Dear Stakeholder,

Across the Albemarle family, we share a deep personal responsibility to create solutions that deliver stakeholder value and improve the quality of life for those around us. As a company seriously committed to sustainability, we know that our ongoing success demands a constant, unrelenting focus on product innovation, environmental stewardship and community outreach. We have to step it up every day—and we’re confident that our principles of sustainability provide strong guidance for purpose-driven growth and long-term success.

In 2009, Albemarle achieved the best safety record in company history while also reducing greenhouse gas emissions by 12% (135,000 metric tons) and toxics release inventory (TRI) emissions from our processes by 32%. Our work to encourage and help others reduce emissions has also had a positive impact.

The Albemarle Foundation grew in scope and outreach, as well. Last year, employee volunteerism and Foundation support helped build housing for those in need, created public nature preserves, made significant contributions to local charities, and volunteered thousands of community service hours to help make the places where we live and work healthy and thriving. New products were launched with outstanding environmental profiles, and we introduced new manufacturing processes and technologies that will minimize our environmental footprint for years to come.

As with any endeavor, our success comes directly from the energy, innovation and integrity of the 4,000 Albemarle employees who live by our principles every day. Their efforts in 2009 led Corporate Responsibility Magazine to recognize Albemarle as one of the 100 Best Corporate Citizens for 2010. That’s quite an honor for our workforce and one that we hope to repeat many times.

Looking forward, we believe more than ever in our ability to be a positive force across the globe. We continue to approach business opportunities with a clear understanding of our social and environmental responsibilities, and we’re energized by the possibilities that our combination of innovation and stewardship can provide.

We hope you’ll join our efforts in any way you can.

Sincerely,

Mark C. Rohr
Chairman & CEO

Sustainability is a never-ending pursuit.

We accept the challenge to always do better—to set goals that will have positive impact for all, meet higher standards and continuously improve our financial performance. We know that only by stepping up can we achieve our full potential.

Mark C. Rohr
Chairman & CEO
Our Workplace and Respect for Each Other. We value diversity in all its forms and insist on work environments marked by fair treatment and respect. Together, we maintain a healthy, safe workplace, including freedom from violence and substance abuse. We uphold privacy laws by protecting and safeguarding all confidential employee information.

Protecting Company Assets. Company equipment, supplies, technologies, funds, time and other resources are provided for business purposes and should be used as such. We exercise good judgment and use these assets efficiently and responsibly. Business information, including intellectual property, company records and sensitive employee information, is kept strictly confidential.

Avoiding Conflicts of Interest. Personal interests should never come before the best interest of the Company. We pay close attention to outside activities and employment; financial interests; doing business with family and friends; corporate opportunities; gifts and entertainment; inside information/inside trading; political contributions and lobbying; and any evidence of bribes or kickbacks when assessing potential conflicts of interest.

Our Business Relationships. We strive to outperform our competition honestly and fairly, employing experience, ingenuity, strategic focus and the strength of our products to our advantage. All parties contributing to or doing business on our behalf are expected to uphold our high standards and values. We provide honest, accurate, fully compliant information and communications to government entities, our customers and all other public stakeholders.

Commitment to Financial Integrity. We maintain the highest standards of timeliness, fairness, accuracy and honesty across all Company financial accounting, reporting and auditing practices. We know that financial integrity—as well as realizing full shareholder value potential—is critical to not only our business decisions, but also to the perceptions and actions of shareholders, regulators and the general public regarding the health and performance of our operations.

Doing Business Globally. We are a global organization, with Company operations and customers in many countries. We comply with all applicable U.S. and international laws that govern our business activities. Improper payments and the violation of international trade and regulation laws, including anti-boycott and export control laws, are never acceptable.

Commitment to Our Communities and Citizenship. Sustainability is a commitment that should improve the quality of human life through innovative products and doing the right thing in our communities. We recognize that health, safety and environmental protection are critical to our sustainable growth. And we embrace the opportunity to build mutually beneficial relationships with the communities where we live and work.

