



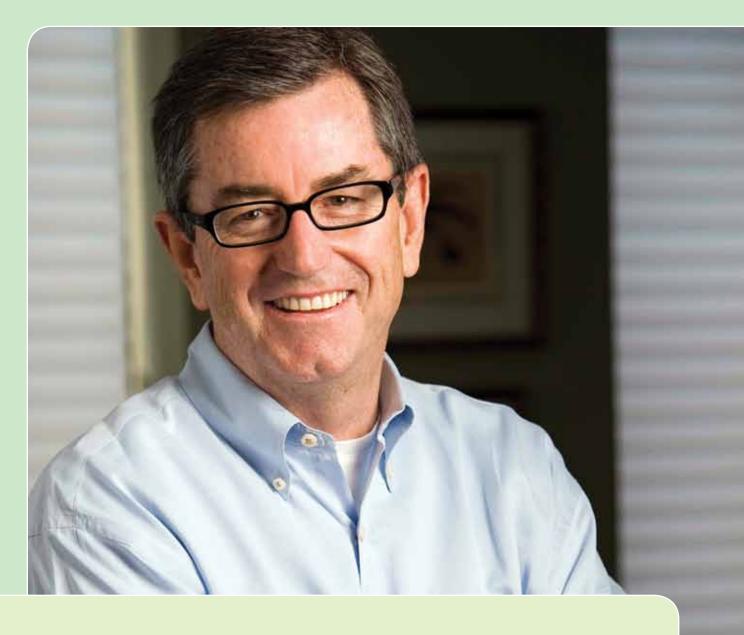




World in Which We Live







Our approach to sustainability is comprehensive, touching every aspect of our business. We want our impact on the world to be positive. As such, we continually invest people, time and money into our priorities: integrity, quality, the environment, health and safety, community involvement, and business growth and permanence.

Our efforts are centered around six quantifiable goals:

- · Strive to consistently exceed our high standards for ethics, integrity and accountability
- Protect, serve and advance the local communities where we do business
- Pursue reduced emissions, lower-risk products, alternative energy usage and conservation
- Meet human needs with less effect on raw materials, energy sources and the environment
- Grow in ways that streamline processes and sustain business longevity
- Promote a positive culture of workplace safety and employee opportunity

DEAR STAKEHOLDER:

At Albemarle, we realize that the license we have been granted to operate in more than 40 communities around the world is something we must earn every day. This is a responsibility that each of our 4,000-plus employees in over 100 countries takes very seriously. We work hard in all that we do to meet this responsibility and earn the trust and respect of our stakeholders. In doing so, we strive to abide by principles of sustainability in operations, stewardship and community service.

Our primary goal is to meet the ever-changing demands of our customers in an innovative, efficient, safe and responsible manner. While you might not see Albemarle's brand name on products you use every day, consumers and society benefit from our innovation and portfolio in many aspects of their daily lives. Our broad range of products, among other things, protects lives with fire safety solutions, produces cleaner fuels, reduces mercury emissions from coal-fired power plants, and provides key intermediates for drugs that keep us well and agricultural products that help feed a growing planet. We constantly seek better ways to solve the needs of our customers and society at large. In fact, during 2010, we filed 150 patents, and ended the year with approximately 28% of our sales from products that were not in our portfolio five years ago.

Equally important is how we conduct our business. Albemarle places the highest priority on doing our job so that no person or the environment is harmed in any way. One injury or one environmental incident, no matter how small, is too many. Although we strive for perfection we're not perfect yet in this regard, but we continue to improve our performance. Our emphasis on safety—with all of our sites around the globe held to the same high standard—has resulted in Albemarle being recognized as one of the top performing companies in the chemical industry. As a result of this focus, we've earned numerous local and national safety performance awards. In 2010, Albemarle again received a prestigious Energy Efficiency Award through the American Chemistry Council's Responsible Care® initiative. Albemarle's Magnolia facility was the first in the world to be certified by a third party under the Voluntary Emissions Control Action Program (VECAP), which sets aggressive goals for controlling emissions of brominated flame retardants, and we're well on our way to eliminating brominated flame retardant emissions from all of our bromine facilities around the globe.

