

Global Reporting Initiative

Report on 2008 Sustainability Performance



Albemarle G3 Report - 2008

GRI Application Level

GRI Checked - Level A



G3 Profile
Disclosures

Criteria 1.1 – 4.17
included in the report

G3 Management
Approach
Disclosures

Management Approach
Disclosures Included for
each Indicator Category

G3 Performance
Indicators

Performance reported on
all Core Indicators

Albemarle G3 Report - 2008

1.1 Statement from CEO/Management

To Our Shareholders –

2008 was truly a momentous year, culminating in a financial crisis and economic collapse that plagued global markets and dramatically changed the economic landscape. While this unrest swept through the markets and the economy, one thing did not change, Albemarle's commitment to being the best performing specialty chemical company. Throughout the turmoil of 2008 and as we enter 2009, Albemarle remains focused on the items that matter and give us long-term competitive advantage: **Innovation, Sustainable Chemistry, and our People.**

Albemarle brings value to our customers through **new environmentally sound products and innovative manufacturing processes.** In 2008 we developed proprietary polymer additives with superior performance and excellent environmental profiles; safer and lower-cost manufacturing routes for new pharmaceutical actives; new catalysts that enable clean-burning fuels to be made from heavy, high-sulfur crude oil, and many other innovative technologies. Our technology and commercial teams are tightly integrated; enabling us to find the sweet spot where "what's possible" meets "customer needs", driving value for our customers and Albemarle shareholders.

Our conviction that **sustainable chemistry is the foundation of a successful modern business** sets a compass heading for all of Albemarle. In 2008, we set ambitious internal goals that were exceeded in reducing our energy usage, carbon footprint, and chemical emissions. We developed products that are environmentally superior to anything on the market; and we invested in technology that enables a significant reduction of mercury emissions from coal-fired power plants. We are committed to help make advanced biofuels a reality for our future. We strive to be leaders in high-growth markets being created by society's desire and need for cleaner energy, a cleaner environment, and safer food and water.

Our many accomplishments over the years could not have taken place without the **commitment and innovation of our people.** Their commitment sustained Albemarle's business segments through the difficult obstacles we faced during the year. Their daily contributions continue to make Albemarle one of the world's leading global specialty chemical companies. These employees operated our facilities with an industry low injury rate while striving to become free of incidents and to eliminate even permitted emissions from our facilities. While doing this, they promoted offsite stewardship with our VECAP program designed to eliminate flame retardant emissions from our customers' facilities. They also formed a foundation that contributed over \$1.3 million back to their communities in 2008. Albemarle employees believe "doing good" translates into doing good business.

At Albemarle, our aim is to think outside existing paradigms to create long-term sustainable solutions to societal challenges and to meet and exceed the needs of our customers. Innovation, sustainable chemistry and the people of Albemarle are what matter most in our world and drive our recognition today as a leading global specialty chemical company.

Sincerely,

Mark C. Rohr
Chairman, President and Chief Executive Officer

Albemarle G3 Report - 2008

1.2 Description of key impacts, risks, and opportunities.

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

The global economic downturn may reduce customer demand or inhibit our ability to produce our products, negatively impacting our operating results. Our business and operating results have been and will continue to be affected by the global recession, including the credit market crisis, declining consumer and business confidence, fluctuating commodity prices, volatile exchange rates, and other challenges currently affecting the global economy. Our customers may experience deterioration of their businesses, cash flow shortages, and difficulty obtaining financing. As a result, existing or potential customers may delay or cancel plans to purchase products and may not be able to fulfill their obligations in a timely fashion. Further, suppliers may be experiencing similar conditions, which could impact their ability to fulfill their obligations to us. If the global recession continues for significant future periods or deteriorates significantly, our results of operations, financial condition and cash flows could be materially adversely affected.

Volatility and disruption of financial markets could affect access to credit.

The current difficult economic market environment is causing contraction in the availability of credit in the marketplace. This could potentially reduce our sources of liquidity and our customers' sources of liquidity.

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

Our raw material and energy costs can be volatile and may increase significantly. Increases are primarily driven by significantly tighter market conditions and major increases in pricing of basic building blocks for our products such as crude oil, chlorine and metals, including molybdenum, which is used in the refinery catalysts business. We generally attempt to pass changes in the prices of raw materials and energy to our customers, but we may be unable to or be delayed in doing so. Our inability to pass through price increases or any limitation or delay in our passing through price increases could adversely affect our margins.

In addition to raising prices, raw material suppliers may extend lead times or limit supplies. Constraints on the supply or delivery of critical raw materials could disrupt production and adversely affect the performance of our business.

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

We operate in a highly competitive marketplace, competing against a number of domestic and foreign specialty chemical producers. Competition is based on several key criteria, including product performance and quality, product price, product availability and security of supply,

Albemarle G3 Report - 2008

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

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

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

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

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

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

Our customers use our specialty chemicals for a broad range of applications. Changes in our customers' products or processes may enable our customers to reduce consumption of the specialty chemicals that we produce or make our specialty chemicals unnecessary. Customers may also find alternative materials or processes that no longer require our products. For example, many of our flame retardants are incorporated into resin systems to enhance the flame retardancy of a particular polymer. Should a customer decide to use a different polymer due to price, performance or other considerations, we may not be able to supply a product that meets the

Albemarle G3 Report - 2008

customer's new requirements. Consequently, it is important that we develop new products to replace the sales of products that mature and decline in use. Our business, results of operations, cash flows and margins could be materially adversely affected if we are unable to manage successfully the maturation of our existing products and the introduction of new products.

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

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

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

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

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

Albemarle G3 Report - 2008

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

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

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

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

- fluctuations in exchange rates may affect product demand and may adversely affect the profitability in U.S. Dollars of products and services we provide in international markets where payment for our products and services is made in the local currency;
- transportation and other shipping costs may increase;
- intellectual property rights may be more difficult to enforce;
- foreign countries may impose additional withholding taxes or otherwise tax our foreign income, or adopt other restrictions on foreign trade or investment, including currency exchange controls;
- unexpected adverse changes in foreign laws or regulatory requirements may occur;
- agreements may be difficult to enforce and receivables difficult to collect;

Albemarle G3 Report - 2008

- compliance with a variety of foreign laws and regulations may be burdensome;
- unexpected adverse changes in export duties, quotas and tariffs and difficulties in obtaining export licenses;
- general economic conditions in the countries in which we operate could have an adverse effect on our earnings from operations in those countries;
- foreign operations may experience staffing difficulties and labor disputes;
- foreign governments may nationalize private enterprises; and
- our business and profitability in a particular country could be affected by political or economic repercussions on a domestic, country specific or global level from terrorist activities and the response to such activities.

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

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

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

Albemarle G3 Report - 2008

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

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

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

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

Albemarle G3 Report - 2008

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

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

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

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

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

In the U.S., a number of state legislatures are considering draft legislation, which would impose limitations on, or prohibit the use of, certain brominated flame retardants for specific applications. For example, in 2007, the State of Washington passed a law that bans the use of decabromodiphenyl ether as a flame retardant in mattresses after January 1, 2008 and in televisions, computers and residential upholstered furniture after January 1, 2011 if a safer and technically feasible alternative is discovered. The Washington State Department of Ecology published a draft report in November 2008 that concluded that such alternatives exist. The State of Maine passed a bill that bans the use of decabromodiphenyl ether as a flame retardant in mattresses, mattress pads and textiles used in residential furniture after January 1, 2008 and in the casings of televisions and computers after January 1, 2010. Similar bills are currently under consideration in a number of other states, and we expect additional states to consider similar measures in the future.

Additionally, agencies in the European Union continue to evaluate the risks to human health and the environment associated with certain brominated flame retardants, including decabromodiphenyl ether, hexabromocyclododecane and tetrabromobisphenol A. We manufacture each of these brominated flame retardants.

Albemarle G3 Report - 2008

The only brominated flame retardant that we currently sell that has been banned for specified applications to date is decabromodiphenyl ether, which was banned for limited applications in the States of Washington and Maine as described above. Norway restricted decabromodiphenyl ether in April 2008, except for certain transportation applications. On April 1, 2008, the European Court of Justice annulled the exemption of decabromodiphenyl ether from the RoHS Directive, ruling that the European Commission had followed an incorrect procedure when adopting the exemption. As a consequence, the use of decabromodiphenyl ether in electrical and electronic equipment was banned in the European Union effective July 1, 2008. In 2008, approximately 1% of our net sales were derived from decabromodiphenyl ether. None of these legislative restrictions has caused or is expected to cause a significant adverse effect on our profitability.

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

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

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

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

Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt depends on a range of economic, competitive and business factors, many of which are outside our control. Based on an average interest rate of 3.5% and outstanding borrowings at February 12, 2009 of \$949.0 million, our annual interest expense would be approximately \$33.3 million. A hypothetical 10% change (approximately 35 basis points) in the average interest rate applicable to our total borrowings would change our annualized interest expense by approximately \$3.3 million. Our business may not generate sufficient cash flow from operations to service our debt obligations, particularly if currently anticipated cost savings and operating improvements are not realized on schedule or at all. If we are unable to service our debt obligations, we may need to refinance all or a portion of our indebtedness on or before maturity, reduce or delay capital expenditures, sell assets or raise additional equity. We may not be able to refinance any of our indebtedness, sell assets or raise additional equity on commercially reasonable terms or at all, which could cause us to default on our obligations and impair our

Albemarle G3 Report - 2008

liquidity. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, could have a material adverse effect on our business and financial condition.

Conditions in the global credit markets have been volatile in recent months. Continued volatility and more stringent credit standards could impact our ability to refinance our obligations on commercially reasonable terms and could result in a material adverse effect on our business or financial condition. While current conditions in the global credit markets have affected some borrowers' ability to raise additional capital or to refinance existing obligations, to date, the volatility in the global credit markets has had limited impact on us. We exchanged and extended the maturity of our senior credit agreement in early 2007, before the current volatility manifested. As a result, currently, we do not have any significant obligation maturity before 2013, when our March 2007 credit agreement matures. Existing availability under existing committed credit facilities are expected to be sufficient for our working capital and capital expenditure needs.

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

Our March 2007 credit agreement and the indenture governing the senior notes contain restrictive covenants. These covenants provide constraints on our financial flexibility. The failure to comply with the covenants in our March 2007 credit agreement, the indenture governing the senior notes and the agreements governing other indebtedness, including indebtedness incurred in the future, could result in an event of default, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. See "Financial Condition and Liquidity—Long-Term Debt" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations on page 38.

Notably, while we have agreed upon rates and terms under our March 2007 credit agreement, there is a risk that our banks might require us to renegotiate certain terms of our credit agreement should we need to raise additional debt for acquisitions or general corporate needs.

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

Borrowings under our March 2007 credit agreement bear interest at floating rates. The rates are subject to adjustment based on the ratings of our senior unsecured long-term debt by Standard & Poor's Ratings Services, or S&P, and Moody's Investors Services, or Moody's. S&P has rated our senior unsecured long-term debt as BBB and Moody's has rated our senior unsecured long-term debt as Baa2. S&P and/or Moody's may, in the future, downgrade our ratings. The downgrading of our ratings or an increase in benchmark interest rates would result in an increase of our interest expense on borrowings under our March 2007 credit agreement. In addition, the downgrading of our ratings could adversely affect our future ability to obtain funding or materially increase the cost of any additional funding. These ratings services have maintained our ratings outlook as "stable," however, any of the events described above could negatively affect our ratings outlook.

Albemarle G3 Report - 2008

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

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

Weather-related matters could impact our results of operations.

In 2005 and again in the third quarter of 2008, major hurricanes caused significant disruption to the operations on the U.S. Gulf Coast for many of our customers and our suppliers of certain raw materials, which had an adverse impact on volume and cost for some of our products. If similar weather-related matters occur in the future, it could negatively affect our results of operations at our sites in this region.

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

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

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

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

Albemarle G3 Report - 2008

assess and potentially adjust our manufacturing operations. The closure of all or part of a manufacturing plant or facility could result in future charges which could be significant.

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

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

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

As of December 31, 2008, we had 4,130 employees. Approximately 20% of our 2,230 U.S. employees are unionized. Our collective bargaining agreements expire in 2010 and 2011. In addition, a large number of our employees are employed in countries in which employment laws provide greater bargaining or other rights to employees than the laws of the U.S. Such employment rights require us to work collaboratively with the legal representatives of the employees to effect any changes to labor arrangements. For example, most of our employees in Europe are represented by workers' councils that must approve any changes in conditions of employment, including salaries and benefits and staff changes, and may impede efforts to restructure our workforce. Although we believe that we have a good working relationship with our employees, a strike, work stoppage or slowdown by our employees or significant dispute with our employees could result in a significant disruption of our operations or higher ongoing labor costs.

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

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

Albemarle G3 Report - 2008

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

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

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

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

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

Albemarle G3 Report - 2008

We have several defined benefit pension plans around the world, including in the U.S., the Netherlands, Germany, Belgium, France, and Japan, covering most of our employees. The U.S. plans represent approximately 92% of the total liabilities of the plans worldwide. We are required to make cash contributions to our pension plans to the extent necessary to comply with minimum funding requirements imposed by the various countries' benefit and tax laws. The amount of any such required contributions will be determined annually based on an actuarial valuation of the plans as performed by the plans' actuaries.

During 2008, we made a \$25.0 million voluntary contribution to our U.S. qualified defined benefit pension plans. Our U.S. qualified defined benefit pension plans in aggregate were approximately 78% funded on an Internal Revenue Service, or IRS, funding basis as of December 31, 2008. While we do not expect significant cash contributions to be required, we may choose to make additional voluntary pension contributions in 2009. Contributions after 2009 could vary depending on factors such as asset returns, then-current interest rates, and legislative changes. The amount we may elect or be required to contribute to our pension plans in the future may increase significantly. These contributions could be substantial and would reduce the cash available for our business.

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

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

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

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

Albemarle G3 Report - 2008

2.0 Organizational Profile

2.1 Name of Organization

Albemarle Corporation

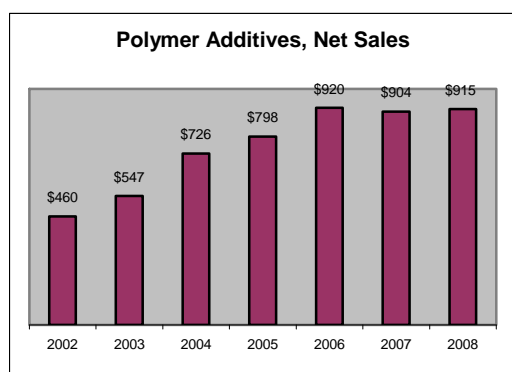
2.2 Primary Brands, Products, and/or Services

We are a leading global developer, manufacturer and marketer of highly engineered specialty chemicals. Our products and services enhance the value of our customers' end-products by improving performance, providing essential product attributes, lowering cost and simplifying processing. We sell a highly diversified mix of products to a wide range of customers, including manufacturers of consumer electronics, building and construction materials, automotive parts, packaging, pharmaceuticals and agrichemicals, and petroleum refiners. We believe that our commercial and geographic diversity, technical expertise, flexible, low-cost global manufacturing base, and experienced management team enable us to maintain leading market positions in those areas of the specialty chemicals industry in which we operate.

We and our joint ventures, currently operate 45 facilities, including production, research and development facilities, and administrative and sales offices in North and South America, Europe, and Asia. We serve approximately 3,000 customers in over 100 countries.

Business Segments

Polymer Additives



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

Flame Retardants. Our flame retardants help materials in a wide variety of finished products meet fire-safety requirements. Some of the products that benefit from our flame retardants include plastic enclosures for consumer electronics, printed circuit boards, wire and cable, electrical connectors, textiles, foam insulation, and foam seating in furniture and automobiles. We compete in all of the major flame retardant markets: brominated, mineral and phosphorus. Our brominated flame retardants include products such as Saytex[®] and Pyro-Chek[®]; our mineral-based flame retardants include products such as Martinal[®] and Magnifin[®]; and our phosphorus-based flame retardants include products such as Antiblaze[®] and Ncendx[®]. Our strategy is to have a broad range of chemistries applicable to each major flame retardant application.

Stabilizers and Curatives. We produce plastic and other additives, such as curatives, antioxidants and stabilizers, which are often specially developed and formulated for a customer's

Albemarle G3 Report - 2008

specific manufacturing requirements. Our additives products include curatives for polyurethane, polyurea, and epoxy system polymerization. This business also produces antioxidants and stabilizers to improve the performance integrity of thermoplastic resins.

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

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

Our joint venture, Stannica LLC, produces organic and inorganic tin intermediates used as a key raw material in the production of tin based PVC heat stabilizers. Tin stabilizers are used in the processing of rigid (pipe, window profiles, siding, fencing) and some flexible (packaging) PVC applications. PVC heat stabilizers help prevent the thermal degradation of PVC resins during periods of elevated temperature exposure, such as during processing, and help extend the useful life of finished products.

Customers

Our Polymer Additives segment offers more than 70 products to a variety of end-markets. We sell our products mostly to chemical manufacturers and processors, such as polymer resin suppliers, lubricant manufacturers, refiners and other specialty chemical companies.

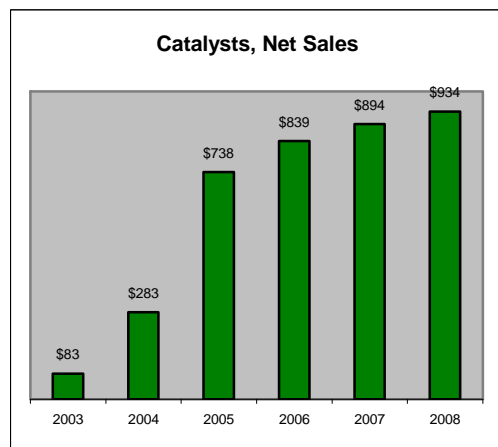
Sales of polymer additives in Asia are expected to grow long-term due to the underlying growth in consumer demand and the shift of the production of consumer electronics from the United States, or U.S., and Europe to Asia. In response to this development, we have established a sales and marketing network in China, Japan, Korea and Singapore with products sourced from the U.S., Europe and the Middle East. In addition, we have completed the purchase of 100% ownership in two previous joint venture manufacturing sites in China, Ningbo Jinhai Albemarle Chemical and Industry Company Limited and Shanghai Jinhai Albemarle Fine Chemicals Company Limited and began flame retardant production at our Nanjing site.

A number of customers of our Polymer Additives segment manufacture products for cyclical industries, including the consumer electronics, building and construction, and automotive industries. As a result, demand from our customers in such industries is also cyclical and is currently below historical levels with timing of recovery uncertain.

Catalysts

Our Catalysts segment includes refinery catalysts and polyolefin catalysts product categories.

Albemarle G3 Report - 2008



Refinery Catalysts. Our two main refinery catalysts product lines are hydroprocessing, or HPC, catalysts and fluidized catalytic cracking, or FCC, catalysts and additives.

HPC catalysts are primarily used to reduce the quantity of sulfur and other impurities in petroleum products as well as to convert heavy feedstock into lighter, more valuable products. FCC catalysts assist in the cracking of petroleum streams into derivative, higher-value products such as fuels and petrochemical feedstock. Our FCC additives are used to remove sulfur in gasoline and to reduce emissions of sulfur dioxide and

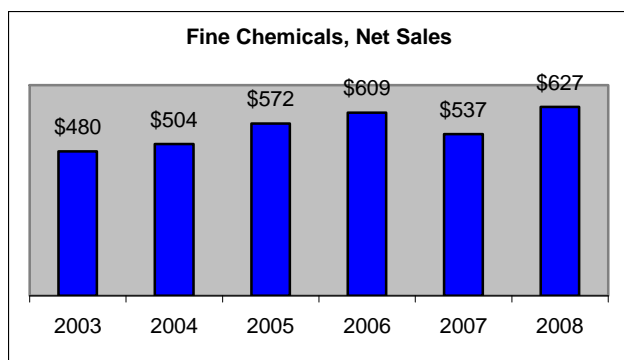
nitrogen oxide in FCC units, to increase liquefied petroleum gas olefins yield and to boost octane in gasoline. We offer more than 90 different HPC catalysts products and more than 70 different FCC catalysts and additives products to our customers.

Polyolefin Catalysts. We manufacture aluminum- and magnesium-alkyls, which are used as co-catalysts in the production of polyolefins, elastomers, alpha olefins, such as hexene, octene and decene, and organotin heat stabilizers and in the preparation of organic intermediates. We also produce metallocene/single-site catalysts, which aid in the development and production of new polymers that increase impact strength, clarity and melt characteristics of plastic films. We are continuing to build on our organometallics base and to expand the portfolio of products and capabilities we offer our customers.

Customers

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

We estimate that there are currently approximately 450 FCC units being operated globally, each of which requires a constant supply of FCC catalysts. In addition, we estimate that there are approximately 2,000 HPC units being operated globally, each of which typically requires replacement HPC catalysts once every one to three years.



Fine Chemicals

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

Albemarle G3 Report - 2008

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

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

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

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

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

We will continue to sell methyl bromide in our current markets throughout 2009, as current regulations allow, with reduced critical-use allowances compared to 2008. In accordance with the Montreal Protocol and the U.S. Clean Air Act, completion of the phase-out of methyl bromide as a fumigant in the U.S., Western Europe and Japan took effect in 2005. Methyl bromide, however, can continue to be used for "critical uses" where there are no other alternatives. Growers submit applications on a yearly basis detailing the amount of methyl bromide they will need for critical uses. Once approved by the U.S. Environmental Protection Agency, or EPA, the U.S. submits the application for approval by the parties to the Montreal Protocol. The critical use process is done annually and will continue until feasible alternatives

Albemarle G3 Report - 2008

are available. Certain other markets for methyl bromide, including quarantine and pre-shipment and chemical intermediate uses, are not restricted by the Montreal Protocol.