For employees seeking help or reporting concerns, the Code outlines a team of Company officials responsible for oversight and enforcement. Since confidentiality and anonymity are often preferred, we established The Integrity Helpline, available 24 hours a day and managed by an independent, third-party provider. Helpline assistants who speak English, Chinese, Dutch, French, German, Hungarian, Portuguese, Spanish and Swedish are available to field calls, with translation services offered for additional languages. Questions or concerns can also be reported through a dedicated Albemarle Integrity website.
As Albemarle’s global presence continues to grow, so does our responsibility in the communities in which we operate. Throughout the economic challenges of 2009, we found a number of ways to maintain—and in some areas, even grow—our commitment. Selected highlights include:

International recognition for what we do. We recently learned that Corporate Responsibility Magazine, a leading corporate social responsibility journal, named Albemarle to its prestigious “100 Best Corporate Citizens” list for 2010. This global honor is a direct reflection of our employees’ commitment to take personal responsibility for upholding and advancing our sustainability principles throughout 2009.

Growing our Foundation. The Albemarle Foundation, launched in 2007 as a non-profit organization dedicated to community sustainability, delivered nearly $1.3 million to more than 100 deserving agencies in locations where it has been introduced (Baton Rouge, Louisiana; South Haven, Michigan; Orangeburg, South Carolina; Tyrone, Pennsylvania; and Magnolia, Arkansas). In Baton Rouge, the Foundation began a partnership with the Children’s Charter School to tutor young, at-risk students to improve their chances for success in the classroom and beyond. Additional resources and donations will provide for infrastructure improvements, equipment and teaching supplies. At the Baton Rouge General Hospital’s nationally recognized Burn Unit, Foundation support also helped construct an enhanced waiting area for burn patients’ families. The Foundation’s first year of support in South Haven, Michigan, was exceptionally successful, with employee and matching company contributions made to a wide variety of area nonprofit and charitable organizations, and our Habitat for Humanity projects in Orangeburg and Baton Rouge allowed employees to contribute their time and talent to a very worthy cause. Albemarle Foundation will launch at our Texas sites (Bayport, Pasadena, Clear Lake) in 2010, and plans are in place to introduce the Foundation in Albemarle locations outside the U.S. within three years.

Amsterdam takes action. Albemarle’s team in the Netherlands continues to make a positive local impact. In 2009, we worked with the Foundation W.H. Vliegenbos, a non-profit preservation organization, to enhance the historic Vliegenbos Forest located in the heart of Amsterdam. Albemarle and our employees donated custom-made signage that provides directional information, as well as detailed descriptions of the various flora, fauna and wildlife featured within the forest—a community oasis that provides a much-needed green space and recreational area. The Amsterdam facility also grows its connections to local education by teaching classes and arranging site tours to enhance local high school science curricula, as well as receiving student delegations and sponsoring a number of university and college organizations.

Help from the Orange Hats. In South Carolina, we partnered with Orangeburg County Disabilities (OCD) to form the Orange Hat program, which employs people with disabilities at our Orangeburg plant. One crew performs service duties including mail, safety suit and mask cleaning, vehicle cleaning, warehouse sweeping, gravel and drain clearing, and conference room set-ups. Another crew handles grounds maintenance on the front side of the plant property. OCD provides supervisors to integrate and direct the crews, and participation by the employed workers—who receive standard safety orientation—has been highly enthusiastic. They wear their blue uniforms and orange hats like a badge of honor.

A stronger college bond. More than 30 students were awarded prizes in the second Albemarle Cup chemical analysis competition, held last September at the Nanjing (China) College of Chemical Technology. Albemarle Nanjing sponsored the event with both cash and gifts, and its popularity among students and teachers further strengthens the partner relationship between the college and our company.
In an effort to help sustain the earth’s bounty and resources for future generations, our stance is clear: The production and use of our products should not create an environmental legacy. Throughout 2009, we continued to challenge our team’s expertise and ingenuity to change how we work for the betterment of the environment.