We are also ever mindful of our obligation to give back to the communities in which we live and operate. Our employees' time, effort and philanthropy through the work of the Albemarle Foundation has continued to increase each year since it was founded in 2007. In 2010, Albemarle, its employees, retirees and the Board of Directors donated over \$2 million in support of many wonderful causes. More important, however, were the many hours that our employees spent in service to various charitable organizations in their respective communities. Their passion to roll up their sleeves to do the right thing is a testament to the belief that we can and should make the world a better place.

In 2010, Albemarle was once again recognized by *Corporate Responsibility Magazine* as one of the 100 Best Corporate Citizens. This is an honor we hold dear and that we will work hard to continue to earn. We believe that we have a solid business foundation on which to continue to grow our company and that by doing so "the right way every day," we'll continue to earn your trust. Thank you for taking the time to review our report.

Sincerely,

Mark Rohr



Integrity is the watchword of our operations, across the board and around the globe. Day-to-day we do what's right, the first time, every time.

Goal: We will strive to consistently exceed our high standards for ethics, integrity and accountability.

Integrity is the watchword of our operations, across the board and around the globe. Day-to-day we do what's right, the first time, every time. We value ethical behavior and personal accountability, and we expect honesty and responsibility in our activities and relationships.

To that end, our employees worldwide receive comprehensive training in how to enact our philosophy, and we have in place a corporate team that oversees and enforces right behavior. In addition, our **Integrity Helpline** is available around the clock to employees who need assistance or have concerns. Anonymous and confidential, the Integrity Helpline is managed by an independent third party and staffed by assistants fluent in English, Chinese, Dutch, French, German, Hungarian, Portuguese, Spanish and Swedish. Our dedicated integrity website also accepts employee questions and comments.

The Albemarle Code of Business, a living document, directs us to:

Maintain a healthy, safe, diverse workplace where fair treatment and respect prevail.

That includes

- embracing diversity in all of its forms
- ensuring freedom from violence and substance abuse
- safeguarding of our employees' confidential information, in accord with privacy laws.

Exercise good judgment to protect company assets through efficient, responsible use.

This means

- equipment, supplies, technologies, funds, time and other resources provided for business use are utilized exclusively for that purpose
- business information, including intellectual property, company records and sensitive employee information, is kept strictly confidential.

Avoid potential conflicts of interest by putting the best interests of the Company first.

We pay close attention to

- outside activities and employment
- financial interests, doing business with family and friends, corporate opportunities, gifts and entertainment
- inside information/insider trading
- political contributions and lobbying
- any evidence of bribes or kickbacks.

Integrate our principles and standards into all of our business relationships.

For example,

- as we strive to outperform our competition, we do so honestly and fairly, through experience, ingenuity, strategic focus and the strength of our products
- we expect the same standards of performance from all parties who contribute to or do business on our behalf
- we provide honest, accurate, fully compliant information to our stakeholders, our customers and the government.

Maintain the highest degree of financial integrity.

We will always

- adhere to stringent standards of timeliness, accuracy and honesty in all financial accounting, reporting and auditing practices
- act and communicate in a manner that accurately reflects the financial health of our operations, meeting the expectations of our stakeholders, regulators and the general public in that regard.

Comply with all domestic and international laws that govern our business.

