contribute to various causes are much more valuable. Through 2011, Albemarle employees embraced the challenge to do even more for the good of their communities. Some of our efforts include:

Preserving our natural treasures – The wildlife habitats adjacent to several Albemarle sites are an important source of company and community pride. In 2011, our **Tyrone** location, in cooperation with the Blair County Conservation District, opened its nature trail to various middle schools (see more under the Waste Reduction Category of the Albemarle Sustainability Awards in the Green Innovation and Design section). In **Orangeburg**, our all-volunteer committee maintains the trails, kiosks, food plots, feeders, Turtle Pond and Outdoor Learning Center. In 2011, the facility hosted 300 visitors, and the team received an honorable mention from the South Carolina Department of Health and Environmental Control for its Earth Day activities. Our **Amsterdam** plant employees worked in 2011 to improve their neighboring wildlife habitats by creating flowerbeds to attract pollinators, planting scrub and fruit/nut-bearing trees and postponing meadow mowing until the end of breeding season.



ALBEMARLE
FOUNDATION



Welcoming and educating the public about our business –

In September, our Martinswerk site in **Bergheim, Germany**, opened its gates to give 1,150 area citizens insight into the plant and its operations. The visit started with a movie presentation and product exhibition, continuing with a bus trip through the facility—with guests appropriately outfitted in hardhats and safety glasses. The tour concluded with a live presentation on aluminum trihydrate (ATH) as a flame retardant, followed by snacks, drinks and an opportunity to speak with the more than 60 Albemarle volunteers who helped organize the event.

Demonstrating our spirit of giving – Albemarle employees in **Budapest, Hungary**, found many ways to show the company's generous spirit during the 2011 holiday season. The "Shoe Box Gifts" program collected shoeboxes filled with toys, school supplies, clothes and other gifts for delivery to needy Transylvanian children. Employees raised money for charity by selling homemade cookies and cakes on "Christmas Cake Day," and by holding a raffle at their annual Christmas party. And the unique "Angel Tree" program gave us the opportunity to help underprivileged Tapiszele kindergarten students by filling the wish list contained on the Christmas ornament each child made.

Inspiring young scientists – Using our chemistry expertise to educate and inspire young Scientists is a particular passion of Albemarle employees worldwide. Last year a team of Albemarle scientists visited 240 students in kindergarten through fifth grade at Children's Charter Elementary School (CCES) in **Baton Rouge**. To increase the students' interest in science, and math and improve their test scores. Our scientists conducted a polymers demonstration in which students were asked to "Spot the Polymer" and assist in making a "human polymer." The demonstrations reinforced the importance of lab safety, and each session ended with students mixing homemade Silly Putty—always a crowd-pleaser. In addition to hands-on employee participation, the Albemarle Foundation also funded a roving science teacher for all grades at the school.

Mentoring with real-life role models – For the past 15 years, our **Pasadena** plant has supported a mentorship program with the Jackson Intermediate School. Many employees donate their time to the kids with monthly visits that include learning games, teaching the students about different professions, and awarding prizes and gifts. In 2011, Albemarle treated the students to a visit from female boxer Marlen Esparza, a six-time straight USA Boxing national

champ. Esparza's single-minded focus and hard-charging technique have made her a role model for Latina girls and aspiring female boxers. She grew up in the same area as most of the children, and they identified with and were inspired by her story.

Building hope and shelter for those in need – Helping deserving citizens meet their most basic human needs is critical to building a sustainable community. In **Baton Rouge, Houston and Orangburg**, Albemarle partnered with Habitat for Humanity (Habitat) to help provide one such family with a new place to call home. Company volunteers, along with students from Catholic High School, Episcopal High School and St. Joseph's Academy, participated in the Habitat "Youth Build," which resulted in a brand new home for Chandra Simmons and her children, Ma'Kenzie and Landon, in the Rosewood subdivision of Baton Rouge. Albemarle covered 100% of the materials and construction costs and other fees. Each new Habitat homeowner pays a down payment and monthly mortgage payments, and also invests at least 350 hours of "sweat equity" labor into the building of their own home and others.