Leading emissions control by example, Albemarle has been a driver in implementing the global Voluntary Emissions Control Action Program, or VECAP, which sets aggressive goals for reducing brominated flame retardant (BFR) plant emissions. In 2009, our Magnolia (Arkansas) South and West plant sites became the first BFR production facilities to be awarded VECAP certification by the Bromine Science and Environmental Forum (BSEF). Efforts at Magnolia have been creative and comprehensive, including emissions reductions to air, water and land; throughout the production and on-plant supply cycles. Best practice materials handling, improved equipment maintenance, minimized (or eliminated) product leakage and spills, better recovery of previously landfilled material for sale or rework, and improved dust collection have combined to achieve improvements far in excess of VECAP’s 50% emissions reduction target—and management processes are in place to ensure further improvement.

Preserving nature for community enjoyment. Since our last report, Albemarle and our employees have continued to invest time and resources in environmental conservation. In Tyrone, Pennsylvania, The Albemarle Nature Trail—a 3/4-mile loop through a 50-acre section of deciduous forest, open meadow and wetlands formerly a sewer drain on One Hundred Creek—opened to the public. This nature trail and wildlife habitat is home to a wide variety of animal and plant species, and future plans include an observation deck, educational amphitheatre for school groups and information kiosks along the trail. Our Tyrone site has been a Wildlife Habitat Council (WHC)-certified Corporate Wildlife Habitat since 2008.

Breakthrough catalyst waste reduction. Process engineers at our Pasadena, Texas, facility developed an advanced process expected to eliminate more than 80% of the plant’s process-related waste associated with the manufacture of BEM, a catalyst component used in making plastic resins. The process recycles solvent from the process waste stream, making it available for reuse, and converts residual solids to a material suitable for onsite disposal. It also eliminates hundreds of loading operations per year involving the waste, leading to a cleaner, safer manufacturing process and manufacturing site.

Industry recognition for energy efficiency. In May 2009, the American Chemistry Council presented its Responsible Care® Energy Efficiency Award winners for 2008, and our Orangeburg, South Carolina, and Magnolia, Arkansas, plant sites were among honorees. In the category of Energy Efficiency Program/Plant Site, Orangeburg was recognized for its steam distribution system, and our Magnolia plant earned honors for compressed air energy reduction and plant boiler improvement. In the Environmental Impact/Project category, our Orangeburg plant was cited for its steam control to flare project.

Additional wildlife habitat certification. Employees at Albemarle’s Magnolia South and West plants have an established history of environmental stewardship in the lands adjacent to their facilities, beginning in the mid-90s with the establishment of artificial marshes to naturally treat non-contact process water and storm water runoff. Already certified by the Wildlife Habitat Council (WHC) since 2006, the Magnolia plants achieved Corporate Lands for Learning (CLL) certification in 2009. This prestigious designation recognizes the learning opportunities created by our commitment to environmental conservation and increasing native biodiversity across Magnolia’s 100-acre tract of reforested land and 70-acre artificially created marsh. The Magnolia Plants work with regulatory agencies and community members to develop innovative wildlife habitat programs that not only benefit the local environment, but also provide valuable services to the manufacturing facilities.

Mercury control for cleaner energy. When coal is burned to generate electricity, mercury is emitted to the environment. Since our last report, in an effort to broaden our clean-energy solutions portfolio, Albemarle purchased Sorbent Technologies, a proven innovator in mercury control technology for powerplants. Albemarle’s specialty materials have been shown to remove from 80% to more than 90% of the vaporized mercury from power plant smokestacks, both in trials and day-to-day use at customers’ utility sites. Albemarle also provides full-scale site trials to aid environmental operators in developing long-term strategies for compliance with state and federal mercury regulations.

Rookies of the Year at Orangeburg. Our Orangeburg facility, a WHC-certified site since 2007, joined the Magnolia plants with a Corporate Lands for Learning certification in 2009. In the process also receiving the prestigious CLL “Rookie of the Year” award. This award recognizes a newly certified CLL site for exceptional environmental education, stewardship and voluntary employee efforts. A 135-acre wooded and evergreen forest along the Edisto River, Orangeburg’s wildlife habitat was developed by local Albemarle employees to attract and foster additional wildlife growth, educate children about the diversity and value of local wildlife, simplify the facility’s land management practices, and assist local and state agencies with the study and analysis of natural resources.
Improving lives through innovation—that’s our business. And in facilities across the world, we’re employing the principles of Green Chemistry to develop sustainable products, programs and processes that address society’s most pressing needs more effectively and responsibly. For an Albemarle team that strives for breakthrough solutions every day, 2009 was another notable year.