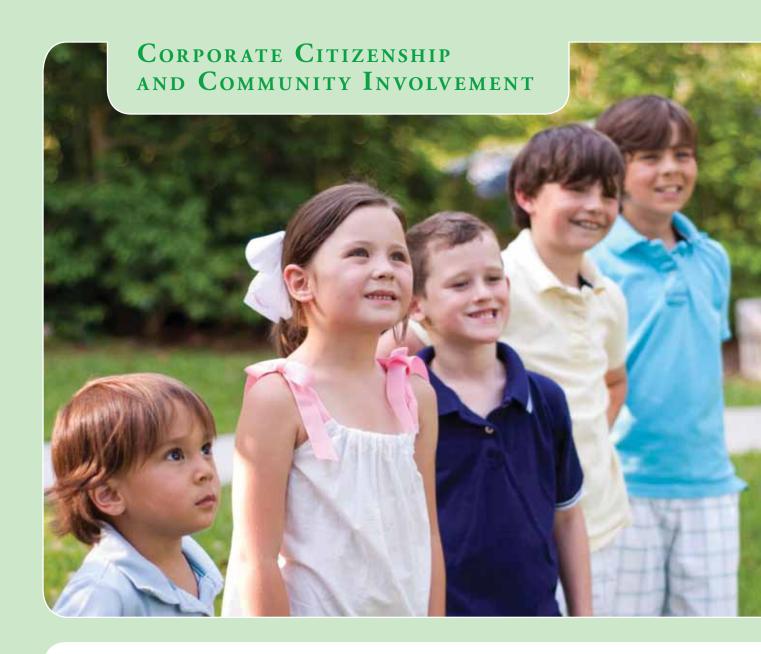
We will never

- violate international trade laws and regulations, including anti-boycott and export control legislation
- accept or make improper payments.

Be an active partner in the communities where we live and work, with initiatives to improve quality of life and the environment.







Goal: Protect, serve and advance the local communities where we do business.

Part of being a good corporate citizen is participating meaningfully in the communities where we live and work. It's not enough just to be IN the community; we need to be OF it. In other words, we feel we have a responsibility to seek out, understand and respond to the community's needs, to be locally relevant. Individually, as a company and through the Albemarle Foundation, we provide volunteer time and talent as well as financial resources to our neighbors around the world.

Recent examples of our successes include:



Our consecutive designations as one of the "100 Best Corporate Citizens."

Early in 2011 we learned that once again *Corporate Responsibility Magazine* named Albemarle to its prestigious annual "100 Best Corporate Citizens" list. We were ranked on seven indices: environmental, climate change, human rights, philanthropy, employee relations and governance. This global honor is a testament to our employees' passion and drive toward supporting our sustainability principles and programs throughout the year.



Part of being a good corporate citizen is participating meaningfully in the communities where we live and work.

It's not enough just to be IN the community; we need to be OF it.



Receiving the Responsible Care Performance award from the American Chemistry Council.

In 2010, Albemarle was one of only 10 companies in the United States recognized by the American Chemistry Council (ACC) as a Responsible Care Performance Award winner. This award recognizes member companies who excel at helping ACC meet industrywide safety and product steward-ship targets.



Our gift of more than \$1.6 million to the Albemarle Foundation.

The Albemarle Foundation, launched in 2007 and dedicated to community sustainability, focuses on philanthropic efforts through financial donations and volunteer efforts where we live and work. The Foundation's local level councils strive to make their communities stronger, emphasizing education, social health and cultural initiatives.

Through the support of our employees, retirees and the Board of Directors, the Albemarle Foundation has delivered more than \$6 million in grants to deserving agencies over the last four years. In 2010, the Company transferred \$1,636,003 to the Albemarle Foundation, and individuals donated \$388,940 in support of the annual community campaigns.



Earning a statewide award in Texas.

In 2010, our Bayport, Texas, facility received the "Excellence in Caring for Texas" award from the Texas Chemical Council. The honor was presented in recognition of Bayport's exemplary performance in communicating with its employees and the public, as well as its pollution prevention, security and emergency response programs.



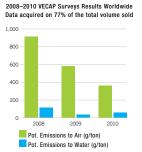
Pursuing the Corporate Lands of Learning certification.