Hitting the road for fun and fitness – Dynamic at work and energetic away from it—that's just the kind of healthy lifestyle we like to promote within Albemarle. And our employees' participation in high-profile races demonstrates just how active they really are. In September, 20 runners (two teams of 10) from our **Amsterdam** site competed in the 27th Dam to Dam Race, the largest running event in the Netherlands with over 40,000 participants entered. Our official race-team finished 51st out of over 170 teams, with employee Thomas Naasz finishing 53rd overall.

Joining forces to protect communities – Because plant incidents can affect our communities, emergency response is a shared responsibility between Albemarle and local authorities. At **Ninghai** (near Ningbo, China), our emergency response team has been hard at work honing their skills and creating strong relationships with local responders. In a November 2011 firefighting competition sponsored by Safety Authorities, the team was awarded first place among volunteer, non-professional responders. The team then participated in the 2011 Environmental Pollution Accident Response Practice drill—a joint effort between the Ninghai Environmental Protection Bureau and Albemarle Jinhai factory leaders—which simulated a coordinated response to a xylene leak. Positive reviews from participants and observers indicate strong camaraderie and confidence in our shared abilities to respond quickly and effectively when needed.





ENVIRONMENTAL RESPONSIBILITY betters our world today and preserves the earth's resources for future generations.

Our stance: The production and use of Albemarle products should not create an environmental legacy. We know there's more to do, but we're committed to doing our part by pursuing reduced emissions, lower-risk products, alternative energy usage and conservation.

Striving for VECAP excellence

The global Voluntary Emissions Control Action Program (VECAP) sets aggressive goals for reducing brominated flame retardant (BFR) plant emissions, among other initiatives, and helps companies demonstrate their commitment to environmental responsibility. Albemarle has conducted VECAP surveys over the last four years at our BFR customers in China, Europe, Japan, Korea and North America, with 90% of the volume sold in those countries or regions surveyed in 2011 (versus 77% 2010).



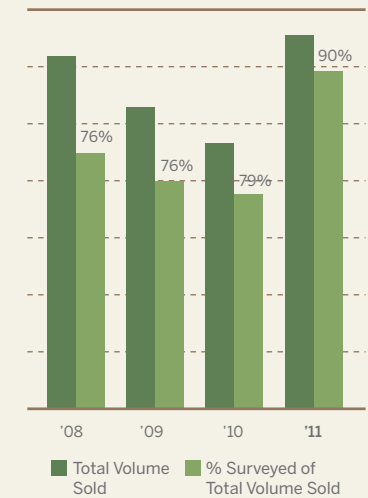
VECAP surveys estimate the potential emissions to air, water and land, and identify the best available techniques for reducing

potential emissions. The main area of concern through the surveys is the disposal of packaging waste, which can permit BFR residue to enter the environment if neither incineration nor chemically controlled landfilling is used.

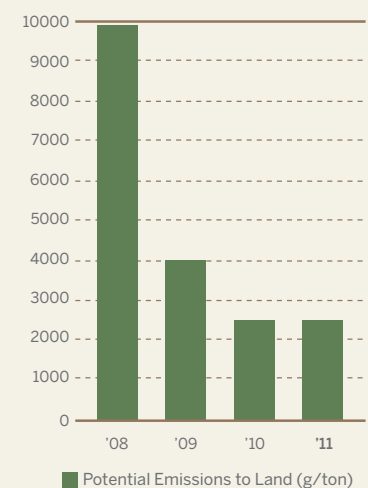
Our 2008 surveys identified approximately 10,700 g/ton of potential land emissions from packaging waste residue. Through our recommendations and the implementation of best practices at numerous user sites, this level decreased to approximately 3,200 g/ton for the 2011 survey—a very encouraging result given the increase in total volume sold and surveyed in 2011 versus 2010. We are optimistic that additional gains can be made by newly participating users once recommendations and best practices have been implemented.

In December 2011, our main bromine manufacturing site in Magnolia, Arkansas, was VECAP re-certified (2009 original certification) by third-party Bureau Veritas. Our Safi, Jordan, manufacturing center and Baton Rouge Process Development Center also received VECAP certification in 2011 (May and December, respectively).