Customers

The Fine Chemicals segment manufactures more than 100 products, which are used in a variety of end-markets. Sales of products and services are mostly to chemical manufacturers and processors, including pharmaceutical, agricultural, drilling and oil services, water treatment and photographic companies, and to other specialty chemical companies.

Pricing for many of our fine chemicals is based upon negotiation with customers. The critical factors that affect prices are the level of technology differentiation we provide, the maturity of the product and the level of assistance required to bring a new product through a customer's developmental process.

2.3 Operational structure of the organization and major division, operating companies, subsidiaries and Joint Ventures.

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

Albemarle is organized into three major divisions: Polymer Additives (flame retardants, stabilizers, and curatives), Fine Chemicals (performance chemicals, pharmaceuticals, agrichemicals and Fine Chemistry Services and Intermediates) and Catalysts (refinery catalysts, polyolefin catalysts, alternate fuels technology).

2.4 Location of Organization's Headquarters

Albemarle Corporation is headquartered in Baton Rouge, LA (USA) at 451 Florida St.

2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.

Location	Principal Use	Owned/Leased
Amsterdam, the Netherlands	Production of refinery catalysts, research and product development activities	Owned
Avonmouth, United Kingdom	Production of flame retardants	Owned; on leased land
Baton Rouge, Louisiana USA	Research and product development activities, and production of flame retardants, catalysts and additives	Owned; on leased land
Baton Rouge, Louisiana USA	Principal executive offices	Leased

Albemarle G3 Report - 2008

Bergheim, Germany	Production of flame retardants and specialty products based on aluminum trihydrate and aluminum oxide, and research and product development activities	Owned
Jin Shan District, Shanghai, China	Production of antioxidants and polymer intermediates	Owned; on leased land
Louvain-la-Neuve, Belgium	Regional offices and research and customer technical service activities	Owned; on leased land
La Voulte, France	Refinery catalysts regeneration and treatment, research and development activities	Owned by Eurecat S.A., a joint venture owned 50% by each of IFP Investissements and us
Magnolia, Arkansas USA	Production of flame retardants, bromine, inorganic bromides, agricultural intermediates and tertiary amines	Owned
Mobile, Alabama USA	Production of tin stabilizers	Owned by Arkema Group LLC who operates the plant for Stannica LLC, a joint venture in which we own a 60% interest and Arkema Group LLC owns a 40% interest
Nanjing, China	Technology center, product repackaging and flame retardant production	Owned; on leased land
Niihama, Japan	Production of refinery catalysts	Leased by Nippon Ketjen Company Limited, a joint venture owned 50% by each of Sumitomo Metal Mining Company Limited and us
Ninghai County, Zhejiang Province, China	Production of antioxidants and polymer intermediates	Owned; on leased land

Albemarle G3 Report - 2008

Orangeburg, South Carolina USA	Production of flame retardants, aluminum alkyls and fine chemicals, including pharmaceutical actives, fuel additives, orthoalkylated phenols, polymer modifiers and phenolic antioxidants	Owned
Pasadena, Texas USA	Production of aluminum alkyls, alkenyl succinic anhydride, orthoalkylated anilines, and other specialty chemicals	Owned
Pasadena, Texas USA	Production of refinery catalysts, research and development activities	Owned
Pasadena, Texas USA	Refinery catalysts regeneration services	Owned by Eurecat U.S. Incorporated, a joint venture in which we own a 57.5% interest and a consortium of entities in various proportions owns the remaining interest
Safi, Jordan	Production of bromine and derivatives and flame retardants	Leased by JBC, a joint venture owned 50% by each of Arab Potash Company Limited and us
St. Jakobs/Breitenau, Austria	Production of specialty magnesium hydroxide products	Leased by Magnifin GmbH & Co. KG, a joint venture owned 50% by each of Radex Heraklith Industriebeteiligung AG and us
Santa Cruz, Brazil	Production of catalysts, research and product development activities	Owned by Fábrica Carioca de Catalisadores S.A, a joint venture owned 50% by each of Petrobras Química S.A.-PETROQUISA and us
South Haven, Michigan	Production of custom fine chemicals including pharmaceutical actives	Owned
Takaishi City, Osaka, Japan	Production of aluminum alkyls	Owned by Nippon Aluminum Alkyls, a joint venture owned 50% by each of Mitsui Chemicals, Inc. and us

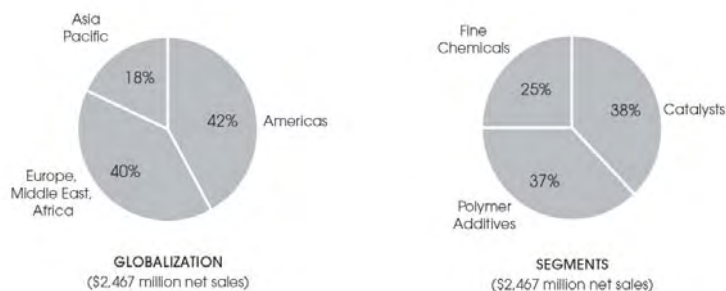
Albemarle G3 Report - 2008

Teesport, United Kingdom	Production of fine chemicals, including emulsifiers, corrosion inhibitors, scale inhibitors and esters	Owned; on leased land
Twinsburg, Ohio	Production of bromine-activated carbon	Leased
Tyrone, Pennsylvania	Production of custom fine chemicals, agricultural intermediates, performance polymer products and research and development activities	Owned

2.6 Nature of Ownership and Legal Form

This information is included in table found in Section 2.5

2.7 Markets Served



Our customers are in the refining, consumer electronics, chemistry services, construction, auto/transport, industrial, utility, packaging and pharmaceutical industries.

2.8 Scale of Organization

We and our joint ventures currently operate 45 facilities, including production, research and development facilities, and administrative and sales offices in North and South America, Europe, and Asia. We serve approximately 3,000 customers in over 100 countries. Financial information is included within financial indicators.

As of December 31, 2008, we had 4,130 employees of whom 2,230, or 54%, are employed in the U.S.; 1,290, or 31%, are employed in Europe; and 610, or 15%, are employed in Asia. . In 2008, we had sales of \$2.47 billion and net income of \$194 million, down \$35 million over 2007 performance.

Albemarle G3 Report - 2008

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

- *Acquisition of 100% interests in our two Chinese joint ventures.* We acquired the remaining 25% ownership interests of our polymer additive joint ventures in China: Ningbo Jinhai Albemarle Chemical & Industry Co., Ltd. and Shanghai Jinhai Albemarle Fine Chemicals Co., Ltd. (“Shanghai Jinhai”) on June 30, 2008 to become a leading manufacturer and supplier of polymer antioxidants in China and one of the top suppliers worldwide as we continue to provide even broader solutions for our customers in China and the growing regional and global marketplace. Additionally, we approved projects to more than double the antioxidant production capacity at our Shanghai Jinhai site to further strengthen our position in the China plastics additives marketplace as market conditions improve.
- *Formation of Sinobrom joint venture.* We reached an agreement on December 5, 2008 with Weifang Sinobrom Import and Export Company, Ltd., or Sinobrom, to form a new Fine Chemicals joint venture that combined the existing business of Sinobrom, a leading marketer of bromine derivatives in China, with Albemarle's global bromine expertise across the world. The new joint venture, Sinobrom Albemarle Bromine Chemicals (Shandong) Company Ltd., is 75% owned by Albemarle and creates new growth platforms for Albemarle in Shandong province, the heart of the Chinese bromine and derivatives market.
- *Acquisition of Sorbent Technologies Corporation.* We acquired the mercury control provider Sorbent Technologies Corporation on July 31, 2008 for \$6.43 per share representing an aggregate purchase price of approximately \$22.4 million. This Fine Chemicals acquisition brings proprietary and comprehensive technologies that broaden our current bromine offerings and allow us to bring innovative, turnkey solutions to utilities and other bromine-based mercury solutions providers in the industry while complementing our existing green solutions portfolio and our ongoing mission to provide innovative and viable clean energy products and services to the marketplace.
- *Divestiture of our Port de Bouc, France facility.* We entered into an agreement to divest our Port de Bouc, France facility to better position us to focus on our core business initiatives. This transaction had an effective date of December 31, 2008 and resulted in a special item charge of \$38.5 million (\$33.4 million after income taxes).
- *Stock Repurchase Plan.* We repurchased an aggregate of 4,662,700 shares of our common stock in open-market or privately-negotiated transactions at an average price of \$36.23 per share.
- *Increased Dividends.* We increased our dividend for the 14th consecutive year, ending the year at an annual dividend rate of \$0.48 per share. *Extension of Debt Agreement.* In March 2008, we exercised an option under the March 2007 credit agreement to extend the maturity date from March 2012 to March 2013. Lenders representing 87.4% of the commitments, or \$590 million out of \$675 million, approved the extension.

Albemarle G3 Report - 2008

- *Extension of Debt Agreement.* In March 2008, we exercised an option under the March 2007 credit agreement to extend the maturity date from March 2012 to March 2013. Lenders representing 87.4% of the commitments, or \$590 million out of \$675 million, approved the extension.

2.10 Awards received in the reporting period

The American Chemistry Council (ACC) awarded Albemarle's Process Development Center in Baton Rouge, Louisiana a Certificate of Excellence for safety performance. ACC awarded the following Albemarle facilities Certificates of Honor for safety performance, South Haven, Michigan; Orangeburg, South Carolina; Magnolia Arkansas; Pasadena, Texas; Tyrone, Pennsylvania; and Dayton, Ohio. ACC also awarded a certificate of achievement to Albemarle's Bayport, Texas Facility. Albemarle's Orangeburg, South Carolina Corporate Lands for Learning project won the Rookie of the Year award from the Wildlife Habitat Council at its annual meeting in November, 2008.

3.0 Report Parameters

3.1 Reporting Period

Calendar Year 2008

3.2 Date of most recent report

This is the first publicly released GRI G3 report for Albemarle Corporation.

3.3 Reporting cycle

Albemarle intends to produce this report annually.

3.4 Contact point for questions regarding the report or contents

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

Report Scope and Boundary

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

The subjects/material covered in this report were selected based on the GRI guidelines, Albemarle's management systems and their importance to our stakeholders. Quantitative data was reported by each site/department. The data was consolidated at the corporate level by the relevant corporate departments and compiled into this report by

Albemarle G3 Report - 2008

Albemarle's sustainability team and representatives. Experts throughout the organization provided the qualitative reporting on various subjects.

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

- Customers
- Shareholders
- Employees
- Communities in which we operate
- Other
 - Media
 - Investment community

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

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

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

Limitations to this initial report are based on Albemarle's ability to monitor and track specific data requirements. Limitations or data not included are clearly indicated in the specific sections of the report.

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

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

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

Bases and techniques of specific calculations will be identified in section specific to indicators

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

Not applicable as no previous reports filed

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

Not applicable for reporting parameters.

Albemarle G3 Report - 2008

3.12 GRI Content Index

Page Number	Index – Global Reporting Indicators
2	GRI Application Level
3	1.1 Statement from CEO/Management
4	1.2 Description of key impacts, risks, and opportunities
17	2.0 Organizational Profile
17	2.1 Name of Organization
17	2.2 Primary Brands, Products, and/or Services
21	2.3 Operational structure of the organization and major division, operating companies, subsidiaries and joint ventures
21	2.4 Location of Organization's Headquarters
21	2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report
24	2.6 Nature of Ownership and Legal Form
24	2.7 Markets Served
24	2.8 Scale of Organization
25	2.9 Significant changes during the reporting period regarding size, structure, or ownership
26	2.10 Awards received in the reporting period
26	3.0 Report Parameters
26	3.1 Reporting Period
26	3.2 Date of most recent report
26	3.3 Reporting cycle
26	3.4 Contact point for questions regarding the report or contents
26	3.5 Process for defining report content, including the process for determining the materiality and prioritization of issues within the report, the identification of stakeholders that the organization expects to use the report
27	3.6 Boundary of the report (countries/regions, division/facilities/joint ventures/subsidiaries)
27	3.7 State any specific limitations on the scope or boundary of the report
27	3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations
27	3.9 Data measurements techniques and bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report
27	3.10 Explanation of the nature and affect of any restatements in information provided in previous reports and reasons for restatement(s)
27	3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report
28	3.12 GRI Content Index

Albemarle G3 Report - 2008

Page Number	Index – Global Reporting Indicators
33	3.13 Policy and current practice with regard to seeking independent assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any independent assurance provided as well as nature of the relationship with the assurance provider.
33	4.0 Governance, Commitments and Engagement
33	4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks such as setting strategy or oversight of the organization
37	4.2 Indicate if the Chair of the highest governance body is also an executive officer (what function and reasons for arrangement)
37	4.3 For organization that have a unitary board structure, state the number of members of the highest governance body that are independent and /or non-executive members
38	4.4 Mechanism for shareholders and employees to provide recommendation or direction to the highest governance body
38	4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements) and the organizations performance (including social and environmental performance)
41	4.6 Process in place for the highest governance body to ensure conflicts of interest are avoided
41	4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organizations strategy on issues related to economic, environmental and social performance.
42	4.8 Internally developed mission and values statements, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation
53	4.9 Procedures of the highest governance body for overseeing the organizations identification and management of economic, environmental and social performance including, the identification and management of relevant risks and opportunities and adherence or compliance with internationally agreed standards, codes of conduct and principles
54	4.10 Processes for evaluating the highest governance body performance, particularly with respect to economic, environmental and social performance
54	4.11 Explanation of whether and how the precautionary approach of principles is addressed by the organization
54	4.12 Externally developed, voluntary economic, environmental and social charters, sets of principles, or other initiatives to which the organization subscribes or which it endorses
54	4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations
62	4.14 List of stakeholder groups engaged by the organization

Albemarle G3 Report - 2008

Page Number	Index – Global Reporting Indicators
62	4.15 Basis for identification and selection of stakeholders with whom to engage
62	4.16 Approaches to stakeholder engagement including frequency of engagement by type and stakeholder group
62	4.17 Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting
64	Economic Performance Indicators – Management Approach
65	EC1 – Direct economic value generated and distribute, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.
65	EC2 - Financial Implications and other risks and opportunities for the organization’s activities due to climate change
66	EC3 -Coverage of organizations defined benefit plan obligations
66	EC4 –Significant financial assistance received from government
67	EC5 –Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation
67	EC6 –Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation
69	EC7 -Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation
70	EC8 – Development and impact of infrastructure, investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement
77	Environmental Performance Indicators – Management Approach
78	EN1 Materials used by weight or volume (Core)
78	EN2 Percentage of materials used that are recycled input materials (Core)
79	EN3 Direct energy consumption by primary energy source (Core)
79	EN4 Indirect energy consumption by primary source (Core)
80	EN5 Energy saved due to conservation and efficiency improvements (Additional)
81	EN8 Total water withdrawal by source (Core)
81	EN9 Water sources significantly affected by withdrawal of water (Additional)
82	EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (Core)
83	EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas (Core)
83	EN13 Habitats protected or restored (Additional)
84	EN14 Strategies, current actions, and future plans for managing impacts on biodiversity (Additional)

Albemarle G3 Report - 2008

Page Number	Index – Global Reporting Indicators
84	EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk (Additional)
85	EN16 Total direct and indirect greenhouse gas emissions by weight (Core)
85	EN17 Other relevant indirect greenhouse gas emissions by weight (Core)
86	EN19 Emissions of ozone-depleting substances by weight (Core)
87	EN20 NO _x , SO _x , and other significant air emissions by type and weight (Core)
88	EN21 Total water discharge by quality and destination (Core)
89	EN22 Total weight of waste by type and disposal method (Core)
90	EN23 Total number and volume of significant spills (Core)
90	EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation (Core)
92	EN27 Percentage of products sold and their packaging materials that are reclaimed by category (Core)
92	EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations (Core)
92	EN29 Significant environmental impacts of transporting products and other goods and materials used for the organizations operations and transporting members of the workforce (Additional)
93	EN30 Total environmental protection expenditures and investments by type (Additional)
94	Labor Practices and Decent Work – Management Approach
95	LA1 Breakdown of total workforce by employment type and by region
95	LA2 Total number and rate of employee turnover broken down by age group and gender
95	LA3 Minimum benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations
97	LA4 Percentage of employees represented by independent trade union organizations or covered by collective bargaining agreements
98	LA5 Minimum notice periods regarding operational changes, including whether it is specified in collective agreements
99	LA6 Percentage of workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs
99	LA7 Rates of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities
100	LA8 Education, training, counseling, prevention and risk-control programs in place for assisting workforce members, families, or community members affected by serious communicable diseases
101	LA10 Average hours of training per year per employee (broken down by employee category)

Albemarle G3 Report - 2008

Page Number	Index – Global Reporting Indicators
102	LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity
102	LA 14 Ratio of basic salary of men to women by employee category.
103	Human Rights – Management Approach
104	HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening
104	HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken
104	HR4 Total number of incidents of discrimination and actions taken
104	HR5 Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor
104	HR6 Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor
104	HR7 Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor
105	Social Performance Indicators – Society
106	SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.
106	SO2 Extent of training and risk analysis to prevent corruption
106	SO3 Percentage of employees trained in organization’s anti-corruption policies and procedures
106	SO4 Actions taken in response to instances of corruption
106	SO5 Public Policy positions and participation in public policy development and lobbying
107	SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country
107	S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations
108	Social Performance Indicators – Product Responsibility
110	PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures
111	PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes
111	PR3 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction
112	PR4 Number and type of instances on non-compliance with regulations concerning product and service information and labeling
112	PR5 Procedures related to customer satisfaction, including results measuring customer satisfaction

Albemarle G3 Report - 2008

Page Number	Index – Global Reporting Indicators
112	PR6 Procedures and programs for adherence to laws and standards, and voluntary codes related to marketing communications including advertising, promotion and sponsorship
112	PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

Assurance

3.13 Policy and current practice with regard to seeking independent assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any independent assurance provided as well as nature of the relationship with the assurance provider.

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

4.0 Governance, Commitments and Engagement

Governance

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

I. Board of Directors

The Directors of Albemarle Corporation are elected by its shareholders to oversee Management and to act in the best interests of the Company and its shareholders.

II. Ethical Business Principles

- Integrity and ethical behavior are core values of the Company. The Company's Board of Directors, officers and employees will reflect such principles in the conduct of the Company's business. The Board is responsible to provide the best example of these values and should reinforce their importance at appropriate times.
- The Corporate Governance and Social Responsibility Committee shall periodically review the Company's Code of Conduct, including related policies. The Committee shall have Management confirm periodically that the Code of Conduct, and related policies, are fully understood and implemented.

III. Board Composition

- Given the current size of the Company and the nature of its business, a Board consisting of 7 to 12 members is appropriate.
- A majority of the Directors shall be independent. In order for a Director to be considered independent by the Board, he or she must (i) be free of any relationship that, applying the

Albemarle G3 Report - 2008

rules of the New York Stock Exchange, would preclude a finding of independence and (ii) not have material relationship (either directly or as a partner, shareholder or officer of an organization) with the Company or any of its affiliates or any executive officer of the Company or any of its affiliates. In evaluating the materiality of any such relationship, the Board of Directors shall take into consideration whether disclosure of the relationship would be required by the proxy rules under the Securities Exchange Act of 1934, as amended. If such disclosure is required, the Board of Directors must make a determination that the relationship is not material as a prerequisite to finding that the Director is independent.

- Diversity of backgrounds and expertise should be emphasized. Whether a Director is qualified to serve depends in part on the backgrounds of the other Directors, so that the Directors as a whole have an appropriate mix of backgrounds and breadth of experience.
- The Director must fit into the corporate culture to maintain the professionalism, collegiality and effectiveness of the Board and Committees.
- Directors must have the ability to understand financial reports, including balance sheets, income statements, statements of cash flow, and the various methods of measuring return on investments. At least three of the Directors shall meet the New York Stock Exchange financial and accounting experience requirements and the heightened independence standards of the Securities and Exchange Commission (“SEC”). At least one Director shall have sufficient financial experience to qualify as the “audit committee financial expert,” as defined by the SEC.
- Whether an individual has sufficient time to serve diligently is an important consideration in the selection of a nominee for the Board. The Corporate Governance and Social Responsibility Committee will review each individual’s commitments to other boards and organizations and discuss with the nominee or existing Board member any concerns regarding such commitments. In any event, no Director shall serve as a director of more than four other public companies.
- The Corporate Governance and Social Responsibility Committee may retain a third-party search firm to assist in the identification of possible candidates for election to the Board of Directors.
- The Corporate Governance and Social Responsibility Committee will evaluate all candidates for election to the Board of Directors, regardless of the source from which the candidate was first identified, based upon the totality of the merits of each candidate, and not based solely upon minimum qualifications or attributes.
- When a Director no longer holds the principal position that he or she held when first elected to the Board of Directors, he or she shall tender a letter of resignation to the Chairman, who will discuss the change with the Corporate Governance and Social Responsibility Committee. The Corporate Governance and Social Responsibility Committee will make a recommendation to the Board of Directors regarding the Director’s continued service on the Board.
- While the Company does not have a formal retirement policy, the Corporate Governance and Social Responsibility Committee will review the desirability of the continuing service of each Director no less often than every three years.

IV. Board Meetings

Albemarle G3 Report - 2008

- Directors are expected to attend all meetings, including the Company's annual meeting of shareholders. The Chairman will discuss attendance with any member whose attendance falls below 75% to determine if excessive time conflicts are likely to continue, and whether the member should continue to serve on the Board.
- The Non-Management Directors shall meet as a group in executive session at least twice a year. At these sessions, the Chair shall be the current chair of the Corporate Governance and Social Responsibility Committee. The Chair is expected to report to the Chairman any concerns, requests for changes in the Board meetings, or suggestions for future topics of discussion.
- An agenda shall be distributed before each meeting of the Board of Directors with the opportunity provided for each Director to request additions to the agenda.
- Meeting materials will be delivered to each Director in sufficient time in advance of each regular meeting of the Board of Directors to permit a thorough review.