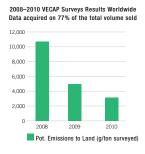
During 2010, our Tyrone, Pennsylvania, plant took the next step toward earning its Corporate Lands of Learning certification from the Wildlife Habitat Council by co-hosting with the Blair County (PA) Conservation Agency two field trips by elementary school children to the Albemarle Nature Trail. This three-quarter-mile loop travels through a 50-acre section of deciduous forest, open meadow and wetlands formed by a beaver dam on Cook Hollow Creek. The itinerary included presentations at the meadow observation deck, beaver dam and educational center, plus such activities as plant identification and pressing, soil identification, wildlife habitat and various scavenger hunts.

Formed in 1988, the Wildlife Habitat Council brings together conservation and business to create tailored voluntary wildlife habitat enhancement and conservation education programs on corporate facilities. The Corporate Wildlife Habitat Certification program recognizes commendable wildlife habitat management and environmental education programs at individual sites.



We have in place enterprise-wide initiatives that show us how to be responsible stewards of the environment and natural resources.





Goal: Pursue reduced emissions, lower-risk products, alternative energy usage and conservation.

Because we fully understand that what we do today affects the environment tomorrow—and for generations to come—we have in place enterprise-wide initiatives that show us how to be responsible stewards of the environment and natural resources. We are continually challenging the Albemarle team to innovate long-term solutions, backed by solid science, that also make sound business sense. In addition to meeting our own global standards, we comply with or exceed all local, state and federal laws and regulations that affect our operations.

Among recent accomplishments, we:

Significantly reduced BFR plant emissions, and taught our customers how to do the same.

The global Voluntary Emissions Control Action Program, or VECAP, is a chemical management program that demonstrates the commitment of companies to act in the best interest of society and the environment.

Among other initiatives, VECAP sets aggressive goals for reducing brominated flame retardant (BFR) plant emissions. In January 2009, our Magnolia, Arkansas South and West plant sites became the first BFR production facilities to earn VECAP certification by third-party Bureau Veritas. The facilities were recertified in July 2010.

Efforts at Magnolia have been creative and comprehensive, resulting in improvements beyond VECAP's 50% emissions reduction target. Actions have included

- reductions to air, water and land throughout the production and on-plant supply cycles
- best practice materials handling
- improved equipment maintenance
- minimizing (or eliminating) product leakage and spills
- better recovery of previously landfilled material for sale or rework and
- improved dust collection.

Management processes are in place to ensure further improvement.

We've also taken these best practices to our customers to ensure that they are reducing their own flame retardant emissions. Over the last three years, Albemarle has conducted VECAP surveys for BFR customers who represent 77% of our volume sold in China, Europe, Japan, Korea and North America. By recommending best-available techniques to

reduce potential emissions to the environment, we've helped our customers achieve a 70% reduction in potential emissions to land, and a dramatic reduction to their potential air and water emissions.

Recovered nature for the community.

Albemarle employees from our Tyrone, Pennsylvania facility cleaned an old dumpsite on the upper end of our Nature Trail there, removing 2.4 tons of debris then planting 100 pine and willow trees and sunflowers to enlarge the wildlife habitat.



Received national awards for energy efficiency improvement.

In 2010, two Albemarle sites were honored by the American Chemistry Council (ACC) for improving energy efficiency in their manufacturing operations through technical innovations, creative projects or novel procedures or actions:

- Bayport facility, Pasadena, Texas, for Ammonia Stripper Heat Recovery
- South Haven facility, South Haven, Michigan, for Conversion of Once-through Heating Systems to Continuous.

Recognized our own in-house environmental achievements.

Albemarle annually honors those sites which through strong operating discipline and attention to detail have gone 12 months without any environmental non-conformance.

In 2010, our President's Award—Environmental was given to

- PDC, Baton Rouge, Louisiana
- Tyrone, Pennsylvania
- Orangeburg, South Carolina.