2008-2011 VECAP Surveys Worldwide Volume Coverage

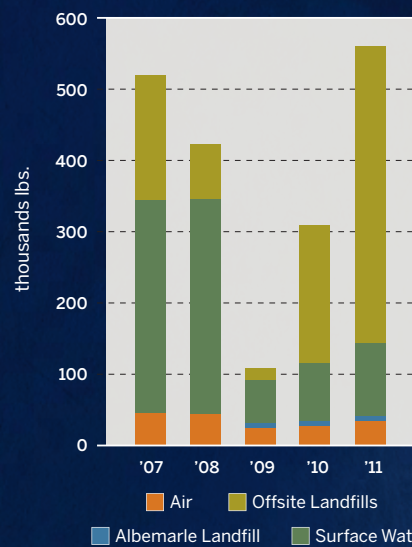


2008-2011 VECAP Surveys Worldwide Date Acquired on 76% to 90% of the Total Volume Sold

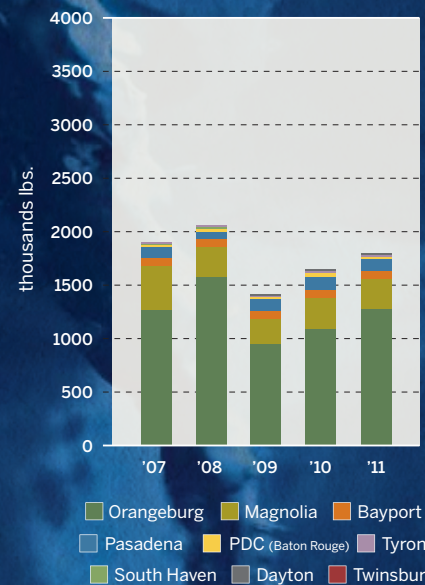


We have set ambitious goals to reduce our footprint from our operations. From 2007-2009, we made tremendous strides in reducing uncontrolled emissions of brominated flame retardants and TRI (Toxic Release Inventory) chemicals. Our performance in 2011 was in the wrong direction and we are taking active steps to get back on track. These include the installation of equipment that will recycle key raw materials and then destroy the remaining chemicals. We are improving our operations at our facilities to reduce the potential TRI emissions in the first place while at the same time improving our productivity. All of these improvements will be accomplished in 2012. We take our commitment to Responsible Care very seriously and will apply Continuous Improvement routinely in our drive for zero emissions.

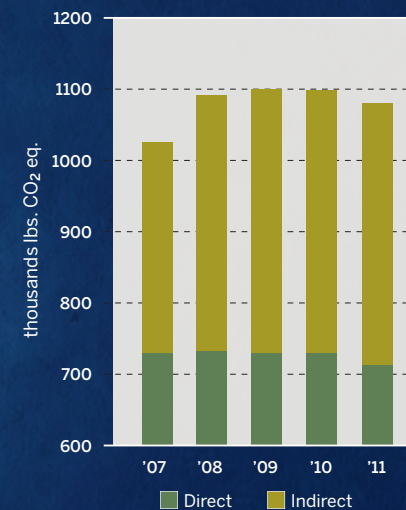
Brominated Flame Retardant (BFR) Emissions



Toxics Release Inventory (TRI) Emissions



Greenhouse Gas Emissions



Doubling production, not resource consumption

In March 2011, Albemarle announced plans to double the bromine production capacity of our joint venture (Jordan Bromine Company) on the Dead Sea in Safi, Jordan, to meet global customer demands. Expansion like this, however, does not necessarily require twice the resources to achieve our goals. Through innovative technology and water reuse at the facility, we have already realized a reduction in water consumption of nearly 25%, with a stated goal of doubling capacity without increasing water usage. Innovations in place include equipment that lets us recycle steam condensate and further reduce boiler blowdown water, as well as improvements in the brine system to require less fresh water for dilution.

Safeguarding our products—and the environment—in transit

Albemarle's environmental responsibility extends beyond the manufacture and use of our products. We're also committed to protecting against incidents that may occur during customer loading, transport and unloading. In 2011, we introduced an advanced ISO (International Standards Organization) tank container for transporting bromine and aluminum alkyl products within our Asia Pacific markets. Specially designed with an inverted dome arrangement for recessed fittings, these containers are less likely than other ISO tanks to have fittings damaged, experience rupture or release emissions. The tanks also allow for custom set-up with unique customer equipment, eliminating the need for multiple types of tanks for multiple customers. This new solution is a step forward for Albemarle and our customers, reducing expenses and saving time while minimizing potential environmental risk.