V. Responsibilities of the Board of Directors and Committees

The Board of Directors and Committees of the Board shall:

- Approve major corporate decisions and oversee, develop and implement Board policies.
- Periodically review the Company's legal compliance programs and procedures.
- Monitor and assess performance and ask appropriate questions of Management to address accountability with established goals.
- Stay well informed regarding the Company's businesses; Management is responsible for providing accurate information to Board members.
- Be a partner with the Chief Executive Officer on strategic issues by advising and consulting.
- Be willing to be proactive in crisis situations.
- Review and approve major capital allocation recommendations of Management.
- Monitor financial statements through the Audit Committee.
- Assume responsibility for the selection, evaluation, retention and succession of the Chief Executive Officer.
- Establish proper governance, which includes a periodic review of the Corporate Governance Guidelines by the Corporate Governance and Social Responsibility Committee, the consideration by such Committee of other corporate governance issues and related matters, and any resulting recommendation by such Committee as to the governance issues that should be addressed by the Board of Directors.
- Recruit effective new members; recruiting efforts to be led by the Chairman and the Corporate Governance and Social Responsibility Committee.
- The Board shall have seven standing committees: Audit, Executive, Executive Compensation, Corporate Governance and Social Responsibility, Health Safety and Environment, Employee Relations and Benefit Plans Investment. The responsibilities of the Executive Committee are set forth in the Bylaws; the responsibilities of the other six committees are set forth in the Bylaws and/or in their respective charters.

VI. Director Compensation and Ownership of Capital Stock

- Non-employee directors currently receive reasonable compensation in the form of an annual Director Fee and, if applicable, a Committee Fee and a Chair Fee, each paid

Albemarle G3 Report - 2008

quarterly. All elements of compensation and the relative mix of the elements shall be recommended by the Corporate Governance and Social Responsibility Committee and approved at least annually by the Board of Directors. Board members are expected to comply with the Company's stock ownership guidelines.

VII. Director Orientation

- The Chairman of the Board shall have responsibility for conducting an orientation for new Directors.
- The Company shall provide periodic opportunities for Director continuing education.

VIII. Board Contacts and Access

- Board members have free access to the Company's Management at all times through telephonic, electronic and written means of communication. Directors are expected to consider whether the results of any contact with a member of Management other than the Chief Executive Officer should be reported to the Chief Executive Officer.
- Dealings with the press and with investors generally shall be the sole province of the Chief Executive Officer and his designees. From time to time the Chief Executive Officer may request Director participation.
- Board members may retain independent advisors, from time to time, as appropriate and necessary.

IX. Board Performance Review

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

X. Chief Executive Officer Performance Review

- Board members or the Chairman of the Board shall provide for regular oral communication to the Chief Executive Officer regarding concerns, suggestions, needs and expectations; written communication will be provided to the Chief Executive Officer upon the request of the Board.
- The Executive Compensation Committee shall provide an annual review of the Chief Executive Officer's performance.

XI. Chief Executive Officer Succession

- The Chief Executive Officer succession planning process shall include a regular Board review. Any review of possible internal candidates should include:
 - Readiness and potential
 - Demonstrated skills and competencies
 - Needed experience and training to fill gaps
 - Plan for adequate exposure to Board of Directors

Albemarle G3 Report - 2008

XII. Shareholder Access to Directors

- Shareholders may communicate with the Board of Directors by sending written correspondence to the Chairman of the Corporate Governance and Social Responsibility Committee at the Company's headquarters in Baton Rouge, Louisiana and by email at governance@albemarle.com. Financial and accounting matters may also be sent directly to the Audit Committee at audit_chair@albemarle.com.

The Chairman of the Corporate Governance and Social Responsibility Committee and his or her duly authorized agents shall be responsible for collecting and organizing shareholder communications. Absent a conflict of interest, the Chairman of the Corporate Governance and Social Responsibility Committee is responsible for evaluating the materiality of each shareholder communication and determining whether further distribution is appropriate, and, if so, whether to (i) the full Board, (ii) one or more Committee members, (iii) one or more Board members and/or (iv) other individuals or entities.

4.2 Indicate if the Chair of the highest governance body is also an executive officer (what function and reasons for arrangement)

Mark C. Rohr is Albemarle's Chairman of the Board and Chief Executive Officer.

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

Albemarle's Board of Directors is elected by its shareholders to oversee management and to act in the best interests of the Company and its shareholders. Integrity and ethical behavior are core values of Albemarle. The Company's Board of Directors, officers and employees reflect these principles in their conduct of the Company's business. The Board is responsible to provide the best example of these values and should reinforce their importance at appropriate times.

Mark C. Rohr

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

J. Alfred Broaddus, Jr. (Independent)

Retired President
Federal Reserve Bank of Richmond
Richmond, Virginia

R. William Ide, II (Independent)

Partner
McKenna, Long & Aldridge
Atlanta, Georgia

Albemarle G3 Report - 2008

Richard L. Morrill (Independent)

Chancellor
University of Richmond
Richmond, Virginia

John Sherman, Jr. (Independent)

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

Charles E. Stewart (Independent)

Retired Executive Vice President
Occidental Chemical Corporation
Greensboro, Georgia

Harriett Tee Taggart (Independent)

Retired Senior Vice President
Wellington Management LLC
Cambridge, Massachusetts

Anne Marie Whittemore (Independent)

Partner
McGuireWoods LLP
Richmond, Virginia

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

Shareholder Access to Directors

Shareholders and employees may communicate with the Board of Directors by sending written correspondence to the Chairman of the Corporate Governance and Social Responsibility Committee at the Company's headquarters in Baton Rouge, Louisiana and by email at governance@albemarle.com. Financial and accounting matters may also be sent directly to the Audit Committee at audit_chair@albemarle.com.

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

Director Compensation and Ownership of Capital Stock

Non-employee directors currently receive reasonable compensation in the form of an annual Director Fee and, if applicable, a Committee Fee and a Chair Fee, each paid quarterly. All

Albemarle G3 Report - 2008

elements of compensation and the relative mix of the elements shall be recommended by the Corporate Governance and Social Responsibility Committee and approved at least annually by the Board of Directors. Board members are expected to comply with the Company's stock ownership guidelines.

Executive Compensation Committee

The Executive Compensation Committee of the Company shall consist of not less than three members of the Board of Directors. On recommendation of the Corporate Governance and Social Responsibility Committee, the Board of Directors shall appoint the members of the Committee and shall designate the Chairman of the Committee. Each member must satisfy the independence requirements of the New York Stock Exchange ("NYSE") within the time requirements established by the NYSE. The Board of Directors may replace any member of the Committee.

The Committee's primary responsibility is to develop and oversee the implementation of the Company's philosophy with respect to Management compensation. The Committee shall have the overall responsibility for approving and evaluating the compensation plans for executives, including associated policies and programs, on behalf of the Board of Directors. The Committee reports to the Board of Directors on all matters within the Committee's responsibilities.

The Committee shall meet at such times as it determines to be appropriate or at the call of the Chairman of the Committee. It shall have at least two meetings each year.

In carrying out its responsibilities:

1. The Committee shall have responsibility for developing and maintaining a compensation policy that creates an appropriate relationship between pay levels and corporate performance and returns to shareholders. The Committee shall monitor the results of such policy to assure that the compensation payable to the Company's elected corporate officers provides overall competitive pay levels, creates proper incentives to enhance shareholder value, rewards superior performance, and is justified by the returns available to shareholders.
2. The Committee shall have responsibility for recommending to the Board of Directors for approval, compensation and benefit plans, which may include amendments to existing plans, cash- and equity-based incentive compensation plans, and non-qualified deferred compensation and retirement plans.
3. The Committee shall review and approve annually corporate and personal goals and objectives to serve as the basis for the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and set and report to the Board of Directors the Chief Executive Officer's compensation based on that evaluation.
4. The Committee shall review and set the compensation for the other members of the Executive Committee.

Albemarle G3 Report - 2008

5. The Committee shall review and approve the annual compensation for elected corporate officers (other than the Executive Committee members), as recommended by the Chief Executive Officer.
6. In establishing the compensation to be paid or provided to executive officers, the Committee shall utilize where it deems appropriate comparative data regarding compensation practices. The Committee may retain one or more compensation consultants or other advisors to assist the Committee with these duties. The Committee shall have authority to approve the fees and other retention terms of any such consultant or advisor.
7. The Committee shall administer, except as otherwise delegated pursuant to the terms of such plan(s), the Company's shareholder approved incentive plan(s), including approval of grants of stock options, restricted stock, performance units, stock appreciation rights, and other equity-based incentives to the extent provided under that plan.
8. The Committee shall review and discuss with the Company's management the Compensation Discussion and Analysis required by the Securities and Exchange Committee (CD&A). The Committee shall determine, based on such review and discussions, whether it is going to recommend to the Board of Directors of the Company that the CD&A in the form prepared by management be included in the Company's annual report or proxy statement for the annual meeting of shareholders.
9. The Committee shall provide, over the names of the Committee members, the required Committee report for the Company's proxy statement for the annual meeting of shareholders. This Committee report shall state whether (i) the Committee reviewed and discussed with the Company's management the CD&A, and (ii) based on such review and discussion, the Committee recommended to the Board of Directors that the CD&A be included in the Company's annual report or proxy statement for the annual meeting of shareholders.
10. The Committee shall have available to it such support personnel, including Management, outside auditors, attorneys and consultants as it deems necessary to discharge its responsibilities.
11. The Committee shall consider the application of Section 162(m) of the Internal Revenue Code to the Company and its compensation practices and develop a policy for the Company with respect to Section 162(m).
12. The Committee shall keep minutes of its proceedings. At the next regular Board meeting following any Committee meeting, the Chairman of the Committee shall report to the Board of Directors on behalf of the Committee.

Albemarle G3 Report - 2008

13. The Chairman of the Committee shall discuss the Committee's performance with each member of the Committee, following which discussions the Chairman shall lead the Committee in an annual evaluation of its performance. The annual evaluation shall include a review of the Committee's charter.
14. The Committee shall cause to be provided to the NYSE appropriate written confirmation of any of the foregoing matters as the NYSE may from time to time require.

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

The Chairman of the Corporate Governance and Social Responsibility Committee and his or her duly authorized agents shall be responsible for collecting and organizing shareholder communications. Absent a conflict of interest, the Chairman of the Corporate Governance and Social Responsibility Committee is responsible for evaluating the materiality of each shareholder communication and determining whether further distribution is appropriate, and, if so, whether to (i) the full Board, (ii) one or more Committee members, (iii) one or more Board members and/or (iv) other individuals or entities.

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

The Corporate Governance and Social Responsibility Committee

The primary purposes and responsibilities of the Corporate Governance and Social Responsibility Committee ("Committee") of the Board of Directors of the Company are (i) to identify individuals qualified to become directors, consistent with criteria approved by the Board and set forth in the corporate governance guidelines, and to recommend to the Board the selection of the director nominees for the next annual meeting of shareholders; (ii) to recommend to the Board the individual directors to serve on the committees of the Board, (iii) to insure the highest of ethical and legal standards governing the Company's conduct, including the oversight of its ethics and governance programs, (iv) to oversee the continuing education of directors, (v) annually to conduct evaluations of directors and (v) to address the enhancement of the Company's global reputation, its corporate social responsibility, and the stewardship and sustainability of its products.

The Committee shall be composed of no fewer than three directors. The composition of the Committee shall satisfy the independence requirements of the New York Stock Exchange ("NYSE").

The Committee shall:

- Develop criteria for consideration of candidates for the Board of Directors and outline such criteria in the corporate governance guidelines.

Albemarle G3 Report - 2008

- Identify and review candidates for the Board of Directors, including candidates nominated by shareholders pursuant to the Company's Bylaws.
- Recommend to the Board of Directors nominees for election as directors.
- Recommend to the Board of Directors the composition of the committees of the Board of Directors.
- Oversee the Company's corporate governance guidelines and make recommendations to the Board of Directors on governance and social responsibility issues.
- Oversee the adequacy of the Company's codes of conduct, conflicts of interest and related policies.
- Obtain confirmation from management that any code of conduct and related policies are understood and implemented.
- Oversee director training and continuing education.
- Lead the annual director self-evaluation process.
- Oversee the Company's philanthropic and political contributions.
- Oversee the Company's strategy, efforts and results on diversity.
- Oversee the Company's public policy and advocacy priorities and strategies.
- Review the Company's progress on sustainability.
- Consider emerging health, safety or environmental issues that could impact the Company and periodically report to the Board of Directors on such matters.
- Oversee the Company's committee structure and operations and the working relationship between each committee and the Board of Directors.
- Review annually the compensation and shareholding requirements for outside directors and recommend any changes to the Board of Directors.
- Consider, discuss and recommend ways to improve the effectiveness of the Board of Directors.
- Recommend to the Board of Directors, from time to time, nominees for appointment as officers to the Company.
- Report its activities regularly to the Board of Directors.
- Perform such other functions as may be requested by the Board of Directors.
- Consider input from Management in performing its obligations pursuant to this charter.

The Committee shall have authority to retain and terminate outside advisors to assist in the performance of its functions, with authority to agree to fees and other terms of engagement.

The Chairman of the Committee shall discuss the Committee's performance with each Committee member, following which discussions the Chairman shall lead the Committee in an annual review of its performance. The annual evaluation shall include a review of the Committee's charter.

The Committee shall cause to be provided to the NYSE appropriate written confirmation of any of the foregoing matters as the NYSE may from time to time require.

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

Mission and Value Statements: Implementation complete

Albemarle G3 Report - 2008

The Albemarle Principles

Our Mission is to be the best performing specialty chemical company by all metrics and standards through our principles of;

Integrity

Unwavering commitment to truth, candor and objectivity; It is imperative that we operate our business in a simple, clear, transparent and honest manner.

Stewardship

Uncompromising with regard to quality and safety; we will operate our plants and run our business in a way that respects the environment and protects the health and safety of our stakeholders.

Planning

Designing a sustainable future by taking initiative with our thoughts, words and capital to validate our future condition and vision.

Discipline

Targeting the achievement of perfection based on solid execution, built on learning, training and restraint.

Innovation

Challenging the status quo, think differently and drive creativity to solve the problems that drive value. Past success does not necessarily lead to future success. Our stakeholders are counting on us.

Customer Fulfillment

Meeting and exceeding our customers' expectations to solve problems and provide seamless supply of our products and services. The key to leadership in our strategic markets is customer service. Our front line people put a face on our business and have tremendous influence. If they are tenacious, aggressive and proactive, our leadership will continue. Leadership is earned and not tenured and must never be taken for granted.

Communication

Communicating openly, honestly, and frequently in an active two-way process, is essential to success. Our leadership will listen to our stakeholders in an environment where all of our stakeholders feel they will be heard without repercussion. Good communication means where the

Albemarle G3 Report - 2008

organization is going and how it plans to get there. In this manner, we can align our team to achieve our objectives.

Teamwork

Manifesting great teamwork through hard work, high energy, enthusiasm and innovation. Positive mental attitude and trust make teamwork sustainable. Our business will thrive led by people, who truly enjoy what they do, who are excited by the challenges and energized by the possibilities.

Corporate Code of Conduct: Implementation complete February 2004

INTRODUCTION

Albemarle Corporation, including each of its subsidiaries and affiliates, is committed to achieving the highest standards of legal, honest and ethical conduct for itself and its directors, officers, employees and others who operate on behalf of the Company (collectively, "Personnel"). Consistent with the Company's values, adherence to these standards is essential. It is the conduct of Personnel, individually and collectively, that affects the Company's reputation in its various communities, public confidence in the integrity of the Company, and the direct financial interests of the Company, all of which are fundamental to its continued success. Beyond the strict legal requirements, all Personnel are expected to observe high standards of business and personal ethics in the discharge of their responsibilities for the Company. It is the personal responsibility of all Personnel to acquaint themselves with the legal and policy standards applicable to their assigned duties and responsibilities, and to conduct themselves accordingly.

Because of recent changes in legal requirements and increasingly complex ethical questions facing all Personnel, the Company has formalized its existing corporate compliance policies by developing this Code of Conduct (the "Code"), which sets forth appropriate ethical and legal principles by which all Personnel are expected to abide. The Code is intended to supplement existing policies. The Code and related policies are available on the Company's intranet website Albemarle Today.

Who Is Covered

The Code applies to all Personnel, who should be thoroughly familiar with the Code and Company policies. New Personnel will be given copies of the Code to review upon commencing employment.

Organization and Implementation

Albemarle G3 Report - 2008

The Chief Executive Officer of the Company is principally responsible for ensuring compliance with the Code and applicable laws throughout the Company. Reporting to the Chief Executive Officer is the Corporate Compliance Officer, who is responsible for coordinating the efforts of all persons involved in the enforcement of the Code and related policies and laws. The Corporate Compliance Officer is the General Counsel of the Company.

All Personnel are required to read and become familiar with the Code and the Company's policies. Unless otherwise prohibited by applicable law, all officers and certain other Personnel, as determined by the Corporate Compliance Officer from time to time, shall sign the Certification on an annual basis. By signing the certification, each individual is certifying that he or she has conducted the Company's business in compliance with the Code, related policies and applicable law and has reported any known conduct by any Personnel in violation of the Code, related policies or applicable law.

Because all Personnel are required to make a serious commitment to comply with the Code, related policies and applicable law, the Company will periodically conduct programs that provide employees with information needed to fulfill their duties and to comply. These programs may consist of additional written policies, informational handouts and memoranda or, when appropriate, training seminars in selected areas.

II. CODE REQUIREMENTS

A. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

The Company competes in local and global markets. The Company recognizes that at times Personnel will encounter laws and customs in international markets that vary from those in the United States. Obeying the law, both in letter and spirit, is the foundation on which the Company's ethical standards are built. All Personnel must respect and obey the laws, rules and regulations of the municipalities, states and countries in which the Company operates. The laws governing the Company's activities are complex, and at times they may be difficult for Personnel to interpret. Nonetheless, difficulties in interpreting the law do not excuse Personnel from the obligation to comply fully. Although not all Personnel are expected to know the details of every law, it is important to know enough to determine when to seek advice from a supervisor or the Corporate Compliance Officer, so as to comply fully.

B. CONFLICTS OF INTEREST AND CORPORATE OPPORTUNITIES

All Personnel must recognize and avoid any situation that involves an actual or apparent conflict of interest between personal and professional relationships. A conflict of interest exists when an individual has a direct or indirect personal interest in a transaction or situation that affects or appears to affect his or her judgment and divides his or her loyalties between two or more competing interests. Such situations are not always easy to avoid. When a conflict of interest arises, it is important to act with great care to avoid even the appearance that actions are not in the best interest of the Company.

Albemarle G3 Report - 2008

Personnel who find themselves in a position where their objectivity may be questioned because of individual interest or family or personal relationships must notify their supervisor immediately and, if appropriate, the Corporate Compliance Officer.

Personnel are prohibited from personally taking for themselves opportunities that are discovered through the use of Company property, information or position without the consent of the Chief Executive Officer or, with respect to directors or officers, the Board. Personnel may not use Company property, information, or position for improper personal gain or compete with the Company directly or indirectly. In addition, each employee must sign an agreement requiring him or her to disclose and assign to the Company all inventions and discoveries conceived by him or her during his or her employment and providing that such inventions or discoveries shall become the absolute property of the Company.

C. BUSINESS ENTERTAINMENT AND POLITICAL CONTRIBUTIONS

Personnel may not make any gift, payment or loan, or grant any unreasonable favor, to any present or potential customer, supplier, or any U.S. or foreign government officer or agent on behalf of the Company, particularly where the purpose is to influence his business judgment or induce him to compromise his duties. Personnel are also not permitted to accept from such persons or entities any similar gifts, payments, loans or favors. This prohibition does not include favors or gifts permitted under applicable law of tangible property of modest value not exceeding customary standards of ethical business conduct, nor does it include reasonable entertainment for business purposes consistent with customary business practices permitted under applicable law. If you have any questions about the appropriateness of giving or accepting a gift or invitation, you should consult your supervisor or the Corporate Compliance Officer.

The Company supports employee involvement in the political process, including individual activities supporting a party, candidate or political issue (on the employee's personal time and without using Company resources, unless authorized by the Chief Executive Officer). In addition, the Company supports involvement by eligible employees with the Company's political action committee, Albemarle Corporation Political Action Committee. Albemarle Corporation Political Action Committee is the only permissible source for funding U.S. political contributions made on behalf of the Company. Personnel may not promise or make any contribution, directly or indirectly, on behalf of the Company to any political party, candidate or political issue.

D. PROHIBITION AGAINST USE OF CONFIDENTIAL "INSIDE" INFORMATION

Personnel are not permitted to divulge confidential information pertaining to the Company (e.g., information relating to acquisitions, dispositions, business plans, earnings, financial or business forecasts, or competitive information) to any individual inside or outside of the Company who does not have a direct Company-related need to know such information. In addition, Personnel may not seek to obtain any confidential information of customers, suppliers or competitors in an illegal or unethical manner. This requirement not only relates to transactions with respect to stock and other securities but also to any situation where undisclosed information may be used as the basis for inequitable bargaining with an outsider. The obligation to preserve confidential information continues even after employment ends.

Albemarle G3 Report - 2008

Personnel and their family members are prohibited from purchasing or selling Company stock or other securities, or securities of any other publicly traded company or from recommending such purchase or sale to other persons, on the basis of material, non-public information. Information is material if it is important enough to affect a reasonable person's decision to buy, sell or hold securities, and is non-public if it has not been the subject of a Company news release or disclosed on the Company's website.