The President's Award—Safety went to

- · Nanjing, China
- Avonmouth, United Kingdom.

The Chairman's Award in recognition of zero safety, process or environmental incidents was presented to

• Bergheim, Germany.











We are committed to preventing pollution at the source through alternative, sustainable processes...

Goal: Meet human needs with less effect on raw materials, energy sources and the environment.

Improving lives through innovation is our business. Improving lives through green innovation is our mission. We are committed to preventing pollution at the source by focusing on the development of alternative, sustainable processes that minimize both the use and generation of hazardous substances. We also engage in educational efforts to inform our teams, other industry members and the public about the potential and benefits of green chemistry and green engineering. We want our environmental legacy to be a small footprint, but a wide reach.

In 2010, Green Innovations included:

The introduction of a new eco-friendly biodiesel catalyst.

The launch of GoBio™ TS-15—an eco-friendly catalyst for the manufacturing of fatty acid methyl ester, the biodiesel fuel commonly known as FAME—means the elimination of serious drawbacks that have long been associated with homogeneous catalysts. Because they cannot be recovered, homogeneous catalysts must be neutralized at the end of reaction with strongly corrosive acids, which leads to a waste stream requiring treatment before disposal. In addition, homogeneous catalysts are very sensitive to feedstock contaminants and therefore require extensive feed purification. This drives energy and investment costs, and produces waste streams.

Developed in the Amsterdam R&D facilities, GoBio™ has none of the problems associated with the homogeneous catalysts. It opens up the possibility to use ethanol, resulting in a 100% renewable biodiesel. In addition, it is a green catalyst made from naturally occurring materials. There are no handling difficulties associated with it, and when it ultimately comes to disposal, there are no environmental issues to deal with.

Expansion of activities related to TEAL (*Technology Emphasis* on *Albemarle's Green Chemistry*).

Each Albemarle site around the world now has a TEAL team that promotes the principles of green chemistry and engineering in-house and educates the technical community on green metrics.

The Director of the American Chemical Society's Green Chemistry Institute was the keynote speaker at our annual technology conference. We also hosted GlaxoSmithKline's Director of Operational Sustainability so we could learn from one of the leaders in the diversified pharmaceuticals field.

We sponsored the 14th Annual Green Chemistry & Engineering Conference and participated in several discussion groups.

A one-day workshop on Green Metrics during Technology Days covered products and processes from around Albemarle.

A record number of applications for our TEAL awards.

From a field of 24 applications, in 2010 we honored six outstanding contributions in the categories of Green Products, Greener Processes and Waste/Energy Reduction. The winners are:

Green sorbent, C-PAC, which will save millions of dollars that would otherwise go to landfill development, fill and maintenance. The novel mercury sorbent C-PAC was developed from renewable carbon sources with a greener manufacturing pathway. It removes large amounts of mercury from the air, is concrete-friendly, and eliminates the need for large amounts of landfill space. By using C-PAC, industry can annually save \$195.5 million of the typical cost to develop, fill, and maintain landfill. In addition, C-PAC can generate annual fly ash revenue of \$207 million.

Go-Bio MA-10, enabling production of biofuels from biomasses. This truly green catalyst is used for producing biofuels from biomasses such as wood chips. The solvent is common green raw materials like metal oxides and carbonates with water; no foreign salts are present and there is no need for water washes. In 2011, Go-Bio MA-10 will convert wood chips to 100 million gallons of alcohols.

NExBTL Catalyst, the market's most advanced biofuel product of its type. A premium quality diesel fuel that reduces both exhaust emissions and greenhouse gases (up to 80% throughout the whole product lifecycle), NExBTL is formed when catalytic Tri-glycerides from oils and fat are first catalytically hydrogenated and then isomerized over another catalyst.



...that minimize both the use and generation of hazardous substances.