Monitoring the Gulf of Mexico ecosystem

With several of our locations in close proximity to the Gulf, Albemarle has a vested interest in studying the impacts of recent oil spills and natural disasters on this vital ocean habitat. Last summer, Ocean Alliance, the University of Southern Maine and Albemarle launched a 14-week scientific voyage from Key West, Florida aboard *Odyssey*, a 93-foot floating laboratory with a ten-person team. The expedition followed the 3,000-foot depth contour line into the Gulf of Mexico, spending considerable time working near the Deepwater Horizon oil platform site. The team collected samples from fish, squid, krill, sperm and Brydes whales, and water to monitor and gauge the health of the Gulf ecosystem. By taking an active role in such research ventures, Albemarle is committed to better understanding the impacts of society on our important natural habitats. Learn more at www.oceanalliance.org.

Coordinating emergency response with local communities

In September, our Magnolia, Arkansas, operations conducted a county-wide drill based on a scenario in which a railroad tank car loaded with chlorine derailed and collided with a bromine truck near the Southern Arkansas University campus. The drill allowed Albemarle's emergency response team and the Columbia County Office of Emergency Management to drill together, and also involved the local hospital, fire department, law enforcement and other authorities. All participants received a valuable opportunity to work together in a mock disaster, and by all accounts, the parties performed very well. After the exercise, a feedback and critique session helped identify opportunities for improvement, growing the community support critical to our pursuit of environmental safety and responsibility.



GREEN INNOVATION AND DESIGN furthers our industry R&D leadership while addressing society's needs with smart, sustainable solutions.

It's our business to help make people's lives—and their world—better. So it's only natural that we place great importance on meeting these needs while reducing our use of raw materials, and energy and eliminating our environmental impact. It's how we use our chemistry expertise and collective ingenuity to create a better tomorrow—and in 2011, our employees' efforts resulted in another milestone year.

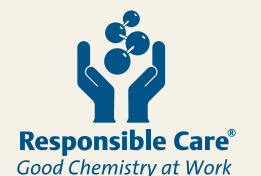
Patented innovation and recognition for greener chemistry

Over the course of 2011, Albemarle employees were awarded **239 new patents** for a wide range of products and technologies. Our focus on renewable fuels resulted in the company being named **Biodiesel Corporation of the Year** by the World Refining Association during the Biofuels 2011 Annual Meeting in Amsterdam. Albemarle is currently the world's largest supplier of heterogeneous catalysts to the biofuels market. Our new ETHACURE® 90 aliphatic curative for polyurea spray elastomer coating systems was honored with the **2011 Innovation Award** at the Center for Polyurethanes Industry Technical Conference. Among the product's breakthrough properties is its superior moisture resistance, which conserves resources by allowing coatings at approximately half the thickness of traditional aromatic systems.



A national energy efficiency honor

In April, the American Chemistry Council honored 41 of its member companies with **Responsible Care® Energy Efficiency Awards**. Albemarle's Pasadena, facility was named a winner in the Significant Improvement in Manufacturing – Plant Site category for its Specialties Flare Calorimeter Project. Together, the 41 winning projects achieved 14.8 trillion BTUs of annual energy savings, with the added benefit of reducing greenhouse gas emissions.



New relationships for a more sustainable presence

As part of our green innovation and design strategy, Albemarle is always open to growth opportunities that intensify and diversify our commitment to alternative fuel technologies. In 2011, the Company entered into a manufacturing agreement under which **Amyris, Inc.** will produce Biofene®, Amyris's renewable farnesene that begins as sugar cane syrup. Albemarle will then use Biofene to make synthetic, renewable base oils for the finished lubricants manufacturing market. Our relationship with Finnish oil company **Neste Oil** continues to break new ground in the renewable fuels industry. In 2001, Albemarle came on board to develop the high-performance catalysts needed for Neste's next-generation NExBTL® renewable diesel production process. NExBTL renewable diesel has been shown to reduce greenhouse gas emissions by more than 50% over its life cycle when compared with fossil diesels. In 2011, Neste started-up its fourth renewable diesel facility, and its NExBTL renewable aviation fuel technology was voted Biofuels Technology of the Year at the World Refining Association's Biofuels 2011 Annual Meeting. Expanding Albemarle's presence in the biofuels market, Albemarle acquired Iowa-based **Catilin Inc.**, a technology leader in the development and application of heterogeneous biodiesel catalysis. Since 2007, Albemarle has grown into the world's largest supplier of heterogeneous catalysts to the biofuels market, with eight current products available in our GoBio™ portfolio for first-, second- and third-generation biomass conversion.