E. PROTECTION AND PROPER USE OF COMPANY'S AND OTHERS' ASSETS

Protecting the Company's Assets

Personnel are expected to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability and will not be tolerated. All Company assets should be used for legitimate business purposes. Use of the internet, intranet, electronic mail, computer and communications systems will be in support of and to advance the Company's business success, at all times, in accordance with the Company's policies.

The obligation of Personnel to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this material is a violation of Company policy. It could also be illegal and result in civil or criminal penalties.

Protecting Others' Assets, Information and Technology

The Company and its Personnel must also respect the proprietary information and confidential information of other parties. The unauthorized duplication of copyrighted material, including copyrighted computer software, is a violation of copyright laws and is strictly prohibited.

Similarly, it is a violation of the Code and, in many cases, local or federal law, to use a computer to gain unauthorized access to computer systems with the intent either of (1) obtaining trade secrets or other confidential information, (2) destroying, impairing or otherwise injecting a "virus" into the other system, or (3) committing any other type of computer fraud or theft. Personnel are required to conduct their use of the internet and the Company's computer and communications systems in accordance with the Code and all applicable Company policies.

F. MAINTAINING ACCURATE BOOKS AND RECORDS

Records must be retained or destroyed in accordance with the Company's records retention policy.

All assets, liabilities, revenues and expenses of the Company must be properly recorded in appropriate Company books and records. False or fictitious entries may not be made in, and no

Albemarle G3 Report - 2008

information that should be recorded shall be omitted from the books and records of the Company for any reason. All entries in the books and records of the Company must properly reflect the nature of the transactions in compliance with applicable accounting rules and the Company's system of internal controls. All reports and documents submitted or furnished to or filed with the Securities and Exchange Commission and all public communications made by the Company must strive to include full, fair, accurate, timely and understandable disclosure.

G. FAIR COMPETITION

The Company's goal is to outperform its competition fairly and honestly. It seeks competitive advantage through superior performance, never through unethical or illegal business practices and is committed to dealing fairly with its customers, suppliers and competitors.

The Company is subject not only to U.S. antitrust laws but also to certain international competition laws. Antitrust and competition laws are intended to eliminate unreasonable restraints of trade, monopolization, price discrimination and unfair trade practices, and thus foster a marketplace in which companies compete fairly and evenly. Violation of these laws can occur if Personnel (1) have communications or agreements with competitors on prices, terms, sales policies or customer selection or classification (except for usual credit information) or (2) attempt to suggest or agree with a competitor, supplier or customer on how he or she should deal with others.

The consequences of violating the antitrust or competition laws can be quite severe to Personnel as well as to the Company. Personnel are expected to become familiar with these laws, as well as related Company policies and compliance programs, and to adhere strictly to them. In the event any proposed business practice on behalf of the Company presents a possible question under antitrust or competition laws, Personnel are to consult with the Corporate Compliance Officer so as to assure compliance with these laws and applicable Company policies and compliance programs.

Information About Competitors

The Company will not engage in illegal or improper acts to acquire a competitor's trade secrets, customer lists, financial data, information about facilities, technical developments or operations. In addition, the Company will not hire competitors' employees for the purpose of obtaining confidential information or urge competitors' personnel or customers to disclose confidential information.

H. DOING BUSINESS GLOBALLY

Certain U.S. trade laws and local laws apply to the Company's international work. Three of these laws that do apply are discussed in this section. It is the Company's policy that all international business be conducted in compliance with these and other applicable laws.

Antiboycott Laws

Albemarle G3 Report - 2008

The U.S. antiboycott laws prohibit the Company from complying with or supporting a country's boycott of another country that is "friendly" to the United States.

An illegal boycott request can be made in such documents as bid invitations, purchase contracts or letters of credit, or orally in connection with a transaction. Such a request might even take the form of a contractual provision, which simply requires compliance with a country's law that includes an obligation to engage in a prohibited boycott. Even when a company refuses to comply with a prohibited boycott, U.S. law requires companies to report promptly to the U.S. government any request the company receives to furnish information regarding a boycott.

Export Control Laws

It is the Company's policy to comply faithfully with the export and import regulations of the countries in which we operate. Every country in which we operate maintains a complex set of regulations that regulate and limit the Company's ability to export goods and technology. Additionally, the United States government promulgates regulations that control the export of goods to specific sanctioned countries and/or restrict the export of certain goods or technology. All of these various export regulations are designed to protect the domestic economy, to address national security concerns and/or to advance foreign policy goals.

Often, violations of these regulations arise from a lack of oversight, especially with respect to routine transactions, such as with affiliated companies located abroad. Personnel should be aware, however, that even transactions with affiliates can violate the regulations.

Foreign Corrupt Practices Act

The U.S. Foreign Corrupt Practices Act (FCPA) prohibits the offer or payment of money or anything of value to an official of a foreign country or public international organization, foreign political party or official thereof, or any candidate for political office of a foreign country (collectively, "foreign official") with the intent or purpose of inducing the official to use his or her influence to affect a government act or decision in order to obtain, retain or direct any business or obtain any other improper advantage. The prohibition applies to both the offers and payments made directly by the Company, and to those made through intermediaries, such as partners, agents, consultants, and family members. Directors, officers and employees of government-owned companies, and members of royal families may be considered to be foreign officials subject to these restrictions. Prohibited offers or payments can include entertainment and gifts, as well as money.

Violation of any of these laws may result in severe criminal penalties for the Company and the individual, including imprisonment, as well as disciplinary action by the Company. The rules governing the Company's obligations under these laws are complex, and the penalties for violating them are severe. Therefore, in all cases, you should consult with the Corporate Compliance Officer when such issues related to international business arise.

I. ENVIRONMENT, HEALTH & SAFETY

Albemarle G3 Report - 2008

The Company values the health and safety of its employees, neighbors, customers and suppliers, as well as the environment of the communities in which they live and work. The Company's greatest obligation is to conduct its business in a manner such that injuries and adverse environmental events do not occur.

It is the responsibility of all Personnel to follow established practices and policies, adhere to the letter and the spirit of all laws and regulations, and avoid committing any unsafe acts that put them or co-workers at risk. These responsibilities include the accurate and proper completion of required paperwork (i.e., permits, logs, readings, etc.) for every task. Personnel should advise their supervisors or, if necessary, the Vice President, Health, Safety and Environment and the Corporate Compliance Officer, of any potential environmental or safety hazards, in order to permit prompt remediation.

J. EMPLOYMENT AND LABOR-RELATED PRACTICES

The Company believes that fostering a high quality, effective workforce is the unique determinant of sustained business success. Therefore all those in management roles are accountable to ensure the fair application of employee policies and employment practices. Further, all Personnel are encouraged to take personal responsibility to maximize their productivity, personal development and contributions to the success of the Company. The Company strives to provide an environment that values results of individuals and teams, while emphasizing respect for each other and effective communications. Personnel are expected to raise work place issues that represent a risk to the Company, violate the policies of the Company or threaten a successful work environment.

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

III. IMPLEMENTATION

Reporting Any Illegal or Unethical Behavior

The Company recognizes that it is sometimes difficult to delineate proper standards of ethical conduct. In such instances, an employee should not rely upon his or her own personal judgment, but should fully and openly discuss the matter with his or her supervisor. Company management may bring any further questions concerning the ethics or legality of a particular situation to the attention of the Chief Executive Officer or the Corporate Compliance Officer, who will, if necessary, consult with outside legal counsel for final determination. Within this framework, all Personnel are required to report without delay through normal reporting channels any violation of the Code and any unethical, dishonest or illegal conduct engaged in by themselves or by other Personnel. The identity of any person making such a report will be kept in strict confidence, or the report may be made on an anonymous basis.

Albemarle G3 Report - 2008

If after either (1) following normal reporting procedures, the reporting person does not believe that the matter has been addressed properly, or (2) the reporting person concludes that following those procedures would not be feasible, he or she should make reports of such activities by calling the Company's toll-free hotline at 1-866-520-7789, by sending an email to corporate_compliance@albemarle.com or by writing to the Corporate Compliance Officer, Albemarle Corporation, 451 Florida Street, Baton Rouge, LA 70801 USA.

All reports related to accounting, internal control over financial reporting or auditing matters or potential violations by members of the Board or officers will be referred to the Audit Committee. All other reports of potential violations will be handled by the Corporate Compliance Officer.

It is a serious violation of the Code, and under certain circumstances a violation of law, for any manager or supervisor of the Company to initiate or encourage reprisal against an employee or other person who in good faith reports a known or suspected violation of the Code or law.

In the extremely unlikely event that granting relief from any provision of the Code is in the best interests of the Company, any such modification or amendment of, or relief from, the Code for any director or officer (including the principal executive officer, principal financial officer, principal accounting officer, or controller, or persons performing similar functions) may only be made by the Corporate Governance and Social Responsibility Committee of the Board. Such modifications, amendments or relief will be promptly disclosed as required by law. Any questions concerning relief for Personnel not identified above must be referred to the Corporate Compliance Officer.

Penalties: Any violation of the Code will form the basis for appropriate disciplinary action, up to and including dismissal; it may also expose the offender to civil liability and criminal prosecution. No improper or illegal behavior will be justified by a claim that it was ordered by someone in higher authority. No one, regardless of position, is authorized to direct an employee to commit a wrongful act.

Auditors: The Company's internal and outside auditors are also responsible for promptly reporting any potentially significant violations of law or the Code to the Audit Committee or to appropriate corporate officers. Civil or criminal law enforcement authorities may also have to be notified in the event of violations of the law. Appropriate legal advice should be obtained, however, before any such notification is made.

Translation: Translations of the Code will be prepared, if necessary, to ensure that all employees are able to understand them completely.

Health, Safety, Environment Policy

I. Governance and Safety Stewardship

At Albemarle, we promote a strong safety culture and a heightened sense of awareness for upholding health, safety, security and environmental standards both on and off the job. We take personal responsibility for our own safety, as well as the safety of those around us, and we are committed to protecting the environment at our facilities, in our communities and throughout the supply chain. Working in a safe and environmentally responsible manner is an inherent part of

Albemarle G3 Report - 2008

our jobs and a condition of employment for every individual in Albemarle Corporation. We will not only comply with legal requirements and company policies and procedures but we will also promote a culture in which each employee is obligated to proactively ensure we meet this commitment. This includes empowering our employees to discontinue operations, when necessary, to uphold our HS&E standards and to correct the actions of others. To meet our stringent goals of maintaining an incident free, secure and health workplace where no adverse environmental impacts occur, no individual should undertake any task unless it can be done in a safe and environmentally responsible manner.

II. Corporate Citizenship

As responsible corporate citizens, we will extend our environmental health and safety philosophy beyond the workplace. Albemarle employees and contractors maintain a heightened sense of awareness on and off the job and proactively seek opportunities to advocate this philosophy in our neighborhoods, at work, in transit and at home. We are also committed to making a positive impact in our communities, and will continue to seek ways to support the cornerstones of sustainability, particularly in the areas of educations, health and social services, cultural initiatives and volunteerism.

III. Green Chemistry Principle and Environmental Responsibility

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

IV. People and Development

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

V. Financial Performance

Albemarle G3 Report - 2008

We fundamentally believe that doing the right thing in health, safety and environmental compliance not only benefits our employees, partners and communities but our wider stakeholder base as well. Investing in appropriate and strategic improvements at our facilities ensures rigorous compliance with HS&E policies and standards, improves operational efficiencies and fosters the continued stewardship of our health, safety and the environment. Incremental savings are never justified where there is potential risk to people, property and products. Therefore, we will continue to seek wise investments that promote improved processes while ensure positive health, safety, security and environmental impact for all of our constituents.

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

The Corporate Governance and Social Responsibility Committee assists the Board of Directors on all matters relating to the selection, qualification and compensation of members of the Board, as well as matters relating to the duties of the members of the Board. The Committee also assists the Board with oversight of corporate governance, including the enhancement of the Company's global reputation, its corporate social responsibility, and the stewardship and sustainability of its products.

Additionally, in 2008, the Board of Directors established the Health, Safety and Environment Committee.

The Health, Safety and Environment Committee of the Board of Directors

The Health, Safety and Environment Committee of the Board of Directors assists the Board of Directors in fulfilling its oversight responsibilities by assessing the effectiveness of the Company's health, safety and environment programs and initiatives.

The Committee shall review and oversee:

- Status of the Company's health, environmental, and personnel and process safety policies and performance, including activities designed to assure compliance with applicable laws and regulations.
- Emerging health, safety and environmental issues and the potential impact on the Company.
- Product stewardship practices and use of good science to manage product risks including the safe manufacture, distribution, use and disposal of products.
- Progress toward meeting long-term health, safety, and emissions targets.

The Committee shall consist of at least three directors. The Board of Directors will designate the Chairman. A majority of the members shall constitute a quorum of the Committee. Committee members shall continue to act until their successors are appointed by the Board and shall be subject to removal at any time by a majority of the Board. The Committee shall meet at least

Albemarle G3 Report - 2008

three times per year. The Committee shall annually review and revise the committee charter, conduct a self-evaluation, and recommend amendments as appropriate. The Committee shall report regularly to the Board on Committee findings, recommendations and any other matters the Committee deems appropriate or that the Board requests.

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

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

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

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

Whistleblower policy

RC14001

Sustainable Development Policy

- GRI
- Emissions Trading in EU
- Community involvement (Natural disaster relief as an example)
- Technology innovation
- “Fire Safety” company
- VECAP

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

ACC and Responsible Care[®]

VECAP[™]

ISO 9001, ISO 9002 and ISO 14001

RC14001

4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations

Albemarle G3 Report - 2008

Organization	Purpose	Albemarle Champion 2008
Corporate		
ACC – American Chemistry Council	Investing in the future through community outreach projects, and ground breaking research with a commitment to implement a set of goals and guidelines that go above and beyond federal regulation on health, safety, security and the environment.	Mark Rohr
ACSFE – Alliance of Consumer Fire Safety Europe	<ul style="list-style-type: none"> • Educate consumers as to the potential hazards of fire in the home, and highlight practical steps that can be taken to minimise such fire risk. • Raise awareness of fire safety in consumer products among manufacturers and decision makers. • Advocate effective fire prevention levels for consumer products such as upholstered furniture and television sets. • Advocate effective standards of fire safety in consumer services such as transportation, travel and accommodation. • Maintain an overview of the causes and effects of domestic fires, and promote the development of detailed and compatible fire statistics across Europe. 	Veronique Steukers
AEEC – Arkansas Electric Energy Consumers, Inc.	AEEC is a successful advocacy group looking out for the interests of members regarding energy matters. Due to AEEC’s involvement before state and federal agencies, members have saved millions of dollars in reduced energy supply and delivery costs. Through their expert staff, retained consultants, attorneys and active member leadership, AEEC provides unparalleled analysis, insight and active support to member companies concerned with electric prices and services in Arkansas.	Robert Villemarette

Albemarle G3 Report - 2008

AGC – Arkansas Gas Consumers, Inc.	AGC is a successful advocacy group looking out for the interests of members regarding energy matters. Due to AGC’s involvement before state and federal agencies, members have saved millions of dollars in reduced energy supply and delivery costs. Through their expert staff, retained consultants, attorneys and active member leadership, AGC provides unparalleled analysis, insight and active support to member companies concerned with gas prices and services in Arkansas.	Robert Villemarette
Alliance for Polyurethane Industry (API)	API promotes the sustainable growth of the polyurethane industry, in accordance with the principles of Responsible Care [®] , by identifying and managing issues that could impact the industry, in cooperation with user groups. Its members are U.S. producers or distributors of chemicals and equipment used to make polyurethane or are manufacturers	Steve LeVan
American Board of Industrial Hygiene (ABIH)	Professional organization working to improve the practice and educational standards of the industrial hygiene profession. It certifies qualified persons through training and experience in this profession.	Joe Sanders
American Chemical Society	Primary professional organization for chemists and related occupations	Various Individuals
American Industrial Hygiene Association (AIHA)	To promote the field of industrial hygiene. To provide education and training. To provide a forum for the exchange of ideas and information. To represent the interests of industrial hygienist and those they serve.	Joe Sanders
American Institute of Chemical Engineers	Technical and networking forum for chemical engineering	Various individuals
American Society of Materials (ASM)	ASM International benefits the materials community by providing scientific, engineering and technical knowledge, education, networking and professional development.	Ricardo Borges
American Society of Quality (ASQ)	ASQ advances learning, quality improvement, and knowledge exchange to improve business results, and to create better workplaces and communities worldwide.	Ricardo Borges
American Society of Mechanical Engineers (ASME)	ASME promotes the art, science & practice of mechanical & multidisciplinary engineering and allied sciences around the globe	Hardin Wells Jason Bitting

Albemarle G3 Report - 2008

<p>Association of Water Technologies (AWT)</p>	<p>A trade group of over 500 companies dedicated to the highest standards of performance in the water treatment industry. Serving member firms by providing business and professional education and resource support, and enable members' success by facilitating knowledge sharing among members. Assist water treatment firms to successfully compete in the industry by promoting activities that enhance a professional and profitable business environment.</p>	<p>Tina Craft</p>
<p>Board of Certified Safety Professionals (BCSP)</p>	<p>The Board of Certified Safety Professionals (BCSP) is recognized as the leader in high-quality credentialing for safety, health, and environmental practitioners in order to enhance the safety of people, property, and the environment. The Certified Safety Professional[®] (CSP[®]) certification is the premier credential for safety professionals.</p>	<p>Joe Sanders</p>
<p>BSEF – Bromine Science and Education Foundation</p>	<p>Global industry organization made up of the major bromine manufacturers and focused on issues of a technical nature such as bromine sustainability, testing, communication of science and risk strategies around products, product safety, management of industry's global VECAP process, development and deployment of expert science panel, and product specific working group activity as needed.</p>	<p>Ray Dawson</p>
<p>CEFIC European Chemical Industry CEFIC Board CEFIC Fine, Specialty and Consumer chemicals CEFIC Plastic Additives CEFIC Sector groups such as ECMA, EBFRIIP, EFRA, ELISANA</p>	<p>CEFIC is both the forum and the voice of the European chemical industry. It represents, directly or indirectly, more than 27,000 large, medium and small companies in Europe. These employ about 1.3 million people and account for nearly a third of world chemical production. CEFIC strives to ensure the development of a stimulating working environment, favorable to staff motivation.</p>	<p>Luc Van Muylem Veronique Steukers</p>
<p>ChemITC</p>	<p>ChemITC is a forum for companies in and associated with the American Chemistry Council (ACC) to address common IT issues that impact the ability of chemical companies to safely, securely and effectively deliver products and services essential to society.</p>	<p>Mary Kay Devillier</p>

Albemarle G3 Report - 2008

Chemical Industries Association	The CIA is the UK's leading trade association for the chemical and chemistry-using industries, representing members both nationally and internationally. They work primarily for the benefit of members. They embrace a strong philosophy of advocacy, authority and action and focus priorities on addressing the issues that relate directly to members, their businesses and the chemical industry.	Kate Graham Philip Blakemore and various individuals in user groups
Citizens for Fire Safety	Citizens for Fire Safety seeks to educate the public on safe fire practices within the home, as well as empower those organizations charged with protecting the public's safety. The coalition supports the efforts of the nation's burn centers, hospitals and fire departments, as these institutions serve burn survivors with limited resources. Our coalition seeks to serve as a medium to connect fire safety supporters across the country and to provide information about fire safety issues to citizens, public officials and leaders from across the country.	Paul Sawyer
Cooling Technology Institute (CTI)	Advocate and promote the use of environmentally responsible Evaporative Heat Transfer Systems (EHTS), cooling towers, and cooling technology for the benefit of the public by encouraging education, research, standards development and verification, government relations, and technical information exchange.	Tina Craft
DCAT	The premier business development association for pharmaceutical, chemical, nutritional and other related industries	Ron Gardner
ECMA - European Catalyst Manufacturers Association	Represent the catalyst industry, develop guidelines to lessen the environmental impact of catalysts (managing spent catalysts), provide the industry an understanding of the regulatory impact of REACH for fresh, spent and regenerated catalysts.	Stephane Leclef
EFRA – European Flame Retardant Association	Objectives are to promote fire safety, to coordinate studies and research relating to FR chemicals, and to represent the FR industry	Veronique Steukers

Albemarle G3 Report - 2008

EPCA – European Petrochemical Association	EPCA is a service provider offering unique global networking opportunities to its members by organising meetings, seminars, think-tank meetings, workshops and scholarships. EPCA gives participants the opportunity to attend presentations on actual trends in business and the geo-economic environment. Top quality speakers with large experiences in the world of industry, business development and politics address the audience, questioning or challenging the ‘business as usual’ approaches.	Luc Muylem Van
European-American Business Council	The European-American Business Council is committed to fortifying EU-US economic integration, growth and competitiveness	Luc Muylem Van
European Oilfield Specialty Chemical Association	EOSCA represents almost all of the chemical manufacturers and chemical services companies involved in the supply and application of chemicals to Oil and Gas Operations in Europe	Luc Muylem Van
Freight Transport Association (FTA)	FTA is one of the largest trade associations in the UK representing the transport interests of some 12,000 companies. FTA members operate over 200,000 lorries and around one million light vans; they consign over 90 per cent of the freight moved by rail; and they are responsible for over 70 per cent of UK visible exports by sea and air.	Leigh Moss
High-Density Packaging Users Group (HDPUG)	The Mission of HDP User Group International Inc. is to reduce the costs and risks for the Electronics industries when utilizing electronic packaging. This is done by improving cooperation between system integrators, contract assembly manufacturers, and suppliers in the high-density packaging development and design process, using member resources, supplemented by a small staff. The activities are run in a domain where members can gain much more by joint activities rather than duplicating work in each member company.	Susan Landry
IAER – International Association of Electronics Recyclers	The IAER was formed to represent and serve the interests of the electronics recycling industry as a key element in the development of an effective and efficient infrastructure for managing the life cycle of electronics products. One area, in particular, that is important to the future of the industry, is the support and promotion of high standards of environmental quality and regulatory compliance as well as high quality business practices – an IAER priority.	Susan Landry