ETHANOX™-4716, the dominant and growing lube antioxidant for engine oils. This new green process for eliminating large amounts of hazardous waste, has a mass efficiency of 98%, environmental impact of 0.02%, no solvent, no aqueous wash, and generates only about 300 lbs. of sodium phosphate waste for 15,800 lbs. of product.

Butyl Ethyl Magnesium (BEM), minimizing hazardous waste in plastics production. BEM is a key component in the manufacture of some of the most important plastics. The original process generated a huge amount of solid and liquid hazardous waste. Our new process removes salts, filter aid and magnesium at neutral pH, eliminating hazardous waste while generating significant cost savings.

Redesigned process that reduces by 35% the environmental impact of manufacturing an agricultural product. This project incorporates two Green Chemistry principles: eliminating derivatives and waste prevention by recycling the solvent. The process eliminated 4,000 lbs. of hazardous waste per batch, achieved a 31% improvement in mass intensity, and reduced environmental impact by 35%. The combination of lower solvent utilization and increased yield also generated significant economic rewards.

Sponsorship of a sustainability lecture at LSU.

As part of our efforts to promote sustainable development and bring environmentally friendlier products to market, Albemarle sponsors an annual sustainability lecture, attended by students, faculty and industry representatives, at the Chemical Engineering department at Louisiana State University (LSU), in Baton Rouge, Louisiana.

In 2010, Dr. Paul Anastas, the assistant administrator for EPA's Office of Research and Development (ORD) and the agency's science advisor, was the guest speaker. During his one-day visit, he addressed the challenges facing the industry, as well as the opportunities they present. He also discussed the EPA's new sophisticated modeling and high throughput testing program, which will help industry better understand the structure, activity and toxicity relationships at the molecular level.

Each year Albemarle salutes the vision, ingenuity and perseverance of the people and teams within our organization who look beyond what's possible today to develop the next generation of processes, projects and programs that will help us meet our sustainability goals.

Our 2010 Sustainability Award winners are:

Emissions Reduction

Winner: Orangeburg, South Carolina. Through innovative use of aeration equipment and recirculation of aerated water, the team at Orangeburg reduced nitrates emissions from wastewater effluents from 307M lbs. in 2008 to 145.7M lbs. in 2009.

Runner up: Pasadena, Texas. The Specialties Flare calorimeter project reduced natural gas consumption at the flare tip 70% (32,900MMBTU equivalent) while improving reliability and bringing the site into regulatory compliance. Estimated annual savings are \$210 million.

Waste Reduction

Tyrone, Pennsylvania. Flurprimidol process improvements increased process yield by about 15%, reduced the amount of flammable material required for the process from 4,100 lbs. to 240 lbs. per batch, lowered flammable solvent consumption by 116,000 lbs. and reduced waste by 20,000 gallons over the campaign. The combination of the solvent recycle, increased yield and reduced waste dropped the cost of product by more than \$66/kg. for a total cost reduction of 36.6% or \$1MM/year over 15 metric tons.

Energy Consumption Reduction

By concentrating solids in a reactor, our **Safi, Jordan** operation, Jordan Bromine Company, reduced ethanol emissions by 24% and fuel oil consumption by 25%.

The plant reduced waste centrate produced each batch and lowered the amount of fuel oil needed to process the waste centrate as it entered the mother liquor system. The site also reduced the amount of ethanol consumed by recycling a purge steam stream back to the mother liquor system, recovering the ethanol contained in that stream.







Our long-term success relies on our ability to balance people, planet and profits.

Goal: Grow in ways that streamline processes and sustain business longevity.

At Albemarle, we measure the health of our business by examining the financial, environmental and social returns produced by our sustainability-focused business model. Conducting our business responsibly means protecting and promoting the health and safety of our employees, our customers, our neighbors and the environment while at the same time ensuring our economic viability. In short, our long-term success relies on our ability to balance people, planet and profits.

For 2010, our key financial and operational achievements included:

Increasing earnings by 81%.