Welcoming the next generation of eco-friendly product solutions. In 2009 Albemarle announced the development of Earthwise®, a brand designation for new products that demand a more rigorous focus on sustainability and eco-friendliness—above and beyond criteria set for existing commercial products. These criteria include bioaccumulation, toxicity, recycle capacity, carbon footprint and other critical environmental metrics. While all of our business units will develop products meeting these high standards, our first Earthwise product will come from our Polymer Solutions group. GreenArmor™, a recyclable, non bioaccumulative fire safety polymer set to launch in late 2010, is a significant advancement in the world of fire retardants. Being a polymer, its molecules are too large to be absorbed by the body, yet it meets or exceeds the high performance of traditional small molecule flame retardants. GreenArmor retains flame retardancy after recycling, and is highly stable, which makes for efficient recycling of the plastics in which it is being used.

Accolades for AlkyClean. In October 2009, the American Chemical Society announced that Albemarle, along with its consortium partners, Lumisys Technology and Neste Oy, will receive the esteemed 2010 Award for Affordable Green Chemistry for AlkyClean, a cutting-edge solid acid catalyst technology invented and commercialized by the three companies. The AlkyClean process improves the safety of existing refinery processes, reduces potential transportation and handling hazards of liquid acids used to produce alkylate, and, combined with our long-lasting, durable AlkyStar catalyst, offers refiners a competitive, cleaner and inherently safer alkylation technology—with no acid-soluble oils or spent acids produced and no need for product post-treatment. TEAL takes flight to spur green R&D. In 2008, we announced a company-wide research and development initiative to emphasize and promote the company’s focus on green and sustainable innovation. TEAL (Technology Emphasis on ALbemarle’s Green Chemistry) comes directly from our belief that focusing our talent and resources on creating next-generation, environmentally sound solutions is the right thing to do—not just because society demands it, but because we have the expertise to be a leader and improve the world around us. TEAL seeks to dramatically improve the awareness and adoption of Green Chemistry principles within the company, and to ensure that these principles are utilized when developing new products and processes (and improving existing ones). We also look to recognize contributions that lead to greener products and processes with increased commercial value, and to compete for Green Chemistry awards nationally and internationally. We share ideas and progress through both an online TEAL database and monthly R&D reports. Our inaugural TEAL Awards recognized teams from Amsterdam, Bergheim, South Haven, Baton Rouge and Orangeburg for outstanding project achievements at their respective facilities.

Advanced catalysts do more with less. Another goal of Albemarle’s green innovation program is to help customers reduce waste and get more useful product from the same raw materials. Two Albemarle products announced in 2009 work directly toward that goal: GO-ULTRA™ is an FCC (fluid catalytic cracking) catalyst developed specifically to get more from gas oil feeds—maximum gasoline yields and better bottoms cracking—while greatly reducing coke formation. Ketjenfine® (KF) 68B was designed to significantly improve the performance of vacuum gas oil (VGO) hydrocracking in units where both high aromatics saturation and hydrogenation activity are required. Green heroes in our midst. Since our last report, seven Albemarle scientists were named “Heroes of Chemistry” by the American Chemical Society for their work in the development of NEBULA®, a unique, more environmentally sustainable catalyst for the cleaning of producer gas fuels. Honored before the world’s largest scientific society were Ir. Rinus Cerfontain, Ph.D.; Sonja Eijsbouts, Ph.D.; Ir. Hans Homan Free, M.Sc.; Bob Leliveld, Ph.D.; Ing. Bob Oogjen; Ir. Rinus Cerfontain, Ph.D.; Sonja Eijsbouts, Ph.D.; Ir. Hans Homan Free, M.Sc.; Bob Leliveld, Ph.D.; Ing. Bob Oogjen; and Frans Plantenga, Ph.D.; and Kenneth Riey, Ph.D.