Albemarle G3 Report - 2008

<p>International Electronics Manufacturers Initiative (iNEMI)</p>	<p>iNEMI is an industry-led consortium of approximately 70 electronics manufacturers, suppliers and related organizations. Our mission: to identify and close technology gaps, which includes the development and integration of the electronics industry supply infrastructure. Accelerated deployment of technology is shaped and led by our members, and provides benefits to the global electronics industry.</p>	<p>Susan Landry</p>
<p>International Antimony Association</p>	<p>The Mission of the International Antimony Oxide Industry Association is to serve the common interests of antimony producers, users and other stake holders world-wide concerning the environmental, health and safety regulatory affairs concerning antimony substances and their uses</p>	<p>Veronique Steukers</p>
<p>PC – Association Connecting Electronics Industries</p>	<p>A global trade association dedicated to the furthering competitive excellence and financial success of its member companies, who are participants in the electronics industry. IPC represents all facets of the industry, including design, printed circuit board manufacturing and electronics assembly. In pursuit of these objectives, IPC will devote resources to management improvement and technology enhancement programs, the creation of relevant standards, protection of the environment, and pertinent government relations. IPC encourages the active participation of all its members in these activities and commits to full cooperation with all related organizations.</p>	<p>Steve LeVan</p>
<p>Louisiana Engineering Society (LES)</p>	<p>The Louisiana Engineering Society will be recognized as providing professional leadership to the individual engineer and related engineering contemporaries.</p>	<p>Jason Bitting</p>
<p>Materials Technology Institute (MTI)</p>	<p>MTI maximizes member asset performance by providing global leadership in material technology to improve safety, reliability and profitability.</p>	<p>Harden Wells</p>
<p>National Association of Corrosion Engineers (NACE)</p>	<p>NACE International is the leader in the corrosion engineering and science community, and is recognized around the world as the premier authority for corrosion control solutions.</p>	<p>Harden Wells</p>

Albemarle G3 Report - 2008

NAM –National Association of Manufacturers	The NAM’s mission is to advocate on behalf of its members to enhance the competitiveness of manufacturers by shaping a legislative and regulatory environment conducive to U.S. economic growth and to increase understanding among policymakers, the media and the general public about the vital role of manufacturing in America’s economic and national security for today and in the future.	Luke Kissam
NPRA - National Petrochemical and Refiners Association	Educate the public and policymakers about the vital role of the refining and petrochemical industries in the nation's economy and our contribution to improvements in the quality of life. Serve as a strong advocacy voice for our members with government officials, the media and the public to promote policies that balance energy supply needs with environmental goals. Facilitate technical advancement and continued progress in safety, environmental performance and security, in part through world-class meetings and conferences several of which are the foremost industry meetings in the world.	John Nicols
National Society of Professional Engineers (NSPE)	NSPE, in partnership with the State Societies, is the organization of licensed Professional Engineers (PEs) and Engineer Interns (EIs). Through education, licensure advocacy, leadership training, multi-disciplinary networking, and outreach, NSPE enhances the image of its members and their ability to ethically and professionally practice engineering.	Jason Bitting
PEFRC – Phosphate Ester Flame Retardant Consortium	Brings together manufacturers and users of phosphate ester flame retardants in fire retardant fabrics and other applications, and aims to provide a global scientific knowledge centre concerning the family of specialty chemicals: phosphate ester flame retardants – Caring for life and property.	Ray Dawson
Polyurethane Foam Association	Resource for information about flexible polyurethane foam (FPF) cushioning in the United States	Steve LeVan
Society of Maintenance and Reliability Professionals (SMRP)	SMRP's Vision is to become the global organization known for providing competitive advantage through improved physical asset management.	Jason Bitting
SOCMA	The Synthetic Organic Chemical Manufacturers Association (SOCMA) is the leading trade association serving the specialty, batch and custom chemical industry	Dave Decuir

Albemarle G3 Report - 2008

VIRAN	Industrial Advisory Board to NIOK – National Research School on Catalysis in the Netherlands. VIRAN provides the industrial input in the Dutch 3 party control structure for Catalysis research. The government and the universities are the other parties.	Eelco Vogt
-------	---	------------

4.14 List of stakeholder groups engaged by the organization

Stakeholder groups identified and engaged by Albemarle:

- Customers
- Shareholders
- Employees
- Communities in which we operate
- Consumers
- ENGOS
- Industry and Trade Associations
- Other (Media, Investment, Government)

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

Engagement is imperative to business success with those stakeholders previously identified. Ongoing dialog and communication will provide insight to business model improvements throughout the organization on a global basis.

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

An advisory council, comprised of a select group of stakeholders, was formed in 2008 to give ongoing guidance on issues of a strategic nature. Each site will continue to develop strong relationships within the community(s) we operate. Dollars and infrastructure continue to increase for community initiatives in the area of education, environmental sustainability and charitable contributions. In 2007, Albemarle formed a 501 C3 nonprofit organization called The Albemarle Foundation to direct these efforts in certain regions of the US where we operate. Finally, quarterly earnings calls and engagements with investors and security analysts are held throughout the year to further increase our visibility and transparency of the organization.

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

In 2008 Albemarle Corporation spent approximately \$6 million on toxicology tests, attorney and expert fees, public relations and advertising, and lobbying related to its products. These advocacy programs include the promotion of stricter standards for mercury emissions from coal-

Albemarle G3 Report - 2008

fired power plants, defense of our Abzol solvent products, support of increased fire-safety standards with industry organizations and national regulatory bodies, defense of the agricultural fumigant methyl bromide, promotion of a new chemical regulatory framework to replace TSCA in the United States, defense of phosphorus- and bromine-based flame retardants, and other issues. The study and defense of brominated flame retardants constitute the majority of our spending, with hexabromocyclododecane (HBCD) and decabromodiphenyloxide (decabrom) being the flame retardant products requiring the most support.

Albemarle advocates the use of science-based chemical regulatory processes in preference to product-specific legislation. However, societal concern about a chemical product can be a sign of future customer demand for a replacement, and so Albemarle has research programs underway to develop alternatives for both HBCD and decabrom. Our criteria for new polymer additive products are that in addition to meeting economic and performance requirements, they must be non-toxic, non-bioaccumulative, and facilitate recycling. Candidate alternatives for decabrom and HBCD currently are being evaluated to confirm whether they meet all these criteria.

Albemarle G3 Report - 2008

Economic Performance Indicators

Governance Principles:

1. **Company Leadership:** The directors, together with management, set our strategic direction, review financial objectives, and establish a high ethical tone for our management and leadership.
2. **Active Board:** The directors are well informed about us and vigorous in their oversight of management.
3. **Compliance with Laws and Ethics:** The directors adopt and oversee enforcement of our code of conduct that sets forth the ethical standards for the conduct of our business and requires strict compliance with applicable laws.
4. **Continuous Improvement:** The directors remain abreast of new developments in corporate governance, and they suggest new procedures and practices, as they deem appropriate, to be implemented by management.

Financial Performance

We fundamentally believe that doing the right thing in health, safety and environmental compliance not only benefits our employees, partners and communities but our wider stakeholder base as well. Investing in appropriate and strategic improvements at our facilities ensures rigorous compliance with HS&E policies and standards, improves operational efficiencies and fosters the continued stewardship of our health, safety and the environment. Incremental savings are never justified where there is potential risk to people, property and products. Therefore, we will continue to seek wise investments that promote improved processes while ensure positive health, safety, security and environmental impact for all of our constituents.

Albemarle G3 Report - 2008

EC 1: Direct economic value generated and distributed, including revenues,, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

	2006 (thousands)	2007 (thousands)	2008 (thousands)
Net Sales	\$2,368,506	\$2,336,187	\$2,467,115
Net Income	\$142,969	\$229,690	\$194,200
EBITDA (excl special items)	\$391,250	\$434,899	\$401,855
Total Assets	\$2,530,368	\$2,841,018	\$2,872,717
Capital Expenditures	\$99,847	\$98,740	\$99,736
Total Long Term Debt	\$732,590	\$723,938	\$932,264
Employee Compensation	\$306,622	\$326,291	\$344,419

EC2 - Financial Implications and other risks and opportunities for the organization's activities due to climate change

Albemarle is committed to becoming more efficient in our use of energy and the corresponding emissions of global warming (greenhouse) gases. Governments have begun utilize financial measures to spur the reduction of greenhouse gases. Albemarle has undertaken the implementation of a Global Energy Management program to significantly improve energy efficiencies and to seek alternative energy sources:

Implement Global Energy Management Strategy that consists of:

- Projects to energy consumption from 2005 levels. Thru 2007, projects have been implemented that reduce energy consumption by 8.4%. The 2008 global program goal was to achieve an additional 4% in energy reductions. The actual achievement for 2008 was a 5.2% reduction which exceeded expectations and represents a significant accomplishment for Albemarle's Energy Management Program. This achievement represents a three-year reduction in energy consumption resulting from implementing manufacturing programs and capital projects equivalent to 13.6% based on 2005 consumption levels over the last three years.
- Development and implementation of a set of energy efficiency best practices at all Manufacturing sites.
- Establishment of site energy coordinators and site energy management teams
- Energize “energy awareness” and “energy management” at all sites
- Development corporate tracking and management reporting system. Includes periodic reviews of opportunities and resources with senior management.
- Established continued funding for good energy efficiency projects

Alternative Energy Sources include:

- Exploring the potential of wind power for our South Haven, MI facility. Study in progress with the meteorological tower in place monitoring the wind resource availability.
- Exploring co-generation of steam and electricity for our JBC JV

Albemarle G3 Report - 2008

- Exploring increasing energy from renewal resources at our OBG facility.
- Exploring geothermal technology for the generation of electrical power from a waste stream heat source

Albemarle intends to invest in sustainable energy projects to reduce our greenhouse gas emissions.

EC3 – Coverage of the organization’s defined benefit plan obligations

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

	Total Pension Benefits 2008	Domestic Pension Benefits 2008	Total Pension Benefits 2007	Domestic Pension Benefits 2007
Change in benefit obligations:				
	\$	\$	\$	\$
Benefit obligation at December 31	518,138	479,138	509,977	466,856

EC4 – Significant financial assistance received from government

In 2008, Albemarle Corporation worked with local universities on projects critical to new energy sources and new applications of our product lines. In 2008 in the US, approximately \$60M was given directly to the Prof. Jerry Spivey at the LSU ChE dept by the LSU Board of Regents for Albemarle Gas To Liquid Research. In 2008, we received a total of EUR: 746.000, consisting of EUR 533,000 as tax incentive for R&D activities + EUR 213,000 as project subsidies.

Albemarle G3 Report - 2008

EC5 – Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation

Significant Location(s)	Name(s)	Entry-level Wage Vs. Local/Region
Americas		
Baton Rouge LA USA	Baton Rouge Tower	\$13.50/hr vs. \$8.25/hr
Baton Rouge LA USA	Process Development Center	\$23.80/hr vs. \$19.25/hr
Dayton OH USA	Dayton	\$14.48/hr vs. \$8.50-\$10.50/hr
Houston TX USA	Bayport	\$21.00/hr vs. \$19.19/hr
Houston TX USA	Clear Lake Office	No wage roll employees
Houston TX USA	Pasadena	\$27.15/hr vs. \$22.40/hr
Magnolia AR USA	Magnolia	\$14.69/hr vs. \$9.00/hr
Orangeburg SC USA	Orangeburg	\$14.21/hr vs. \$11.74/hr
South Haven MI USA	South Haven	\$14.41/hr vs. \$12.95/hr
Tyrone PA USA	Tyrone	\$15.15/hr vs. \$7.15/hr
EMA		
Amsterdam the Netherlands	Amersfoort & Amsterdam	€5,000/year vs. €14,000/year
Avonmouth UK	Avonmouth	€15.02/hr vs. €8.18/hr
Bergheim Germany	Bergheim	€28,015/year
Louvain-la-Neuve Belgium	LLN	No wage roll employees
Teesport UK	Teesport	£7.83/hr vs. £5.52/hr
Asia Pacific		
Nanjing China	Nanjing	2,150 RMB/mo vs. 850RMB/mo
Weifang China	Weifang	2,800RMB/mo vs. 620 RMB/mo
Beijing China	Beijing	3,850 RMB/mo vs. 800 RMB/mo
Shanghai China	Shanghai	3,850 RMB/mo vs. 960 RMB/mo
Guangzhou China	Guangzhou	3,850 RMB/mo vs. 860 RMB/mo
Jinhai China	Jinshan	1,150 RMB/mo vs. 960 RMB/mo
Jinhai China	Ningbo	1,190 RMB/mo vs. 870 RMB/mo
Seoul Korea	Korea	No wage roll employees
Singapore	Singapore	No wage roll employees
Tokyo Japan	Japan	4,121,600 JPY/yr vs. 1,447,740 JPY/yr

Albemarle G3 Report - 2008

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

Albemarle sources all spending on a bid basis. Local based suppliers are involved but not guaranteed selection.

Significant Location(s)	Total Spending (by site)	Total Spending Dollars on Regional Based Suppliers (Alb total spending regionally)	Total Spending Dollars on Local Based Suppliers Alb total spending (directly within community)
Americas (in dollars)			
Baton Rouge, LA USA (Louisiana) BRT and PDC	73,047,710.72	51,138,420.04	32,762,174.65
Texas, USA Bayport/Houston, Pasadena	278,853,909.65	180,674,457.11	101,852,443.85
Dayton, OH USA (Ohio)	-	3,296,635.02	4,587.22
Magnolia, AR USA (Arkansas) South, West, and Fields	123,218,644.26	13,386,675.21	3,845,073.74
Orangeburg, SC USA (South Carolina)	84,527,952.97	16,218,588.58	6,194,431.26
Richmond, VA USA (Virginia)	-	6,377,275.04	1,288,188.36
South Haven, MI USA (Michigan)	13,670,162.66	36,020,259.09	442,140.79
Tyrone, PA USA (Pennsylvania)	27,876,470.18	56,172,994.08	311,734.45
EMA (in Euros)			
the Netherlands (Amersfoort/Amsterdam)	112,166,565.31	34,210,305.05	6,312,762.06
Avonmouth, UK	22,998,036.95	59,008,431.89	536,763.00
Bergheim, Germany	91,621,190.49	36,594,566.03	1,909,733.16
Louvain-la-Neuve, Belgium	41,362.06	9,642,933.39	1,606,857.99
Port-de-Bouc, France	16,191,502.91	26,867,403.08	119,217.16
Teesport, UK	11,923,380.56	59,008,431.89	194,217.35

Albemarle G3 Report - 2008

Data for total spending for Dayton, Richmond and Asia Pacific operations not available at the time of this report.

EC7 – Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation

Note: Procedures have not been developed specifically for local hiring.

Significant Location(s)	Name(s)	% Prof from Local/Region	% Mgmt from Local/Region
Americas			
Baton Rouge LA USA	Baton Rouge Tower	75%	30%
Baton Rouge LA USA	Process Development Center	50%	25%
Dayton OH USA	Dayton	0%	0%
Houston TX USA	Bayport	66%	100%
Houston TX USA	Clear Lake Office	0%	n/a
Houston TX USA	Pasadena	53%	40%
Magnolia AK USA	Magnolia	87%	94%
Orangeburg SC USA	Orangeburg	91%	75%
South Haven MI USA	South Haven	72%	0%
Tyrone PA USA	Tyrone	88%	88%
EMA			
Amsterdam the Netherlands	Amersfoort & Amsterdam	96%	100%
Avonmouth UK	Avonmouth	100%	100%
Bergheim Germany	Bergheim	84%	100%
Louvain-la-Neuve Belgium	LLN	75%	100%
Teesport UK	Teesport	100%	100%
Asia Pacific			
Nanjing China	Nanjing	100%	1.64%
Weifang China	Weifang	100%	0%
Beijing China	Beijing	0%	0%
Shanghai China	Shanghai	100%	0%
Guangzhou China	Guangzhou	100%	0%
Jinhai China	Jinshan & Ningbo	100%	0%
Seoul Korea	Korea	0%	0%
Singapore	Singapore	0%	0%
Tokyo Japan	Japan	0%	0%

Albemarle G3 Report - 2008

EC8 – Development and impact of infrastructure, investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement

Manpower and funds provided to each of these entities and other pro bono services.

Significant Location(s)	Name(s)	Infrastructure, investments & services
Americas		
Baton Rouge LA USA	Baton Rouge Tower	<ul style="list-style-type: none"> • Technology Days 2008 • Salvation Army Angel Tree Program • Habitat for Humanity - Youth Build • Albemarle Family Fun Day • United Way • Forum 35: The Art Melt - Baton Rouge • Albemarle Foundation • Blood Drives • Flu Vaccines
Baton Rouge LA USA	Process Development Center	<ul style="list-style-type: none"> • GBRIA – Greater Baton Rouge Industry Association • BRAMAS – Baton Rouge Area Mutual Aid System • North Baton Rouge Task Force – Office of Emergency Preparedness • Albemarle Foundation • North Baton Rouge Neighbors United – “Meet Your Neighbor Day” • Trash Bash • Training of Baton Rouge Fire Department on special hazards (alkyls) • Salvation Army – Toys for Tots Program • Plant Tours – HS seniors and college freshmen • Blood Drives • Science Fair Judging • Chemistry Demonstration Team – live chemistry demonstrations for area schools and other community events
Dayton OH USA	Dayton	<ul style="list-style-type: none"> • Accomplishments: No lost time injury or illness and no environmental level II incidents;

Albemarle G3 Report - 2008

		<p>ACC Certificate of Excellence for 2006 & 2007</p> <ul style="list-style-type: none"> • Contributions: \$2,700 – Dayton City Schools Science Report (2007-08 school year) • Programs: Member of local Community Advisory Counsel; Training with Dayton Regional HAZMAT Team • Taxes & Fees: \$6M annually for real estate taxes (cross-charged from Dupont) • Community Involvement: Five Rivers Cleanup (Earth Day); Holiday Food and Toy Drive for Edgemont Neighborhood
Houston TX USA	Bayport	<ul style="list-style-type: none"> • LaPorte Chamber – membership installation banquet; Sponsor and participate in Salute to Industry golf tournament • Dickinson High School – Project Graduation; contribution • Special Olympics – contribution • National Children’s Society – contribution • Malone Golf Tournament – participation and contribution • Chamber – Sylvan beach festival sponsor • LaPorte High School – Project Graduation; Academic Exc. Banquet; Albemarle scholarship • Pasadena Cookers – Sponsor at Strawberry Festival • Dennis Lunday & Wayne Klindworth – Sponsor employees in cookoffs • Pasadena High School – Volleyball calendar • City of LaPorte EMS – Sponsor • Pasadena Chamber – Gold tournament sponsor • LaPorte Ed Foundation – participate and sponsor Breakfast with the Stars • Kids Count Foundation – Golf tournament hole sponsor

Albemarle G3 Report - 2008

		<ul style="list-style-type: none"> • Lomax Elementary – PTO festival sponsor • Center for the Deaf – Beeping Easter egg hunt • Employees donated money to help site employees who lost all in Hurricane Ike • LaPorte Chamber – donation for winter sports poster • Flu shots
Houston TX USA	Clear Lake Office	Combined with Bayport list
Houston TX USA	Pasadena	<ul style="list-style-type: none"> • Accomplishments: Pasadena Habitat for Humanity • Contributions: \$1,000 Cenikor Foundation; \$500 Junior Achievement; \$1,500 CAER/LEPC; \$3,600 Science Screen Report; \$2,500 Pasadena Livestock Show & Rodeo; \$150 Pasadena Patrolmen’s Union; \$300 Less Than The Least Ministries; \$100 Project Graduation – Pasadena High; \$250 MS 150 – MS Society; \$25,000 United Way • Programs: Mentoring Partnership with Pasadena High School; Partnership with Jackson Intermediate School; Mentor Program, PALS – Peer Assisted Leaders; Coat & Belt Drive; Science Fair Judging; Computer Parts Donation Program; LIONS Club • Community Involvement: Campaign for United Way of the Texas Gulf Coast; Pasadena Chamber of Commerce; Channel Industries Mutual Aid; Houston Regional Monitoring; East Harris County Manufacturers Association; Southeast Regional LEPC; Texas Safety Association; Pasadena CAP; Support Our Neighborhood Association; Pasadena Strawberry Festival BBQ Cookoff; Pasadena Rodeo BBQ Cookoff; Wings Over Houston Air Show
Magnolia AR USA	Magnolia	<ul style="list-style-type: none"> • Southern Arkansas University

Albemarle G3 Report - 2008

		<ul style="list-style-type: none"> Foundation • Columbia County Foundation • Boys and Girls Club • Magnolia High School • Arkansas State Chamber of Commerce • Magnolia Chamber of Commerce/Economic Development Council • United Way • Relay for Life • Magnolia Arts • Arkansas Science Fair • Magnolia Junior Charity League • Magnolia Municipal Airport, • Southern Arkansas Women's Network • Magnolia Blossom Festival • South Arkansas Symphony • Abilities Unlimited • Columbia County Fair • Col. County Conservation District • Magnolia/Col. County Literacy Council • Banner News Newspapers in Education Program
Orangeburg SC USA	Orangeburg	<ul style="list-style-type: none"> • United Way • Toys for Tots – toy and cash campaign at plant • American Red Cross • Orangeburg County Junior Leadership Program • Support Shriners “Safety Days for Kids” • Allowed new Orangeburg County DPS recruits to train for their Firefighting Basics on our training grounds • Orangeburg County Community of Character Initiative • Participated as Science Fair judges for Clark Middle School • Gave science presentations at Edisto Primary & Middle Schools • For Employees & Families: Blood drive – every 60 days; Biggest Losers weight loss program;