Product Spotlight

Promoting more sustainable industrial cooling to conserve water

Reliable access to clean water is essential to the health and growth of society, from feeding families to running industries. With water scarcity becoming a growing global issue, it's increasingly important to focus more on improving water reuse. Biocides—which protect against biofilms and other microorganisms on submerged surfaces—play an important role in improving water reuse, and Albemarle's new **STABROM®** biocides represent a water treatment breakthrough.

For large industrial processes, water cooling is more energy efficient than air cooling, but microbiological control is necessary to both protect equipment against microbial-induced corrosion and allow water to be recirculated. Bromine-based STABROM biocides act as a fungicide, algicide, slimeicide and microbiocide, and deliver the power of oxidizing biocides and the stability of non-oxidizers. Manufactured without waste or solvents, STABROM products are optimized to provide both stability and performance, offering next-generation advantages over existing biocides, including:

- **Reduced contact with other chemistries (for activation)**
- **More consistent feed rate (compared to bleach)**
- **Longer shelf life than other oxidizing chemistries**
- **Less reactivity with other chemistries such as scale and corrosion inhibitors**
- **Less material (and transportation) needed due to higher-activity products**
- **Smaller footprint required for inventory and feed equipment (compared to activated sodium bromide systems or industrial bleach)**

By protecting our customers' capital investments, containing their costs and helping them ensure that cooling system water can be safely reused, Albemarle chemistries are hard at work creating more sustainable water solutions.

Making a difference in the world includes a serious commitment to innovating at our own facilities. **The Albemarle Sustainability Awards** were created to recognize location-specific teams for the amazing ingenuity and results they produce each year. Our 2011 winners are:

Waste Reduction Category

WINNER: Pasadena, Texas Low-Titanium MASC – Through the use of a new material, substantial programming and operational changes, and detailed oversight, the Pasadena plant achieved lower air emissions in its methylaluminum sesquichloride (MASC) production. The improvements required no capital investment and allow for nearly double the permitted production capacity.

Wildlife Habitats Category

WINNER: Tyrone, Pennsylvania Blair County Schools and the Nature Trail – In cooperation with the Blair County Conservation District, Tyrone opened its nature trail to 480 students from various middle schools during the spring and fall of 2011. The students investigated several wildlife habitats (wetlands, meadow woods, ponds) through a series of hands-on nature games; tree, frog and bird call identification; and a scavenger hunt, learning their Pennsylvania academic standards “the fun way.”

Community Initiatives Category

WINNER: Jordan Bromine Company CAP and Community Support Projects – In 2011, JBC started a Community Advisor Panel (CAP) and significantly increased its support for local community projects, with total funding for the year exceeding \$300,000. Projects included funding computer labs, a library and school supplies in local school districts; purchasing cooling systems needed to supply clean drinking water; and funding a health survey on prevalent local diseases in order to focus treatment efforts.

Energy/Greenhouse Gas Reductions Category

WINNER: Jordan Bromine Company Energy Reduction Projects – In executing six separate projects over the course of 2011, JBC achieved energy reductions of 28,500 MM BTU, which amounts to 3% of the facility’s total energy usage for the year. Projects with the largest impact include: 1) Using tetrabromobisphenol A (TBBPA) and hydrogen bromide (HBr) for the acidification of feed brine (15,000 MM BTU reduction) and 2) Using chlorine plant process condensate as boiler feed water (7,100 MM BTU reduction).