In 2010, we achieved annual earnings of \$323.7 million, up 81% over 2009. We saw strong year-over-year improvement in all three business segments, with record annual segment income in both Catalysts and Polymer Solutions.

Increasing our dividend for the 16th consecutive year.

Investing \$58.4 million in research and development.

At the end of 2010, approximately 28% of our sales were derived from products that were introduced within the past five years.

Filing 150 patents.

We continued our tradition of exceptional creativity, focused on finding solutions to meet the changing demands of our customers.

Pursuing capital expansion projects in South Korea and Brazil.

We purchased property and equipment in Yeosu, South Korea in connection with our plans to build a metallocene polyolefin catalyst and TMG manufacturing site that will mirror our world-scale capabilities in Baton Rouge, Louisiana. We also signed a memorandum of understanding to build a world-scale HPC production plant on the site of our existing joint venture Fábrica Carioca de Catalisadores SA (FCC SA) in Santa Cruz, Brazil with Petrobras. The new facility will complement existing production of FCC catalysts.

Innovating a breakthrough in Curatives technology.

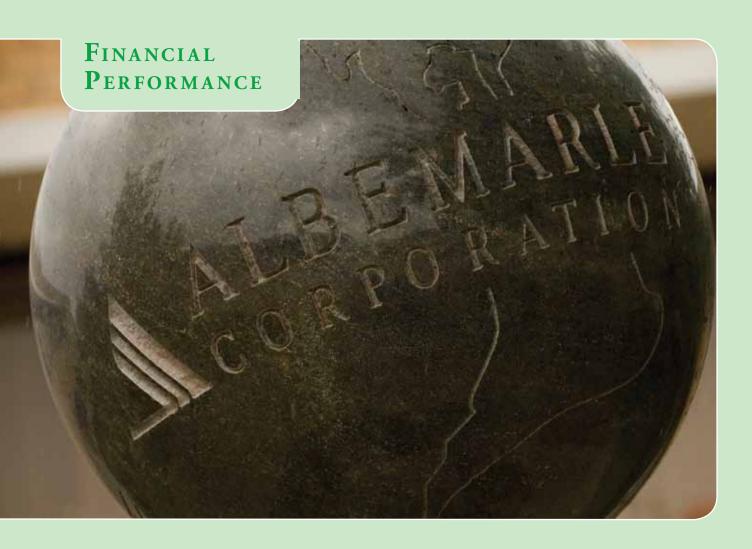
We have commercialized ETHACURE® 90, a new polymer chain extender that greatly improves the processing capability of coating systems used in applications such as truck bed liners, concrete and steel coatings, potable water systems and industrial coatings.

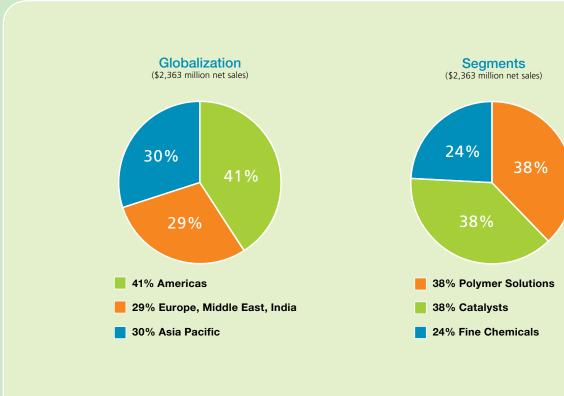
Expanding our "Project One Albemarle" initiative by opening our Budapest, Hungary, Shared Services Center.

Known as Albemarle's Center of Excellence (ACE), the facility was developed as part of our "Project One Albemarle" initiative designed to standardize and streamline global processes.