Albemarle G3 Report - 2008

		<p>Audiometric screens; Great American Smoke Out; Flu shots; Printed information on stress and diabetics; Health seminars on health heart and cholesterol; Family health screening</p> <ul style="list-style-type: none"> • 100 Acre Woods - Wildlife Habitat/Lands of Learning certified
South Haven MI USA	South Haven	<ul style="list-style-type: none"> • Relay for Life sponsor • South Haven Middle School Science Fair • Van Buren County Humane Society – donate recyclable soda cans • South Haven High School – Science Olympics; yearbook sponsor • South Haven Center for the Arts – exhibition sponsor • Harborfest Summer Festival – sponsor Dragonboat teams • Countryside Nursing Home – Christmas Wish List • R&D Science class for elementary school kids • Support two volunteer firefighters for South Haven Fire Department • Training of employee first responders for plant and community • Flu shots • Red Cross blood drives
Tyrone PA USA	Tyrone	<ul style="list-style-type: none"> • Tyrone Area Community Organization • Local fire companies • Tyrone Fire Police • Tyrone Hospital • Tyrone Renaissance Education • CPFCA – All Star Game • Tyrone Community Day Sponsorship • Tyrone-Snyder Public Library • Star Performance Dance Academy • Tyrone Kiwanis • Tyrone Area School District • American Business Women’s Association • Reade Township Little League • Tyrone Youth Baseball Association

Albemarle G3 Report - 2008

		<ul style="list-style-type: none"> • Tyrone Area Historical Society • American Cancer Society • Community Advisory Council
EMA		
Amsterdam the Netherlands	Amersfoort & Amsterdam	<ul style="list-style-type: none"> • Financial contributions to various local organizations (“Opbouwwerk Noord”, SWGN, De Schakel handicapped sports, Organisation for development soccer talent Amsterdam, Amsterdam cyclist organization “Ulysses”, NGSK organization “child and hospital”, music society “Juliana”, organization “Amador Nita”, organization for preservation of the part “Het Vliegenbos”, organization for art promotion in Amsterdam “Atellieroute Boven’t IJ 2007”, Atos @ kEuro 5) • Training of community firefighters for plant and community service • Support of VNCI (society of dutch chemical industries) initiative for development of safety management programs in hospitals (i.e. learning from safety management in chemical industries.) • Site open house
Avonmouth UK	Avonmouth	<ul style="list-style-type: none"> • Charity – Little Sisters of the Poor • Works Dinner – including Long Service Awards • Annual pantomime • Funding via employee requests supporting sports clubs (ex. clothes/jerseys for girl rugby team) • Butler Pensioners Christmas support
Bergheim Germany	Bergheim	<ul style="list-style-type: none"> • Community Advisory Panels • Community surveys • Drills conducted with emergency responders • Participation with local Emergency Planning Committees • Open House • Public Advisory Boards • TransCAER participation (US

Albemarle G3 Report - 2008

		program)
Louvain-la-Neuve Belgium	LLN	<p>Community</p> <ul style="list-style-type: none"> • United Fund Belgium, Company Donation and Employee Giving Campaign • Participation in and donation to LLN Parc Scientifique 5K Run for Charity • LLN Emergency Response/Fire Brigade Team • Emergency Drills in Antwerp Port Area for Hazardous Products (in conjunction with industry organization for Bromine -- called Bromaid) • CEFIC Involvement (European Chemical Industry Council) - involved in a number of working groups for REACH implementation <p>Employees</p> <ul style="list-style-type: none"> • Annual Medical Screening for all employees • Flu shots • Summer jobs program for Children of Employees • Massage-neck and shoulders for well being at the desk.
Teesport UK	Teesport	<ul style="list-style-type: none"> • Local charity donations and kit support for local junior football team • North Eastern Chamber of Commerce • North East Process Industry Chemical Cluster
Asia Pacific		
Nanjing China	Nanjing	<ul style="list-style-type: none"> • Donation to Sichuan earthquake • Picking rubbish in the mountains
Weifang China	Weifang	<ul style="list-style-type: none"> • Donation to Sichuan earthquake
Beijing China	Beijing	<ul style="list-style-type: none"> • Donation to Sichuan earthquake
Shanghai China	Shanghai	<ul style="list-style-type: none"> • Donation to Sichuan earthquake • Tree planting
Guangzhou China	Guangzhou	<ul style="list-style-type: none"> • Donation to Sichuan earthquake
Jinhai China	Jinshan & Ningbo	<ul style="list-style-type: none"> • Donation to Sichuan earthquake
Seoul Korea	Korea	<ul style="list-style-type: none"> • None
Singapore	Singapore	<ul style="list-style-type: none"> • None
Tokyo Japan	Japan	<ul style="list-style-type: none"> • None

Albemarle G3 Report - 2008

Environmental Performance Indicators

Green Chemistry Principle and Environmental Responsibility

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

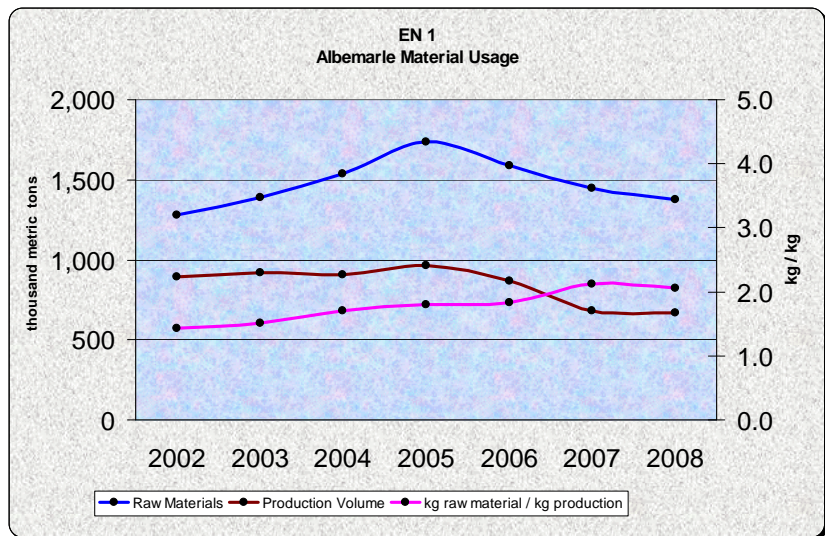
Albemarle G3 Report - 2008

Materials

EN1

Materials used by weight or volume. (Core)

Albemarle tracks the consumption of process raw materials, energy products, and the natural mineral resource bromine for the purposes of this indicator. The volume of packaging materials used in manufacture and transportation is not tabulated. Data is not currently collected to classify raw materials as non-renewable materials or direct materials. The majority of materials used would most likely be categorized as non-renewable.



In 2008, Albemarle used a total of 1.38 million metric tons of raw materials. This volume does not include materials transferred between production facilities or the use of water (see EN8). Albemarle's growth and purchase of additional facilities resulted in an increase in material usage from 2002 to 2005.

EN2

Percentage of materials used that are recycled input materials. (Core)

A very small fraction of Albemarle's raw materials are "non-virgin" material. Recycled input materials accounting for approximately 0.06% of total raw material usage.

Sales of petroleum catalysts represent 35% of Albemarle Corporation sales. In this division, a portion of the product is reprocessed for the customer as part of the purchase agreement.

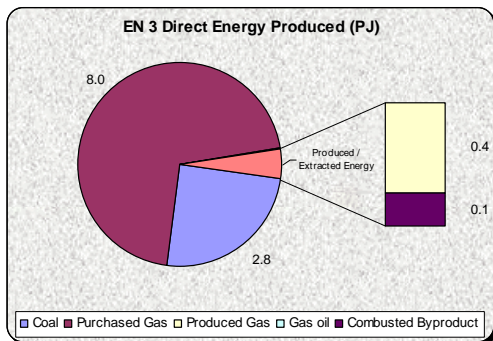
Albemarle G3 Report - 2008

Energy

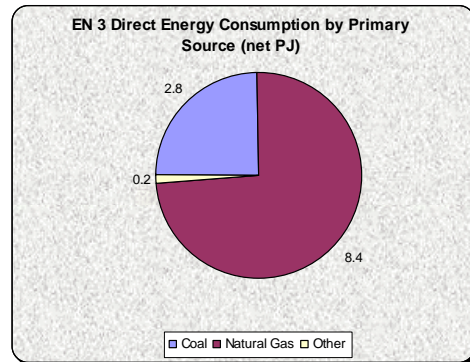
EN3

Direct energy consumption by primary energy source. (Core)

Albemarle's consumption of direct primary energy in 2008 was 11.3 petajoules from manufacturing facilities. This includes 0.5 petajoules of energy extracted or produced by Albemarle. The energy impact of distribution of products and waste



has not been assessed and is not included. Energy use at Albemarle Corporation non-

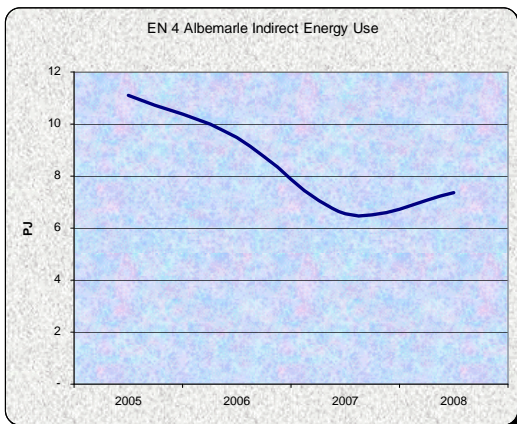


manufacturing facilities (i.e. business offices) are small when compared to manufacturing facilities and is not included in this indicator. Business office GHG impact is shown in EN17. All direct primary energy used by

Albemarle as defined by this indicator is classified as nonrenewable. In a few instances, Albemarle transfers energy between co located companies. This value is small and the data expressed above is net energy use by Albemarle.

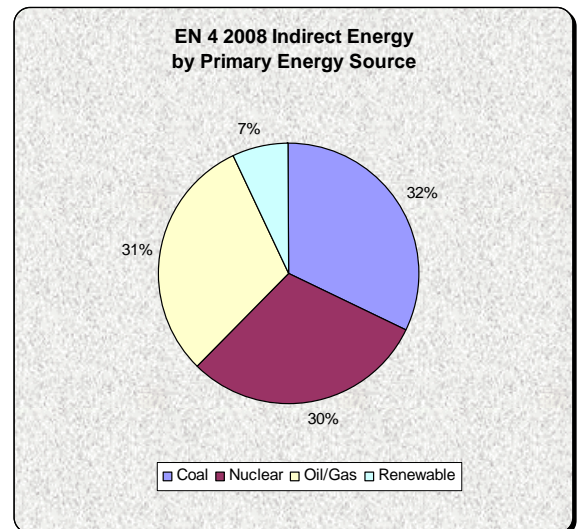
EN4

Indirect energy consumption by primary source. (Core)



Indirect energy consumption for Albemarle results from two major intermediate energy sources – purchased electricity and steam. These intermediate energy uses totaled 7.4 PJ in 2008 from manufacturing facilities. Of the total, purchased electricity accounts for 6.6 PJ and purchased steam accounts for 0.8 PJ. The rise in indirect energy in 2008 is the

result of increased use of energy in China. Energy use at Albemarle Corporation non-manufacturing facilities (i.e. business offices) are small when compared to manufacturing facilities and is not included in this



Albemarle G3 Report - 2008

indicator. Business office GHG impact is shown in EN17. In a few instances, Albemarle transfers energy between co located companies. This value is small and the data expressed above is net energy use by Albemarle. Generation efficiencies used for this calculation are derived from US Department of Energy and American Chemistry Council data.

EN5

Energy saved due to conservation and efficiency improvements. (Additional)

In 2005 Albemarle implemented an Energy Management program. The charter of this program is to focus on energy reduction and efficiency at all Albemarle sites worldwide. Numerous energy efficiency improvements have been implemented globally over the past four years as a result of Albemarle's focus on energy efficiency and it's aggressive development of energy efficiency projects. The current focus of the Energy Management program is on developing an energy efficiency culture within Albemarle through the development and implementation of a global Manufacturing "Best Practices Policy" to drive employee awareness and develop a corporate energy efficiency culture. The energy efficiency projects that were completed and implemented in 2008 correspond to a reduction of 777 terajoule/yr. This reduction is in addition to the achievements in 2006 and 2007, which amounted to energy reductions of 750 terajoule/yr and 232 terajoule/yr, respectively.

2008 Energy Reduction Projects by Energy Source

Natural Gas: 579 terajoule/yr

Electrical: 10 terajoule/yr (at consumption point)

Lignite: 188 terajoule/yr

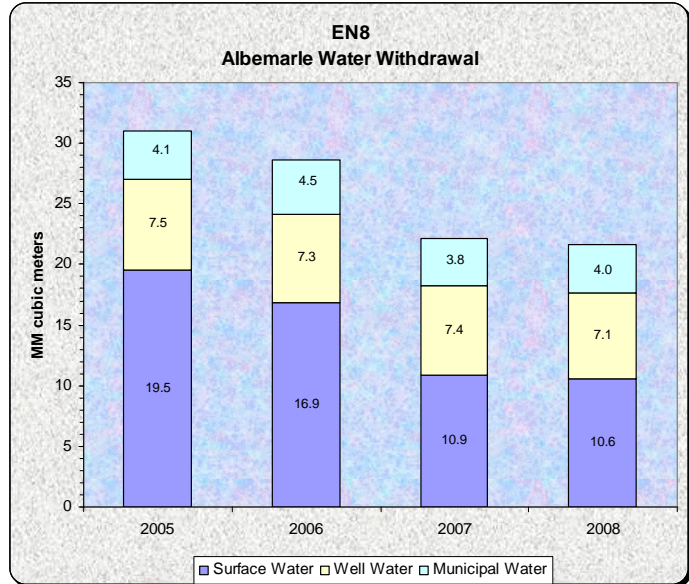
Albemarle G3 Report - 2008

Water

EN8

Total water withdrawal by source. (Core)

Albemarle's 2008 water withdrawal totaled 21.6 million m³. This total does not include the volume of salt brine that is extracted from and returned to the same deep strata at Albemarle's Magnolia, Arkansas (US) facilities.



EN9

Water sources significantly affected by withdrawal of water. (Additional)

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

Albemarle G3 Report - 2008

Biodiversity

EN11

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

Location	Area of high biodiversity or protected area
Amsterdam, Netherlands	The facility is adjacent to the River Ij and a public recreation park
Avonmouth, UK	The facility is close to the Severn Estuary, which has a protected status.
Magnolia, Arkansas	100 acres of wetlands bank near west plant where hard woods are planted. 50 acres of south plant artificial marsh are registered with The Wildlife Habitat Council. The west plant has 20 acres of artificial marsh. 1500 acres of forest are managed for timber (paper or structural).
Nanjing, China	The Changjiang River is approximately 4 km south of the Nanjing Chemical Industry Park where the facility is located.
Orangeburg, South Carolina	The facility borders the Edisto River. The facility manages 135 acres that are registered with The Wildlife Habitat Council.
Pasadena, Texas	Adjacent 35 acres of 'Georgia Gulf' property contains wetlands. This property was sold in late 2007
Port de Bouc, France This facility was divested at the end of 2008	The facility borders the Mediterranean Sea and is adjacent to Ruisseau St Jean and canal de Caronte
Process Development Center Baton Rouge, Louisiana	The facility borders Bayou Monte Sano
Sayerville, New Jersey	The site includes 16 acres located in the Raritan River watershed of which approximately 7 acres are wetlands
South Haven, Michigan	Lake Michigan is west of the facility
Teesport, UK	Seven Sites of Special Scientific Interest (SSSI) in area around the mouth of Tees Estuary. (Ca. 3.5 to 6 km away) These Sites' details include water birds, seals and intertidal invertebrates.
Tyrone, Pennsylvania	Approximately 10 acres of the site are wetlands and the facility borders Cook Hollow Creek

Albemarle G3 Report - 2008

EN12

Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. (Core)

The area identified in EN11 for Magnolia, Arkansas has been positively impacted by the facility's actions. These areas include a 100-acre tract of land that has been reforested, 70 acres of artificially created marsh (certified by The Wildlife Habitat Council), and 1,500 acres of land that is managed for timber. Wildlife Habitat Council named the facility a Certified Education Site, which is a step to the Lands of Learning program.

The Orangeburg, South Carolina facility has positively impacted 135 acres of property included above as part of registration to The Wildlife Habitat Council, Corporate Lands for Learning. This area was awarded "Rookie of the year" by the Wildlife Habitat Council for the Lands for Learning program in 2008.

The Tyrone, Pennsylvania facility achieved a Wildlife Habitat Certification for their wooded uplands project. All these Wildlife Habitat Council properties are maintained for natural habitat and educational purposes.

The Amsterdam facility partnered with the Foundation W. H. Vliegenbos, a non-profit organization dedicated to preserving forested areas in North Amsterdam. No other impacts to the areas identified in EN11 have been identified.

EN13

Habitats protected or restored. (Additional)

The area identified in EN11 for Magnolia, Arkansas has been positively impacted by the facility's actions. These areas include a 100-acre tract of land that has been reforested, 70 acres of artificially created marsh (certified by The Wildlife Habitat Council), and 1,500 acres of land that is managed for timber. Wildlife Habitat Council named the facility a Certified Education Site, which is a step to the Lands of Learning program.

The Orangeburg, South Carolina facility has positively impacted 135 acres of property included above as part of registration to The Wildlife Habitat Council, Corporate Lands for Learning. This area was awarded "Rookie of the year" by the Wildlife Habitat Council for the Lands for Learning program in 2008.

The Tyrone, Pennsylvania facility achieved a Wildlife Habitat Certification for their wooded uplands project. All these Wildlife Habitat Council properties are maintained for natural habitat and educational purposes.

Albemarle G3 Report - 2008

The Amsterdam facility partnered with the Foundation W. H. Vliegenbos, a non-profit organization dedicated to preserving forested areas in North Amsterdam. No other impacts to the areas identified in EN11 have been identified.

EN14

Strategies, current actions, and future plans for managing impacts on biodiversity. (Additional)

Albemarle Corporation establishes environmental objectives each calendar year. Included in the Objectives for 2009 are plans and strategies to implement programs or improve existing programs that benefit biodiversity and learning. These goals include:

The Magnolia, Arkansas facility is applying for Corporate Lands for Learning certification from the Wildlife Habitat Council for its artificial marsh area.

EN15

Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. (Additional)

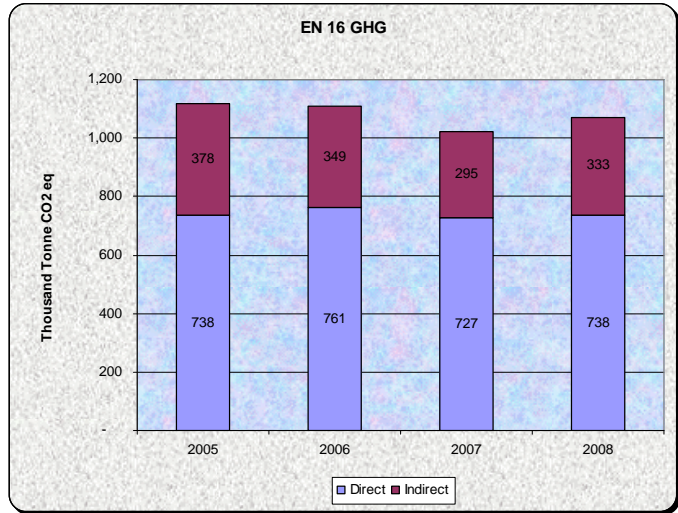
To our knowledge, Albemarle's operations do not directly impact the population of IUCN red list or national conservation list species.

Albemarle G3 Report - 2008

Emissions, Effluents, and Waste

EN16: Total direct and indirect greenhouse gas emissions by weight. (Core)

Albemarle collects data on direct and indirect primary fuel consumption at manufacturing facilities for the purpose of determining green house gas generation. In addition, data is also collected at our processing facilities on direct green house gas generation from sources other than combustion of fuels. Factors for conversion of energy quantities to equivalent CO₂ are derived from data published by The American Chemistry Council. Generation efficiencies used for this calculation are derived from US Department of Energy and American Chemistry Council data.

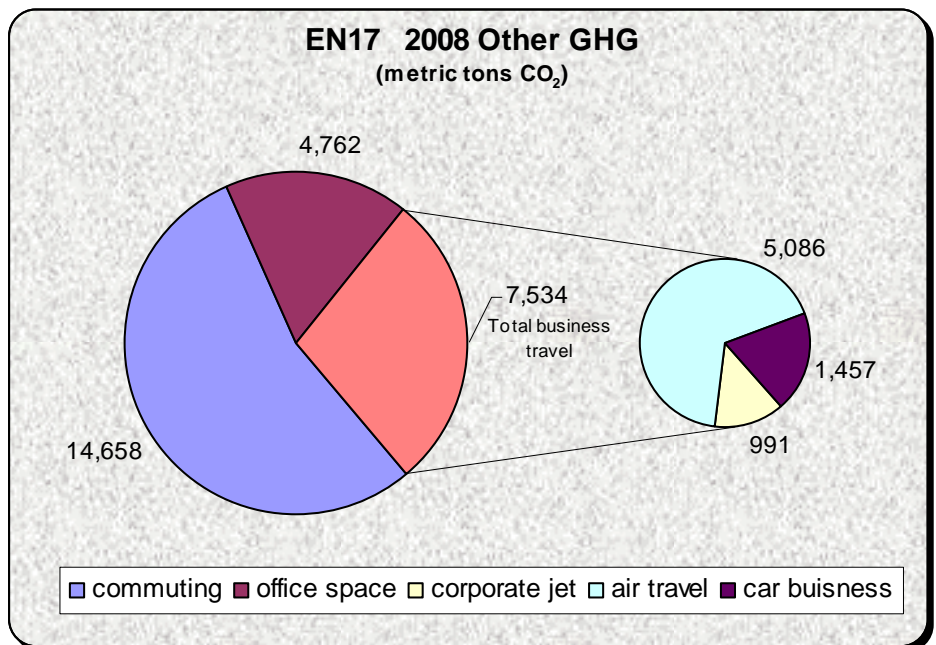


The greenhouse gas impact of distribution of products and waste has not been assessed and is not included. Greenhouse gas impacts from Albemarle Corporation non-manufacturing facilities (i.e. business offices) are small when compared to those above. This data is included in EN 17.

