

In addition to revenue growth, we also worked diligently to lower selling, general and administrative expenses, including research and development expenses, from about 13 percent of net sales in 2002 to about 12 percent at the end of 2003. The company will continue to look for ways to further minimize transaction costs.

The improving picture in the Polymer Chemicals segment includes new phosphorus flame retardants sales in third and fourth quarters, mineral flame retardants outperforming in each quarter versus last year's quarters and brominated flame retardants showing strength in the first and fourth quarters versus last year's quarters. Net sales and net income improvements in Polymer Chemicals further highlight the importance and profit impact of our acquisitions.

In the Fine Chemicals segment, bromine and derivatives, performance chemicals, and our potassium and chlorine products posted sales increases, but some of the more mature products in the portfolio lagged

Albemarle's Value Creation Strategy

First:

Focus people and resources on what we do best—providing innovative solutions to our customers.

Then:

- Participate in leading market segments with leading customers
- Diversify our areas of expertise and markets served
- Grow globally through sales expansion in Asia and Europe
- Expand our business via acquisitions and the development of new products
- Continuously improve global manufacturing capability
- Develop an entrepreneurial culture that balances growth and risk

from 2002. Operating profit improvements were made in our fine chemistry services and intermediates product area compared to a slow year in 2002.

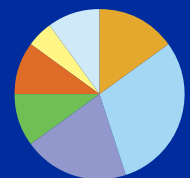
Customers have continued to appreciate our commitment to provide value, granting us 58 awards as top Suppliers of the Year for 2003. More importantly, during this slow economic period, we have enhanced many of our relationships with customers, working diligently to help them grow and develop their businesses.

Our safety performance in 2003 resulted in 26 recordable injuries and an Occupational Injury/Illness Rate of 0.88 percent. This compares very favorably to the chemical and other industries, and many of our individual sites had exemplary performance. We continue to stress on-the-job and off-the-job safety behaviors as a critical Albemarle value.

We expect our platform as one of the leading, worldwide producers of brominated flame retardants, mineral-based flame retardants, and aluminum alkyl-based catalysts for polymers to continue to create value for our shareholders.

Finally, and most importantly, we are dedicated to growth through development of our technology positions and the well-executed acquisition of products and businesses.

End Markets
(\$1,110 Million Sales)



- Construction
- Consumer Electronics
- Pharma/Ag
- Auto/Transport
- Packaging
- Industrial
- Other