BFR/TRI/HAP Emission Reductions Category

WINNER: Baton Rouge Process Development Center VECAP Certification – In pursuing global Voluntary Emissions Control Action Program (VECAP) certification as a stated 2011 goal, the PDC made numerous process and operating improvements, as well as enhancements to off-spec recycling, waste handling and housekeeping. The most significant efforts greatly improved operating consistency (which increases product quality, production volume and run time without rework); process design and mechanical shortcomings identification/resolution; housekeeping standards; sample and waste reduction; and the application of LEAN Management Methodology.

Water Conservation Category

WINNER: Jordan Bromine Company Process Water Reuse – In a region where water is a precious resource, the JBC plant team tapped into its creativity to find new ways to reuse process water. With their water-saving program to reduce wastewater in full operation, a 24% reduction was achieved, moving maximum-rate water demand from 145m³/hr to 110m³/hr through several separate projects across the plant site.

Office Activities Category

WINNER: Baton Rouge Tower Recycling Activities – In October 2011, the Tower sponsored its fifth Baton Rouge Electronics Recycling Day in less than four years. In addition to electronics-only events, the site recycles used batteries, old eyeglasses and printer ink cartridges year-round. Recycling bins have been a constant fixture on all ten Tower floors for the past three years, and all shredded paper is recycled locally.

Each Albemarle site features a TEAL (Technology Emphasis on Albemarle’s Green Chemistry) team, which promotes the principles of green chemistry and engineering to facility staff, and also educates the technical community on green metrics. Our **2011 TEAL Awards** recognized four outstanding contributions across three categories:

Waste, Energy and Emission Reduction Category

WINNER: Baton Rouge PDC Anionic Polystyrene Production (Keyur Shah, Andrew Kincannon and Darren Spearman) – The team developed a new process for producing HP-3010, a bromine-based flame retardant for electronic enclosure, electronic and electrical components, insulation foams and textiles. This greener process uses 22% less solvent (an 835 MT/year reduction); increases mass intensity by 12%; and saves 1,120 MM Btu/year of energy, which eliminates 60 metric tons CO₂ (or 16 tons of carbon) per year and reduces hazardous waste by 10%. It also reduces nitrogen usage by 25% and organic emissions by 30 MT/year.

WINNER: Tyrone, Pennsylvania Anhydrous Process for B10 Catalyst (Ryan Yoder) – This new green anhydrous process for the production of the Albemarle B10 catalyst achieves a mass intensity improvement of 16% and an environmental impact reduction of 67%. The process eliminates three aqueous separations and a large amount of aqueous hazardous waste while improving plant productivity.

New Green Process Category

WINNER: Baton Rouge PDC Process for Brominated Activated Carbon Production (Jon Miller, Yin Zhang, Arlen Overholt and Dave Van Stone) – Used for producing absorbents that capture and remove toxic mercury vapor from the air, this new process significantly increases production and decreases energy consumption while reducing CO₂ released to the environment by about 1,100 MT/year.

New Green Product Category

WINNER: Baton Rouge PDC Renewable Feedstock PAC Sorbents for Emission Control (Emma Zhou, Yin Zhang, Kara Thalls and Ron Landreth) – By using coconut shells—a renewable feedstock (RF)—as the carbon source for producing powdered activated carbon (PAC) sorbents, RF-PAC effectively ends the history of 100% fossil fuel coal-based PAC sorbents for mercury control in North America. The production process sequesters CO₂, uses less energy than coal-based PAC, eliminates sulfur dioxide and heavy metals, and conserves coal. Using RF-PAC to produce C-PAC, Albemarle’s concrete-friendly mercury sorbent, helps to safely utilize approximately 11 millions tons of fly ash that would otherwise end up in U.S. landfills each year.



FINANCIAL PERFORMANCE enables us to grow, innovate and pursue a sustainability-focused business model.

As a business oriented around sustainability, we measure success in two distinct ways: how well the company performs financially, and how well we innovate for the greater good of our customers, society and the environment. In short, we must carry out our business responsibly while growing in ways that streamline processes and sustain business longevity. We're pleased to report that our 2011 financial and operational achievements made the most of our focus on people, stewardship, productivity and quality.

Record operating results and a strong balance sheet

For the year 2011, we achieved record revenue of \$2.9 billion, an increase of 21% over 2010, and record earnings of \$436 million, up 35% over 2010. We saw record performance from all three of our business segments. We generated \$487 million in cash and ended the year with the strongest balance sheet in company history.