The total direct and indirect greenhouse gas emissions for Albemarle in 2008 were 1.07 million tons.

EN17: Other relevant indirect greenhouse gas emissions by weight. (Core)

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

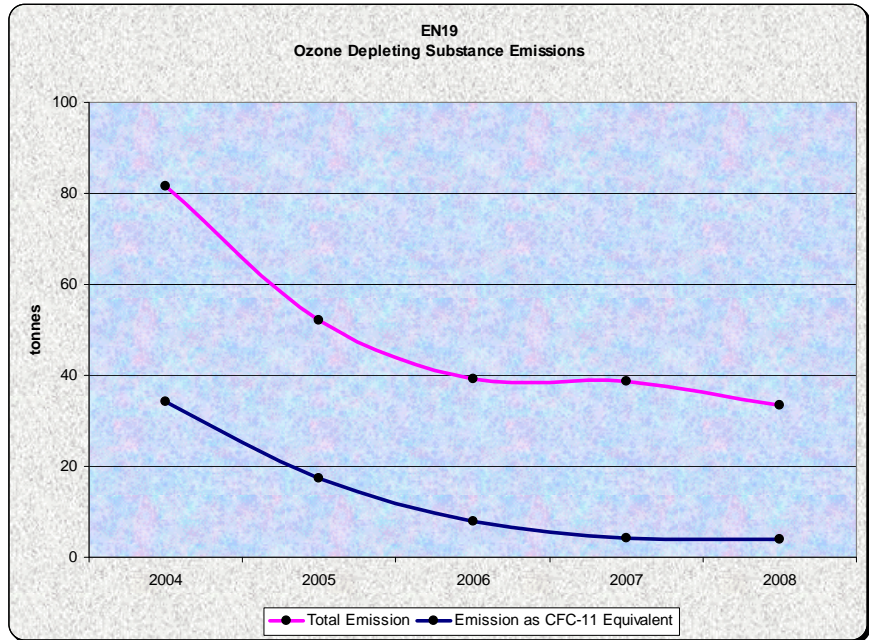


Albemarle G3 Report - 2008

“commuting” represents the impact of Albemarle employees and nested contractors commuting between home and their Albemarle work location. Office space emissions account for only the three locations listed above. Small office locations, such as sales offices, are not included. Albemarle’s ‘Other’ GHG emissions totaled 25,868 tonnes in 2007 and 26,954 in 2008

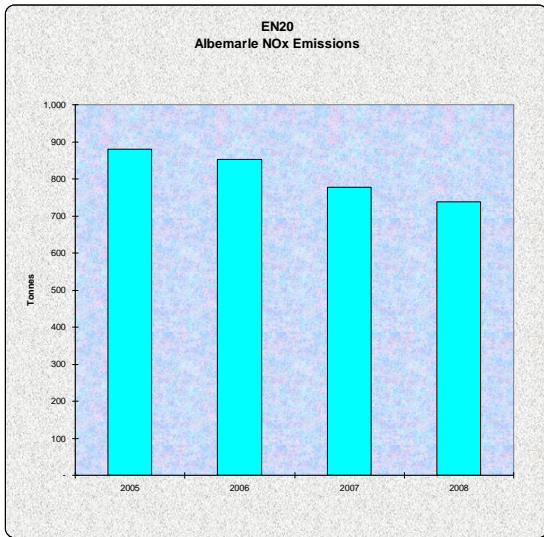
EN19: Emissions of ozone-depleting substances by weight. (Core)

Albemarle’s emissions of ozone depleting substances consist of bromomethane, bromochloromethane, R-22, CFC-11, HCFC-124 and carbon tetrachloride. The 2008 emissions of ozone depleting substances totaled 33.5 tonnes (4.1 tonnes CFC-11 equivalent). Albemarle’s bromomethane emissions ceased in 2005.

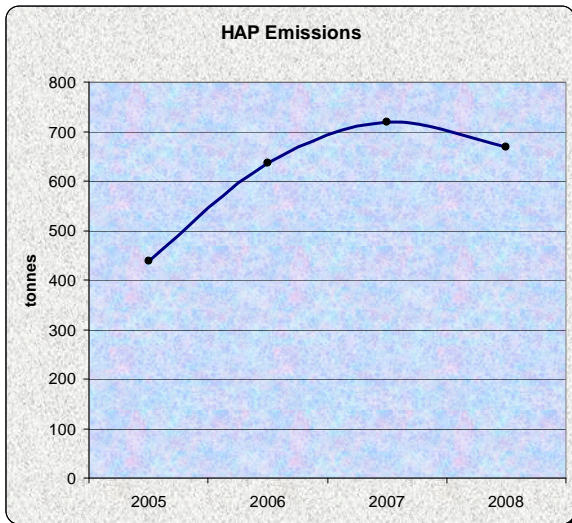
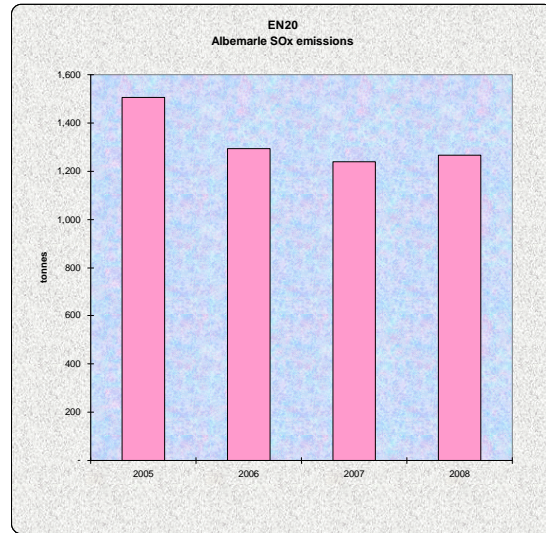


Albemarle G3 Report - 2008

EN20: NO_x, SO_x, and other significant air emissions by type and weight. (Core)

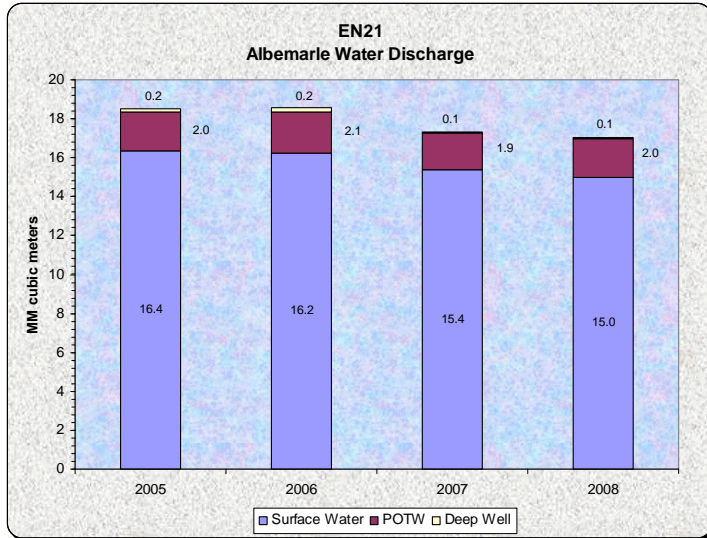


Albemarle tabulates NO_x and SO_x and Hazardous Air Pollutant (HAP) emissions at manufacturing sites for the purpose of this indicator. These values are based on a combination of calculations, measured values and permitted limits. NO_x emissions in 2008 totaled 738 tonnes. SO_x emissions totaled 1,267 tonnes. HAP emissions totaled 669 tonnes



Albemarle G3 Report - 2008

EN21: Total water discharge by quality and destination. (Core)



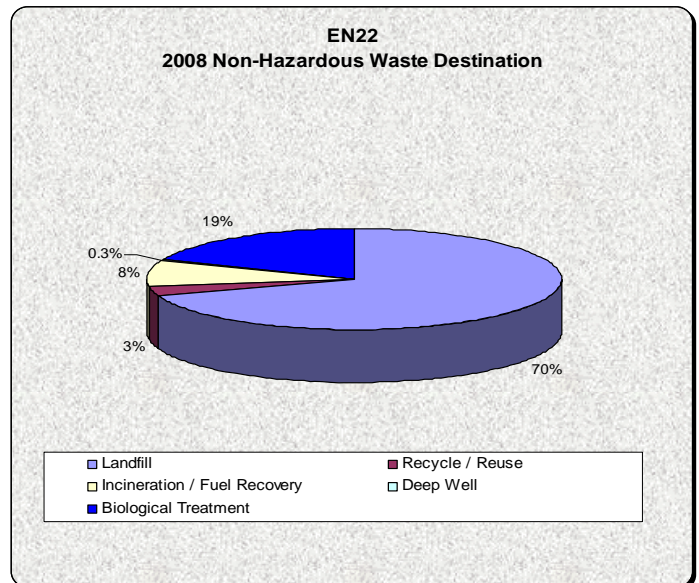
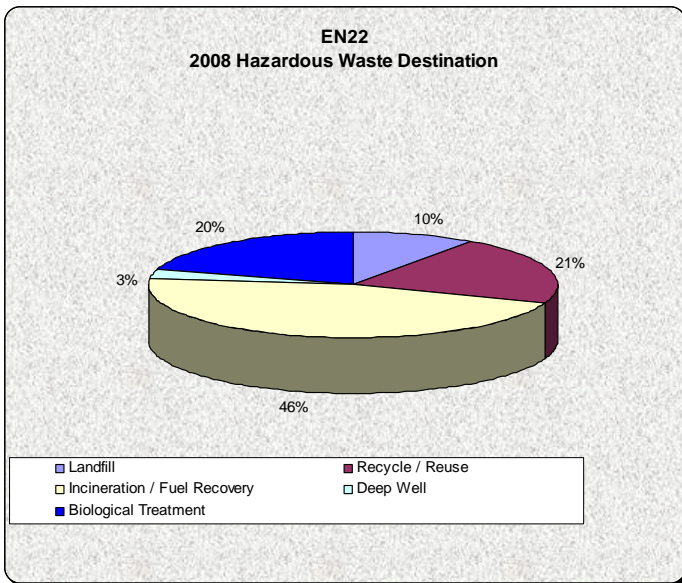
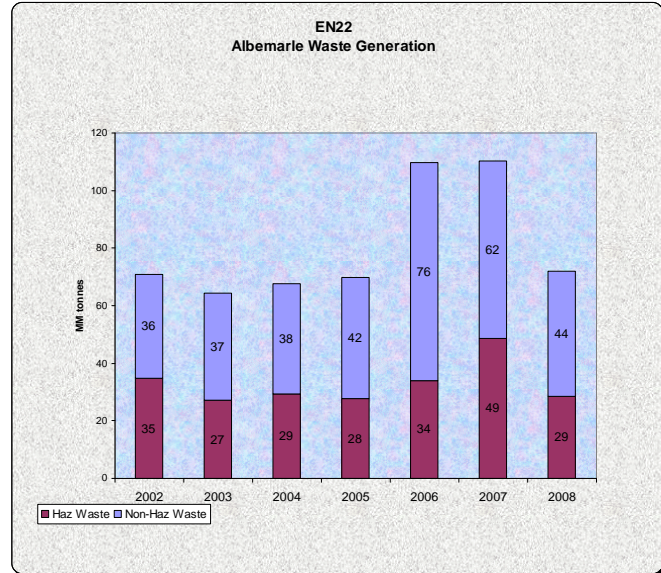
Albemarle discharges water to three major destinations: Surface water includes discharge to streams, rivers, lakes & marshes; Publicly Owned Treatment Works (POTW); and deep well injection. Not included in this indicator is the volume of salt brine that is extracted from and returned to deep strata at Albemarle's Magnolia, Arkansas (US) facilities. Albemarle does not currently totalize quality parameters of water discharge globally. We are subject to various laws and regulation governing the discharge of water into the environment. To our knowledge, we are currently in

compliance and expect to remain in compliance with all applicable requirements. 2007 represents the first year that rainfall was excluded from discharge volume during the information collection process. Rainfall accounts for a small portion of the total discharge volume therefore previous years data was not corrected. Albemarle's 2008 return of water to the environment totaled 17 million cubic meters.

Albemarle G3 Report - 2008

EN22: Total weight of waste by type and disposal method. (Core)

Each Albemarle manufacturing site tabulates hazardous and non-hazardous waste generation. 2008 generation of hazardous waste was 28,511 tonnes. Non hazardous waste generation in 2008 totaled 43,502 tonnes. An increase in non-hazardous waste volume in 2006 was due largely to a potassium salt waste generated in the Tyrone, Pennsylvania facility. The non-hazardous total does not include wastewaters. Albemarle facilities also recycled 6,681 tonnes of other materials such as metal and paper in 2008.



Albemarle G3 Report - 2008

EN23

Total number and volume of significant spills. (Core)

Albemarle tabulates and records all spills and releases that cause serious off site impacts. Significant spills include those incidents where there is major environmental impact or impact to employees or the public. Albemarle designates these spills as 'Level 3' events. Albemarle experienced no such events in 2008.

Products and Services

EN26

Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. (Core)

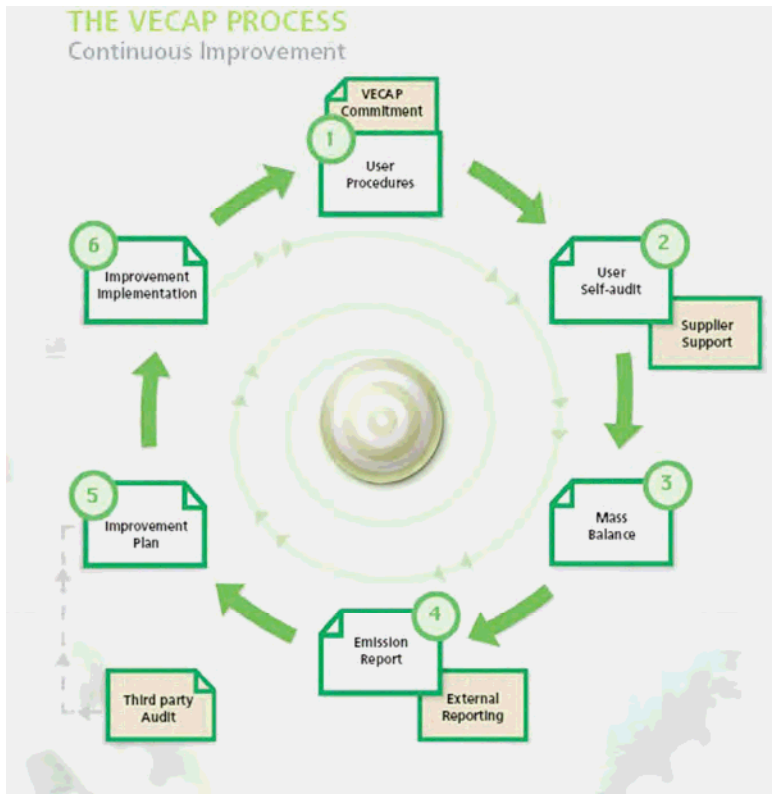
Albemarle maintains several programs to manage impacts of products, several of which are described below.

VECAP:

VECAP is a **V**oluntary **E**missions **C**ontrol **A**ction **P**rogram established by the brominated flame retardant industry. Albemarle shares a large role in this effort as one of the largest producers of brominated flame retardants (BFRs) globally. It was set up to manage, monitor and minimize industrial emissions of BFRs into the environment through partnership with Small and Medium-sized Enterprises (SMEs). This effort has expanded into product stewardship assistance to large OEM manufacturers such as Ford Motor Company.

Through VECAP, the manufacturers and users of BFRs are working together to establish and share best practices on the handling of BFRs to minimize emissions to the environment. The VECAP Code of Good Practice can become a benchmark for a wide variety of industry sectors. VECAP is a product stewardship industry initiative that reinforces the reduction throughout the manufacturing process by fostering a culture of continuous improvement. Its early success has motivated the brominated flame retardant industry to roll out VECAP globally, and to implement it for other flame retardants.

Albemarle G3 Report - 2008



Bromine Science and Environmental Forum graphic

Catalyst recycle:

Sales of petroleum catalysts represent 35% of Albemarle Corporation sales. Much recycled metal, primarily molybdenum, is derived from previously produced Albemarle catalyst that has been incinerated. This in turn prevents these metals from being released to the environment as waste.

Product Stewardship:

Albemarle maintains a product stewardship program that encompasses many activities and aspects with the overall goal of safe handling, distribution and use of our products. These aspects include

- * Hazardous material distribution
- * Hazard communication
- * Product Registration
- * Chemical Weapons Convention
- * Good lab practices
- * Pesticides and biocides products
- * Pharma and food contact products
- * Product stewardship manuals

Product stewardship manuals have been developed for distribution of specific materials. These include Bromine, Methyl Bromide, Aluminum Alkyls, Anhydrous HBr, Flame Retardants, n-propyl Bromide, and Curatives.

Albemarle G3 Report - 2008

EN27

Percentage of products sold and their packaging materials that are reclaimed by category. (Core)

2007 was the first year that Albemarle estimated the volume of raw materials and packaging that has been reclaimed from external sources. Albemarle Corporation's total production volume in 2008 was 669,014 tonnes. Packaging materials are estimated to be an additional 15% for a total of 769,000 tonnes. 222 tonnes of products and packaging were identified in 2008 that were directly reclaimed by Albemarle or its contractors, representing 0.03 % of the total. In addition, approximately 6,000 tonnes of catalyst product are recycled annually, by external sources. This corresponds to 0.8% of the total volume. Albemarle's polymer antioxidants and lubricant antioxidants are incorporated into many plastics products that are reclaimed/recycled in kind with the national average for these markets.

Compliance

EN28

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

Albemarle maintains a very robust auditing program for environmental performance and compliance. As a result, incidents of penalties are infrequent. In 2008, Albemarle paid \$27,643 in environmental fines.

Transport

EN29

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

Albemarle collects information on distribution incidents as the measure of this indicator. Energy and emissions from transportation of products and waste are not currently tracked. Emissions associated with workforce transportation are shown in EN17. All distribution incidents in which any volume of material is released from a container are recorded as Level 2 distribution incidents. There were 13 Level 2 distribution incidents in 2008. Any spill with an environmental or public impact is recorded as a Level 3 distribution incident. Albemarle experienced no Level 3 Distribution events in 2008.

Albemarle G3 Report - 2008

Overall

EN30

Total environmental protection expenditures and investments by type. (Additional)

Albemarle's expenditures for environmental protection totaled \$45,094,722 in 2008.