Using our ingenuity for sustainability. In a company culture driven by research, development and product innovation, it’s only natural that we recognize our own teams’ pursuit of green innovation and design. Our 2009 Albemarle Sustainability Award winners:

**Community Initiatives Category**
WINNER: Orangeburg Orange Hat Program
This community-based program provides hats at our facility to people with disabilities, with work oversuits and directed by Orangeburg County Disabilities supervisors. Workers oversee windshield safety orientation and wear three blue uniforms and orange hat bands of honor, dried meals under Corporate Citizenship + Community Involvement.

RUNNER-UP: South Haven Recycling Cardboard/Plastic/ Newspaper/Household Materials
In an effort to recycle everyday items, this grassroots program utilizes containers and dumpsters across the facility to collect site-based recyclables and encourages employees to bring recyclables from home.

**Waste Reduction Category**
WINNER: Orangeburg ETHANOL® 330 Steam and Reduction
A site previously disposing 33 million pounds of spent acid off-site has found a way to recycle the methanol by-product, neutralizing the waste, transporting through an on-site wastewater treatment plant. One site can emit 5,000 tons of the emission of the de-watering plant.

RUNNER-UP: Orangeburg Recycling Metals/Plastics
A concerted effort by a small group of employees focused on an initial recycling drive increased the volume stream by more than $50,000 annually—then tracked into a larger effort, resulting in 14,400 pounds of recyclables in 2008 and helping to reduce waste collection to twice weekly on the site’s high-turnover fabricated.

**Emissions/Energy Reduction Category**
WINNER: Magnolia VEGAP/RFR Emissions Reduction—As detailed in the Environmental Responsibility section of this report, the Magnolia South and West plant sites became the first Albemarle North America RFR (Refinement/Recycle) facilities to be awarded VEGAP/UCAP certification by the International Society for Industrial Environmental Assistance and Ecotechnology. Recognition of comprehensive, above-and beyond measures to reduce emissions to the air, water and land throughout the production and implant supply cycle.

RUNNER-UP: Tyrone Steam Pressure Reduction—After determining that load exceeded the plant’s steam distribution system capacity, the plant site decreased pressures in lower steam usage (18% from 2007 to 2008), thus substantial in the ambient environment and lower steam losses, with no anticipated operational issues.

Meet human needs with less effect on raw materials, energy sources and the environment.
Our ability to pursue a sustainability-focused business model is tied directly to company growth and financial health. The global economic downturn of 2009 was one of the toughest and broadest in recent history. By leveraging our deep industry experience, being proactive and nimble, and focusing on people, stewardship, productivity and quality, we emerged with a strong balance sheet and a clear path to meeting our long-term growth goals. Key financial and operational achievements include:

- Exceeded $2 billion in net sales in a depressed global economy while growing cash from operations by 10% (compared to 2008), funding capital expenditures in excess of $100 million and reducing long-term debt by 13% below 2008.
- Trimmed operating costs by more than $100 million compared to 2008 through a focused, company-wide cost reduction effort.
- Ended 2009 with a stock price 63% higher than at year-end 2008 and increased our dividend for the 15th consecutive year.
- Reduced finished-goods inventory across Fine Chemicals, Polymer Solutions and Catalysts groups to free $180 million to drive improvements and fuel future growth.
- Recorded the best safety performance across the globe in company history.
- Pursued major capital expansion projects, including a joint venture with SABIC (Saudi Basic Industries Corporation) to build a world-scale organometallics production facility at Al-Jubail, Saudi Arabia; planned for 2010 expansion of our Jinhai Albemarle manufacturing operation (Shanghai, China), now the largest antioxidant manufacturer in China.
- Invested $60 million in research and development, ending the year with 30% of our revenue generated from products introduced within the last five years.
- Began consolidating production to lower-cost facilities—many in emerging economies—giving us a stronger competitive position.
- Initiated Project One Albemarle, a company-wide effort to build a stronger, leaner, more efficient and agile operation. Its two components include a focus on process and technologies, as well as the establishment of “ACE” (Albemarle Center of Excellence), a new facility in Budapest, Hungary, that will house global transactional processes, enabling significant operational efficiencies and creating a more flexible and cost-effective operating structure.