Increased dividends for the 17th straight year

Shareholders enjoyed a 25% increase in the dividend rate, and the company repurchased \$178 million in stock.

239 new patents

With more patented products and technologies, innovation continues to drive our business. In fact, 31% of 2011 sales came from products introduced within the past five years. We were also named "Biodiesel Corporation of the Year" by the World Refining Association—recognition of our contributions to the renewable fuels field—and received the Center for the Polyurethanes Industry's 2011 Innovation Award for ETHACURE® 90, our new color-stable aliphatic coating technology.

Major investments in core technologies

In spending more than twice the typical annual amount on capital expenditures, we worked to improve the company's ability to meet market demand and grow with our customers. Our primary capital projects included:

South Korea – Broke ground on a new polyolefin catalyst center, including R&D, technical services and manufacturing

Jordan – Began construction to double our capacity for the world's lowest-cost production of bromine and certain bromine derivatives at our Safi-based joint venture

Brazil – Announced an agreement with Petrobras to build a world-scale hydroprocessing catalyst (HPC) plant to coincide with the phase-in of new lower-sulfur fuel regulations

Saudi Arabia – Broke ground with our joint venture partner (SABIC) on a world-scale aluminum alkyls unit to serve the Middle East region's growing demand for the product

Key Financial Results

(IN MILLIONS)

	2011	2010	Increase (decrease)
Net Sales	\$ 2,869.0	\$ 2,362.8	21%
Net Income, excluding special items	\$ 436.3	\$ 328.3	35%
Net Cash Provided by Operating Activities	\$ 487.4	\$ 331.3	47%
EBITDA, excluding special items	\$ 700.6	\$ 544.5	29%
Total Assets	\$ 3,203.8	\$ 3,068.1	4%
Capital Expenditures	\$ 190.6	\$ 75.5	152%
Acquisitions and Other	\$ 13.2	\$ 12.0	10%
Total Long-Term Debt	\$ 763.7	\$ 860.9	(11%)

EMPLOYEE SAFETY AND ORGANIZATIONAL DEVELOPMENT cares for our most valuable resource and promotes their well-being.

It is **always** in our best interest to ensure the safety, health and professional development of our 4000+ employees. At every Albemarle location, we institute both corporate and site-specific programs that promote a positive culture of workplace safety and employee opportunity. In 2011, our on-the-job results were outstanding.

The safest year in Albemarle history

In the midst of challenging economic conditions and accelerated company growth, our employees continued to make safety their number one priority. Statistically, our safety record was Albemarle's best ever and included a number of individual milestones:

No safety/environmental or process safety incidents

Avonmouth, UK
Yeosu, Korea

No level 2 environmental incidents

Tyrone, Pennsylvania
Baton Rouge, Louisiana (PDC)
Bayport, Texas
Bergheim, Germany
Nanjing, China

Continuous tenure with no recordable injuries

Baton Rouge Tower – 11 years
Clear Lake, Texas – 6 years
Shanghai, China – 17 years
Singapore – 17 years
Tokyo, Japan – 12 years

2011 Occupational Health & Safety Record

Injury Rate	
Albemarle	0.24
Albemarle + Contractors	0.29
Occupational Diseases	0
Lost Days	208
Work-related Fatalities	0
Contractor Rate(s)	0.54 (19 lost days)



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William B. Allen, Jr.
Vice President, Corporate Controller and Chief Accounting Officer

About Albemarle

Albemarle Corporation is a leading global developer, manufacturer and marketer of highly engineered specialty chemicals for a wide range of markets, including petroleum refining, consumer electronics, plastics, crop protection, construction, automotive, pharmaceuticals, food safety and custom chemistry services. Our products and services create value for our customers by improving product performance, providing essential product attributes, lowering costs and simplifying processes.

Headquartered in Baton Rouge, Louisiana, Albemarle employs more than 4,000 people worldwide and serves customers in approximately 100 countries through three business segments: Polymer Solutions, Catalysts and Fine Chemistry. Through its innovation-driven culture and growth-focused strategies, the company is committed to delivering exceptional performance that creates a better tomorrow for our business, our communities and the environment.

To view the 2011 Annual Report on Form 10-K and 2011 CEO Review, visit www.albemarle.com.





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