2008 Environmental Protection Expenditures

Capital expenditures for environmental protection and pollution abatement	\$ 14,002,241
Environmental compliance testing expenses	\$ 2,653,112
Treatment and disposal of waste	\$ 13,142,864
Pollution control expense	\$ 13,098,623
Remediation Expense	\$ 2,170,240
Environmental fines (see EN28)	\$ 27,643

Albemarle G3 Report - 2008

Social Performance Indicators

Labor Practices and Decent Work

People and Development

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

Albemarle G3 Report - 2008

LA1 – Breakdown of total workforce by employment type and by region

2008 Worldwide Staffing Summary

	Totals	Salaried (mgmt, prof, tech)	Salaried (admin)	Total Salaried	Wage Roll	Total Albemarle Direct	Total Contract
Americas	2653	1109	355	1364	868	2232	421
EMA	1366.8	326.9	558	884.9	403.4	1288.3	78.5
AP	695	211	51	262	365	641	54
TOTAL	4714.8	1646.9	964	2510.9	1636.4	4161.3	553.5

LA2 – Total number and rate of employee turnover broken down by age group and gender

2008 Turnover Data

	Global	Americas	EMA	AP
Total Direct Eees	4161	2232	1288	641
Total Male Eees	3449	1836	1089	526
Total Female Eees	712	396	199	115
#/% Total	263 / 6.3%	121 / 5.4%	80 / 6.2%	62 / 9.7%
#/% Total Male	200 / 5.8%	88 / 4.8%	65 / 5.9%	47 / 8.9%
#/% Total Female	63 / 8.8%	33 / 8.3%	15 / 7.5%	15 / 13.0%

LA3 – Minimum benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations

Americas Region

Significant Location(s)	Name(s)	Minimum Benefits for FT Employees
Baton Rouge LA USA	Baton Rouge Tower	<ul style="list-style-type: none"> • Medical Insurance • Dental Insurance or Dental Expense Reimbursement Account • Disability Insurance • Life Insurance • Personal Accident Insurance • Blanket Travel Accident Insurance • Health Care and Dependent Care Spending Accounts • Health Savings Account • Executive Long Term Disability
Baton Rouge LA USA	Process Development Center	
Dayton OH USA	Dayton	
Houston TX USA	Bayport	
Houston TX USA	Clear Lake Office	
Houston TX USA	Pasadena	
Magnolia AK USA	Magnolia	
Orangeburg SC USA	Orangeburg	
Richmond VA USA	Richmond	
South Haven MI USA	South Haven	

Albemarle G3 Report - 2008

Tyrone PA USA	Tyrone	<ul style="list-style-type: none"> • Retirement/Savings Plan • Vacation Plan • Holiday Schedule • Educational Reimbursement Plan • Matching Gifts to Education and Charitable Organizations • Seat Belt Coverage and Accidental Insurance
---------------	--------	---

EMA Region

Significant Location(s)	Name(s)	Minimum Benefits for FT Employees
Amsterdam the Netherlands	Amersfoort & Amsterdam	<ul style="list-style-type: none"> • Health insurance • Pension • Disability insurance for income guarantee of 70%
Avonmouth UK	Avonmouth	<ul style="list-style-type: none"> • Avonmouth (same for part time and for full time) • First aid payment • Maternity Returners allowance • Long service recognition • Defined contribution pension • Share scheme
Bergheim Germany	Bergheim	<ul style="list-style-type: none"> • Health insurance 6.95 % (average) • Unemployment 1.65 % • Pension 9.95 % • Nursing 0.975 %
Louvain-la-Neuve Belgium	LLN	<ul style="list-style-type: none"> • Health insurance • Extra legal Pension plan • Death and Disability insurance • Luncheon vouchers • Transportation allowances and Company car if GL \geq 13 or sales person • Repatriation insurance for high frequency traveler
Port-de-Bouc France	PdB	<ul style="list-style-type: none"> • All employees, according to their attendance time, have a end year premium (equivalent at one month of additional wages), a vacation premium, a transport allowance and lunch vouchers • Seniority premium and seniority bonus • Health care, death insurance, disability (employer and employee participation)

Albemarle G3 Report - 2008

Teesport UK	Teesport	<ul style="list-style-type: none"> • 10% non-contributory pension • 5% share purchase scheme
-------------	----------	--

Asia Pacific Region

Significant Location(s)	Name(s)	Minimum Benefits for FT Employees
Nanjing China	Nanjing	<ul style="list-style-type: none"> • Statutory government benefits
Beijing China	Beijing	
Weifang China	Weifang	
Shanghai China	Shanghai	
Guangzhou China	Guangzhou	
Jinhai China	Jinshan & Ningbo	
Seoul Korea	Korea	
Singapore	Singapore	
Tokyo Japan	Japan	

LA4 – Percentage of employees represented by independent trade union organizations or covered by collective bargaining agreements

Significant Location(s)	Name(s)	% Employees Represented by Unions / CBA
Americas		
Baton Rouge LA USA	Baton Rouge Tower	0%
Baton Rouge LA USA	Process Development Center	21%
Dayton OH USA	Dayton	0%
Houston TX USA	Bayport	0%
Houston TX USA	Clear Lake Office	0%
Houston TX USA	Pasadena	63%
Magnolia AR USA	Magnolia	0%
Orangeburg SC USA	Orangeburg	61%
South Haven MI USA	South Haven	0%
Tyrone PA USA	Tyrone	0%
EMA		
Amersfoort the Netherlands	Amersfoort	95%
Amsterdam the Netherlands	Amsterdam	98%
Avonmouth UK	Avonmouth	82%
Bergheim Germany	Bergheim	99%
Louvain-la-Neuve Belgium	LLN	0%
Teesport UK	Teesport	0%
Asia Pacific		
Nanjing China	Nanjing	0%
Beijing China	Beijing	0%
Weifang China	Weifang	0%
Shanghai China	Shanghai	0%

Albemarle G3 Report - 2008

Guangzhou China	Guangzhou	0%
Jinhai China	Jinshan & Ningbo	100%
Seoul Korea	Korea	0%
Singapore	Singapore	0%
Tokyo Japan	Japan	0%

LA5 – Minimum notice periods regarding operational changes, including whether it is specified in collective agreements.

Significant Location(s)	Name(s)	Minimum Notice Periods for Operational Changes
Americas		
Baton Rouge LA USA	Baton Rouge Tower	No minimum notice period applicable
Baton Rouge LA USA	Process Development Center	60 Days Notice to reopen contract
Dayton OH USA	Dayton	No minimum notice period applicable
Houston TX USA	Bayport	No minimum notice period applicable
Houston TX USA	Clear Lake Office	No minimum notice period applicable
Houston TX USA	Pasadena	No minimum notice period applicable
Magnolia AR USA	Magnolia	No minimum notice period applicable
Orangeburg SC USA	Orangeburg	Orangeburg labor agreement with IBT Local 509 requires a seven-day notice to employees for a layoff/significant operational change. For a change in the production schedule employees must have 48 hours notice. If the schedule change is due to mechanical breakdown then eight hours notice is required.
South Haven MI USA	South Haven	No minimum notice period applicable
Tyrone PA USA	Tyrone	No minimum notice period applicable
EMA		
Amersfoort the Netherlands	Amersfoort	1 month up to grade 8, 3 months from grade 9
Amsterdam the Netherlands	Amsterdam	1 month up to grade 8, 3 months from grade 9

Albemarle G3 Report - 2008

Avonmouth UK	Avonmouth	1 month for individual change- 3 months for group change
Bergheim Germany	Bergheim	Depending on age and seniority based on collective chemical CLA and law
Louvain-la-Neuve Belgium	LLN	3-6 months
Teesport UK	Teesport	No minimum notice period applicable
Asia Pacific		
Nanjing China	Nanjing	One month
Beijing China	Beijing	
Shanghai China	Shanghai	
Guangzhou China	Guangzhou	
Weifang China	Weifang	
Jinhai China	Jinshan & Ningbo	
Seoul Korea	Korea	No minimum notice period applicable
Singapore	Singapore	One month
Tokyo Japan	Japan	No minimum notice period applicable

Occupational Health & Safety

LA6_- Percentage of workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.

100% - As per our corporate procedures and philosophy, all Albemarle Operated Sites are to have safety committees that represent all workgroups at each site (including contractors). As new sites are acquired, we have processes to ensure that this vital safety program element is implemented quickly.

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

Not mandatory recordkeeping in U.S. and some regions of the world is prohibited. Wellness Programs and Counseling provided on as needed basis.

	2008
Injury rate	0.48
Occupational Diseases	0
Lost days	258
Absenteeism	No data
Work-related fatalities	0
Contractor Rate(s)	0.39

Albemarle G3 Report - 2008

LA8 - Education, training, counseling, prevention and risk-control programs in place for assisting workforce members, families, or community members affected by serious communicable diseases

Health and Wellness Programs
Safety Programs
Blood Borne Pathogen Program
Vaccination program

Albemarle G3 Report - 2008

LA10 – Average hours of training per year per employee (broken down by employee category)

Significant Location(s)	Name(s)	Average Hours of Training/Year
Americas		
Baton Rouge LA USA	Baton Rouge Tower	16 hours
Baton Rouge LA USA	Process Development Center	120 hours
Dayton OH USA	Dayton	67 hours
Houston TX USA	Bayport	11 hours
Houston TX USA	Clear Lake Office	15 hours
Houston TX USA	Pasadena	120 hours
Magnolia AR USA	Magnolia	55 hours
Orangeburg SC USA	Orangeburg	40 hours
South Haven MI USA	South Haven	150 hours
Tyrone PA USA	Tyrone	90 hours
EMA		
Amersfoort the Netherlands	Amersfoort	90 hours
Amsterdam the Netherlands	Amsterdam	90 hours
Avonmouth UK	Avonmouth	33 hours
Bergheim Germany	Bergheim	10 hours
Louvain-la-Neuve Belgium	LLN	7 hours
Teesport UK	Teesport	22 hours
Asia Pacific		
Nanjing China	Nanjing	300 hours (plant startup & temporary shut down)
Beijing China	Beijing	16 hours
Weifang China	Weifang	16 hours
Shanghai China	Shanghai	20 hours
Guangzhou China	Guangzhou	16 hours
Jinhai Shanghai	Jinhai Shanghai	18 hours
Jinhai Ningbo	Jinhai Ningbo	14 hours
Seoul Korea	Korea	28 hours
Singapore	Singapore	16 hours
Tokyo Japan	Japan	16 hours

Albemarle G3 Report - 2008

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

2008 Diversity Data

	Global	Americas	EMA	AP
Total # of Eees (excludes contract)	4161	2232	1288	641
Total Male	3449	1836	1089	526
Total Female	712	396	199	115
Total Age < 35	713	365	248	320
Total Age 35-50	1809	905	642	262
Total Age > 50	1409	962	398	59
Total Female Eees - Mgmt	82	58	18	6
% Female Mgmt / Total Eees	2%	3%	1%	0.94%
% Female Mgmt / Total Female Eees	12%	15%	9%	5.22%
Total Male Eees - Mgmt	604	389	156	59
% Male Mgmt / Total Eees	15%	17%	12%	9.20%
% Male Mgmt / Total Male Eees	18%	21%	14%	11.22%
Total Exempt/ Nonexempt		1109 / 1123	Employee qualification and representation determined by Works Counsel agreements	Exempt & nonexempt not defined in AP countries
Total Union/ Council Representation		401		0
Ethnic – Asian		60	Data Privacy laws prevent reporting of data	Diversity information tracking and reporting not required
Ethnic – Black		228		
Ethnic – Hispanic		93		
Ethnic – White		1734		
Ethnic - Other		117		

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

Data found in table of LA13

Albemarle G3 Report - 2008

Social Performance Indicators - Human Rights

The Company believes that fostering a high quality, effective workforce is the unique determinant of sustained business success. Therefore all those in management roles are accountable to ensure the fair application of employee policies and employment practices. Further, all Personnel are encouraged to take personal responsibility to maximize their productivity, personal development and contributions to the success of the Company. The Company strives to provide an environment that values results of individuals and teams, while emphasizing respect for each other and effective communications. Personnel are expected to raise work place issues that represent a risk to the Company, violate the policies of the Company or threaten a successful work environment.

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

Albemarle G3 Report - 2008

Management Practices

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

0%

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

0%

We do not currently screen suppliers for human rights, therefore no action has been taken.

Non-discrimination

HR4 - Total number of incidents of discrimination and actions taken

2008 – No reported incidents of discrimination, therefore, no corrective actions were developed.

Child Labor

HR5 - Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.

0

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

No Albemarle owned or operated facilities are at risk for child labor.

Forced or Compulsory Labor

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

There were no reported incidents or suspected risk of forced labor in 2008.

Albemarle G3 Report - 2008

Social Performance Indicators - Society

Corporate Citizenship

As responsible corporate citizens, we will extend our environmental health and safety philosophy beyond the workplace. Albemarle employees and contractors maintain a heightened sense of awareness on and off the job and proactively seek opportunities to advocate this philosophy in our neighborhoods, at work, in transit and at home. We are also committed to making a positive impact in our communities, and will continue to seek ways to support the cornerstones of sustainability, particularly in the areas of educations, health and social services, cultural initiatives and volunteerism.

Albemarle G3 Report - 2008

SO1 – Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

With regards to assessing and managing the impacts of operations communities, including entering, operating and exiting, Albemarle coordinates the requirements of entering and exiting a community with a special task force that is initiated upon the need for such action. Each site has specific issues that need addressing; therefore, each task force has specific programs and practices that are derived and executed by the team for each situation.

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

Corruption

SO2 - Extent of training and risk analysis to prevent corruption

All business units have been analyzed.

SO3 – Percentage of employees trained in organization’s anti-corruption policies and procedures.

All employees, upon hire, are required to complete training with respect to the Company’s “*Code of Conduct*” - Albemarle’s principle document and philosophy for the prevention of corruption.

SO4 - Actions taken in response to instances of corruption

Penalties

Any violation of the Code will form the basis for appropriate disciplinary action, up to and including dismissal; it may also expose the offender to civil liability and criminal prosecution. No improper or illegal behavior will be justified by a claim that it was ordered by someone in higher authority. No one, regardless of position, is authorized to direct an employee to commit a wrongful act.

SO5 – Public Policy positions and participation in public policy development and lobbying

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

- US federal legislation requiring mandatory security standards for chemical facilities which will protect not only our employees but the surrounding community
- Dialogue with country specific agencies on fire safety standards for consumer products which will save lives.

Albemarle G3 Report - 2008

- Federal standards that provide safe pharmaceutical products
- Active participation with US EPA initiatives in the following areas: High Production Volume (HPV) Chemical program
 - Design for Environment (DfE) program in electronics and furniture markets
 - Catalysts for clean fuel technology
 - Technology and Economic Assessment Panel (TEAP) concerning npB performance cleaner
- Active participation with European initiatives in the following areas:
 - Ecolabels
 - Risk assessments and risk reduction strategies
 - EU legislative developments
- Global harmonization of chemical management policies that follow the guidelines of the EU REACH program to provide the public with the most scientific knowledge of our products. as well as a confidence in the safety of our products
- Activity at the state and federal government level as well as academia towards a commitment to Green Chemistry principles and a systematic, science-based chemical regulatory system which has stimulated our research of new products into areas of innovative chemical processes and products that make the world an environmentally safer and healthier place to live

Development and leadership of working groups made up of industry, government, end user and ENGO participants working towards development of chemicals policy and product safety in various end markets.

SO6 - Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country

Albemarle takes our commitment to the democratic process very seriously. We provide all of our US employees with a mechanism for contacting their elected officials on issues of concern to them and the company, which has given them a voice in the governmental process. We also have a website in the US where employees can obtain information on their elected officials as well as information on their election challengers. In addition, they can get specific information on absentee ballots, voter registration and election voting locations. The goal of this program is to increase participation on the part of our employees in the US political process by engaging them to be active citizens.

Finally, Albemarle has a political action committee through which a specific group of individuals provide funds for purposes of contributing to political campaigns. In making contributions, we comply with Federal Election Commission regulations in determining which candidates receive funds. Thus far, we have contributed \$24,000 for the 2007 -2008 election cycle.

SO8 – Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

Albemarle had no fines in this area during 2008.

Albemarle G3 Report - 2008

Social Performance Indicators – Product Responsibility

Product Stewardship encompasses many activities and programs with the overall goal of safe handling, distribution and use of our products.

Hazardous Materials Distribution:

Albemarle will meet the DOT requirements for shipment of hazardous materials in the US and the specific country regulations elsewhere in the world (e.g., ADR and RID in Europe) where products are distributed. Air shipments will follow the IATA/ICAO international standard and marine shipments will meet IMDG Code requirements.

The Corporate HSE group will oversee the distribution of hazardous materials for the corporation. Risk assessments will be conducted on the distribution of all hazardous products. Hazardous products include methyl bromide, bromine, chlorine, aluminum alkyls, and anhydrous HBr. This assessment will include container design, mode of transportation and emergency procedures. This assessment program will apply to all scales of product shipment including samples. Included in the assessments will be audit programs to review and monitor warehouses, distributors, and carriers for compliance to our standards.

Hazard Communication:

Under OSHA's Hazard Communication standard as well as similar standards in various other countries, hazards of the product must be communicated. Through the use of Material Safety Data Sheets (MSDSs), hazards of our products are communicated to distributors and customers. Hazards are also communicated through product labels. It is the responsibility of the Corporate HSE group to develop, distribute, and maintain the hazard communication and product label programs for Albemarle. Based on known toxicology and other product information, Albemarle will label and provide MSDS for each of its products that accurately describe the products and meets the standards of the country in which the product is distributed. Details on the MSDS and product label processes are defined in the detail procedure 03-7201 - MSDS/HIS and Product Labels.

Product Registration:

It is Albemarle intent to distribute products following all national and local registration requirements. In the US, Albemarle will adhere to EPA's Toxic Substance Control Act. There are similar standards throughout most of the world and it is Corporate HSE responsibility to ensure product shipped to any country meets that country's registration requirements. Albemarle's SAP system will be used by HSE to verify and release all product shipments. Details on the associated TSCA and other registration procedures are provided under 03-73xx - Product Registration.

Chemical Weapons Convention:

Under the United Nations "Chemical Weapons Convention," chemicals that can be used or can be used as precursors to chemical weapons have additional control requirements. These requirements include special inventory, reporting, and customer evaluations needs. Albemarle is committed to meeting the requirements of the CWC. Corporate HSE will oversee the compliance utilizing SAP to release product shipments and auditing sites for reporting and

Albemarle G3 Report - 2008

documentation compliance. Details of these procedures are provided in Section 03-74xx - Chemical Weapons Convention.

Good Lab Practices:

Many submissions of scientific data to various regulatory agencies require that the data and report generation follow "Good Laboratory Practices" (GLP). Where required, Albemarle will conduct studies under GLP and maintain these GLP records. GLP procedures are defined and in the "Standard Operating Procedures" database on Lotus Notes. Corporate HSE is responsible for maintaining these procedures, maintaining the archives of the company studies, and audit Albemarle's GLP work procedures.

Pesticides and Biocides Products

Albemarle manufactures and distributes several products that are function as pesticides or biocides. In the US, the EPA through the Federal Insecticide, Fungicide, and Rodenticide Act controls the registration and distribution of such products. In the European Union, similar controls and registration requirements have been established under pesticides and biocides directives. Albemarle will adhere to regulatory requirements in the country where the product is distributed. The Corporate HSE group will have the responsibility to ensure that manufacture, sales and distribution of pesticides and biocides meets these regulatory requirements. Detail procedures for meeting these requirements are provided in Section 03-76xx - Pesticide and Biocide Product Stewardship.

Pharma and Food Contact Products:

Albemarle manufactures and distributes products that are intended for use as active ingredients in pharmaceutical applications. In addition, some of Albemarle products are used in direct or indirect food contact applications. In the US, control for these type of products and uses are under the regulatory authority of the Food and Drug Administration (FDA). Other countries have similar regulatory agencies which control the manufacture and distribution of such products. Albemarle will adhere to regulatory requirements in the country where the product is distributed. The Corporate HSE group will have the responsibility to ensure that manufacture, sales and distribution of pharmaceutical or food contact products meets these regulatory requirements. Detailed procedures for meeting these requirements are provided in Section 03-77xx - Pharma and Food Contact Product Stewardship.

Product Stewardship Manuals:

In order to ensure our customers use and handle our products properly, technical bulletins are often prepared. For our hazardous products or those with special handling requirements, product stewardship manuals are developed. These manuals are jointly developed by the Corporate HSE group and the specific business group. Included in the manuals are any regulatory requirements that must be met and guidance in proper handling and waste disposal techniques. In addition, for some products, Albemarle is committed to training customers on the proper handling and auditing for compliance of the customer to these requirements. These training and auditing activities will be defined in the various manuals. The business director for the hazardous product takes on the role of the product steward and is responsible for distribution of the manuals to customers. The Corporate HSE group is responsible for auditing the customers as defined in the manuals.

Albemarle G3 Report - 2008

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

Albemarle maintains a Policy and Procedure system, a database that is accessible to employees throughout the corporation.

List of Product Stewardship Procedures

Distribution Risk Assessments

Distribution Incident Level Definition

- Transportation/Distribution Incident Reporting Procedure

Sample Shipping Requirements

Chemical Sample Transportation

NAFTA Certification

Site Distribution Regulatory Audit

Warehouse Audit Procedure

MSDS-HIS and Product Labels

TSCA Compliance Program

World-wide Chemical Inventory Control Compliance

Chemical Weapons Convention Compliance

- Good Laboratory Practice (GLP) Program

Pesticide and Biocide Product Stewardship Program

Review Process of FIFRA Submissions

Audit Procedure for EPA Registered Establishments

Management and Use of FIFRA Labels

Auditing the Corporate FIFRA Activities

Regulatory Review Model for New FIFRA Regulated Products

Compliance with FIFRA 6(a) 2 Adverse Effects Reporting Requirements

Supplemental Registrations Procedure

Biocide State Registrations Procedure

Investigating Corporate ODS Reporting and Record keeping for Annual Compliance

Pharmaceutical Product Regulatory Filings

Pharmaceutical Customer Notification of Change

FDA and Customer Audits

Technology Transfer of Pharmaceuticals

- Corrective and Preventive Action Procedures for cGMP Operations

Product Risk Management System

Bromine Product Stewardship Manual

Methyl Bromide Product Stewardship Manual

Anhydrous Hydrogen Bromide Product Stewardship Manual

nPropyl Bromide Product Stewardship Manual

Ethacure 100 and 300 Product Stewardship Manual

Hydrobromic Acid Solutions Product Stewardship Manual

Organometallics Product Stewardship Manual

In addition to the above listed procedures, Albemarle Corporation is participating in the ACC Global Product Strategy (GPS) program to place product stewardship summaries on the company

Albemarle G3 Report - 2008

website. In 2008 six additional summaries were posted for a total of seven summaries. They are all available for viewing at:

http://www.albemarle.com/About_Albemarle/Sustainability/Product_stewardship_and_advocacy/Product_Summaries/.

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

2008

Submitted two –6(a)2 Adverse Effects – reports on a quaternary ammonium hard surface disinfectant – none of the incidents resulted in death (H-A) or life-threatening (H-B) exposures. There were two moderate (H-C) and three minor (H-D) incidents.

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

Per procedure, Albemarle Corporation follows all pertinent regional, national and global regulations for product service information and labeling. To that extent, the following information is included on all labeling:

The required transportation information on a label:

For non-regulated materials :

Product identification information
No specific shipping description as not transport regulated
Emergency response phone numbers in EU, Asia and the Americas
Shipper address
Country of origin: Transitioning to include on US and Asia labels
General hazard and safe handling information

For dangerous goods or regulated materials :

Product identification information
Shipping description (Proper Shipping Name, UN ID Number)
Hazard Class label
Other required markings as needed, such as Marine Pollutant mark
Emergency response phone numbers in EU, Asia and the Americas
Shipper address
Country of origin: Transitioning to include on US and Asia labels
General hazard and safe handling information

Albemarle G3 Report - 2008

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

2008 – 15 labeling non-conformances were noted in corporate run audits.

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

Through Albemarle's commitment to operating excellence, customer complaints and praise are tracked, monitored and if appropriate, resolved.

Customer Complaints 2008 – 1113
Customer complaints resolved – 87%

Marketing Communications

PR6 - Procedures and programs for adherence to laws and standards, and voluntary codes related to marketing communications including advertising, promotion and sponsorship

Albemarle utilizes the services of external consultants for marketing communications with support from internal specialist. All adherence to laws and standards is addressed in the Corporate Graphic Standards and posted in employee communications

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

Albemarle had no fines in this area during 2008.