- Displayed exceptional creativity by developing new production processes, taking on complex, high-demand pharmaceutical projects, cutting production costs, utilizing idle assets, and self-producing raw materials previously purchased from others.
- Continued the trend of reducing energy use and CO₂ emissions from manufacturing operations, and successfully incorporated biomass feedstocks and steam generation from woodchips into plant processes.
- Committed to the principles of LEAN Manufacturing to reduce complexity, eliminate waste and improve productivity and quality.

Grow in ways that streamline processes and sustain business longevity.
Company growth, sustainability and profitability can never come at the expense of safety or without clear, established pathways for employee development. In 2009, our global employee team and worksites were safer than ever, we did more to make safety training varied and participatory, and we were recognized for our community outreach to promote alcohol safety to teens.

A record year for global safety performance. Amid challenging economic conditions, an emphasis on greater efficiencies and across-the-board cost cutting, our more than 4,000 worldwide employees never lost focus on the importance of safety to our long-term mission. Statistically, year 2009 was the safest in Albemarle history and included a number of individual site milestones.

No Injury/No Process Safety Management or Environmental Incidents
Teesport, United Kingdom
Berghem, Germany
Nanjing, China
Twinburg, Ohio

No Level 2 Environmental Incidents
Baton Rouge PDC
South Haven, Michigan
Tyrone, Pennsylvania
Avonmouth, United Kingdom
Ningbo, China
Jinshan, China

Continuous Tenure with No Recordable Injuries
Baton Rouge Tower – 9 years
Clear Lake, Texas – 5 years
Louvain-la-Neuve, Belgium – 1 year
Tokyo – 10 years
Singapore – 15 years
Shanghai – 15 years

A reinvented safety program at the Baton Rouge Tower. The business and administrative offices headquarters is home to more than 300 Albemarle employees across a variety of departments. In 2009 we continued our quarterly safety meetings, established “tailgate” safety meetings for each floor/department, and enhanced our programs to include lunch, a guest speaker and an executive-delivered overview/status report. The quarterly fellowship “town hall” format was very successful in raising safety awareness, and we rewarded floors with the most attendees and highest participation with fun prizes like pizza parties and ice cream socials.

Community recognition for safety. Each year the Safety Council of the Louisiana Capital Area recognizes a member company that has created an outstanding community outreach program. Albemarle was honored with the “Think Safe. Think Family.” Community Outreach Award at the Council’s 2009 Annual Meeting in April. Our Family Safety Committee received the award in recognition for its annual “Spring Party,” an event held for the past 11 years to promote alcohol/driving safety to teenagers immediately prior to proms, parties and other spring events.

2009 Occupational Health & Safety Record

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<thead>
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<th>Category</th>
<th>Injury Rate</th>
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<td>Albemarle</td>
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<td>Albemarle + Contractors</td>
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<tr>
<td>Work-related Fatalities</td>
<td>0.0 (0 lost days)</td>
</tr>
</tbody>
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Promote a positive culture of workplace safety and employee opportunity.
Let’s talk about how we’re doing. Sustainability is a responsibility—and that also makes it a partnership. There’s always more room at the table to discuss our performance and how we can improve our stewardship. To ask a question, share a comment or find out how we’re building a more sustainable future for our people, our communities and the planet we share, please contact:

Dr. Niomi Krzystowczyk  
Division Vice President  
Health, Safety and Environment

Dr. David Clary  
Vice President  
Chief Sustainability Officer

Phone: 225.388.8011 • Email: sustainability@albemarle.com

Headquarters  
Baton Rouge, Louisiana

Annual Sales  
More than $2 billion

Employees  
Approximately 4,000

Locations  
45 across North and South America, Europe and Asia

Customers  
Approximately 3,000 in 100 countries