Financial Highlights

(in millions, except per share amounts)	2010	2009	(decrease)
Net Sales	\$2,362.8	\$2,005.4	18%
Net Income, excluding special items	\$ 328.3	\$ 194.1	69%
Net Cash Provided by Operating Activities	\$ 331.3	\$ 358.5	(8)%
EBITDA, excluding special items	\$ 544.5	\$ 320.5	70%
Total Assets	\$3,068.1	\$2,771.6	11%
Capital Expenditures	\$ 75.5	\$ 100.8	(25)%
Acquisitions and Other	\$ 12.0	\$ 4.0	198%
Total Long-Term Debt	\$ 860.9	\$ 812.7	6%











Among our core beliefs is this: growth and profitability can never come at the expense of the health and safety of our team members.

When we pledge to maintain a safe environment, we are of course including our workplaces around the world. Preventing personal injury is a key driver of our operations. Among our core beliefs is this: growth and profitability can never come at the expense of the health and safety of our team members, or without established pathways for employee development.

Our safety record for 2010 includes:

No safety/environmental or process safety incidents

• Bergheim, Germany

No level 2 environmental incidents

- Twinsburg, Ohio
- Process Development Center, Baton Rouge, Louisiana
- Tyrone, Pennsylvania
- Orangeburg, South Carolina

Continuous tenure with no recordable injuries

- Baton Rouge Tower, Baton Rouge, Louisiana—10 years
- Clear Lake, Texas—5 years
- Louvain la Neuve, Belgium-2 years
- Tokyo, Japan—11 years
- Singapore—16 years
- Shanghai, China—16 years

2010 Occupational Health & Safety Record

Injury Rate		
Albemarle	0.59	
Albemarle + Contractors	0.54	
Occupational Diseases	0	
Lost Days	532	
Work-related Fatalities	0	
Contractor Rate(s)	0.28 (0 lost days)	



Designed by Curran & Connors, Inc. / www.curran-connors.com

Albemarle's team is made up of over 4,100 dedicated professionals coming from diverse backgrounds with cross-industry experience. They provide today's leaders with innovative and insightful business-minded solutions that help address the Company's most pressing competitive challenges. This synergistic culture starts at the top and is driven by our senior leadership team. Each member of the team exemplifies the core values that have helped make Albemarle a global leader in the specialty chemicals industry today.

Directors

Mark C. Rohr

Chairman of the Board and Chief Executive Officer Baton Rouge, Louisiana

J. Alfred Broaddus, Jr.

Retired President Federal Reserve Bank of Richmond Richmond, Virginia

William H. Hernandez

Retired Senior Vice President and Chief Financial Officer PPG Industries Pittsburgh, Pennsylvania

R. William Ide III

Partner McKenna, Long & Aldridge Atlanta, Georgia

Richard L. Morrill

Chancellor University of Richmond Richmond, Virginia

Jim W. Nokes

Retired Executive Vice President Conoco Phillips Houston, Texas

Barry W. Perry

Retired Chairman and Chief Executive Officer Engelhard Corporation Newton, Pennsylvania

John Sherman, Jr.

Retired Vice Chairman Scott & Stringfellow, Inc. Richmond, Virginia

Charles E. Stewart

Retired Executive Vice President Occidental Chemical Corporation Greensboro, Georgia

Harriett T. Taggart

Retired Senior Vice President Wellington Management LLC Cambridge, Massachusetts

Anne Marie Whittemore

Partner McGuireWoods LLP Richmond, Virginia

Leadership

Mark C. Rohr

Chairman of the Board and Chief Executive Officer

Luther C. Kissam IV

President

John M. Steitz

Executive Vice President and Chief Operating Officer

Scott A. Tozier

Senior Vice President and Chief Financial Officer

Karen G. Narwold

Senior Vice President, General Counsel and Corporate Secretary

Darian K. Rich

Vice President, Human Resources

David W. Clary, Ph.D.

Vice President, Chief Sustainability Officer









451 Florida Street Baton Rouge, Louisiana 70801 Tel: 225-388-8011

Fax: 225-388-8924

Email: sustainability@albemarle.com

