

Albemarle

Second Quarter 2010 Earnings

Conference Call/Web Cast
Tuesday July 27, 2010 - 09:00am ET

Forward Looking Statement

Portions of this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although Albemarle Corporation believes its expectations reflected in the presentation are based on reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ from expectations include, without limitation, the inability to pass through increases in costs and expenses for raw materials and energy; competition from other manufacturers; changes in demand for our products; the gain or loss of significant customers; fluctuations in foreign currencies and increased government regulation of our operations or our products.

Additional factors that could cause Albemarle's results to differ materially from those described in the forward-looking statements can be found under "Risk Factors" in Item 1A of our Annual Report on form 10-K for the year ended December 31, 2009.



Second Quarter 2010 Financial Results

Comparisons

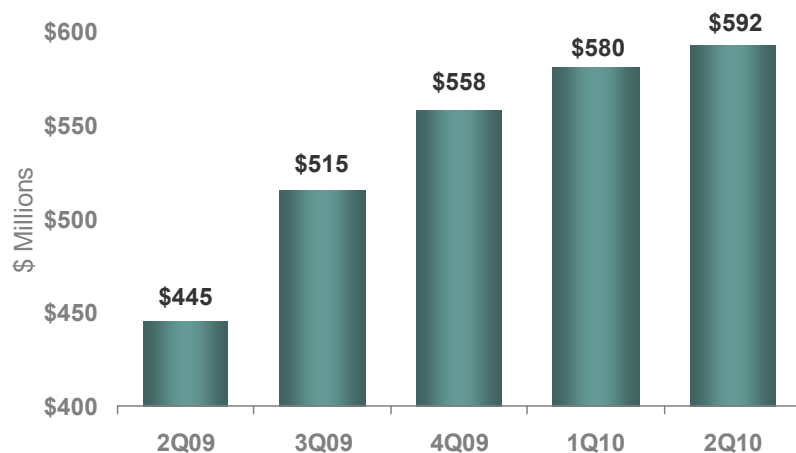
	Q2 2010 (in millions, except EPS)	Year-Over-Year (Y/Y)	Sequential
Net Sales	\$ 592	↑ 33%	↑ 2%
Operating Profit	\$ 107	↑ 244%	↑ 40%
Net Earnings	\$ 82	↑ 112%	↑ 29%
EBITDA (ex SI)	\$ 136	↑ 84%	↑ 15%
Diluted EPS	\$ 0.89	↑ 112%	↑ 29%

Record Earnings of \$82 Million – Surpassed Q1 2010 by 29%

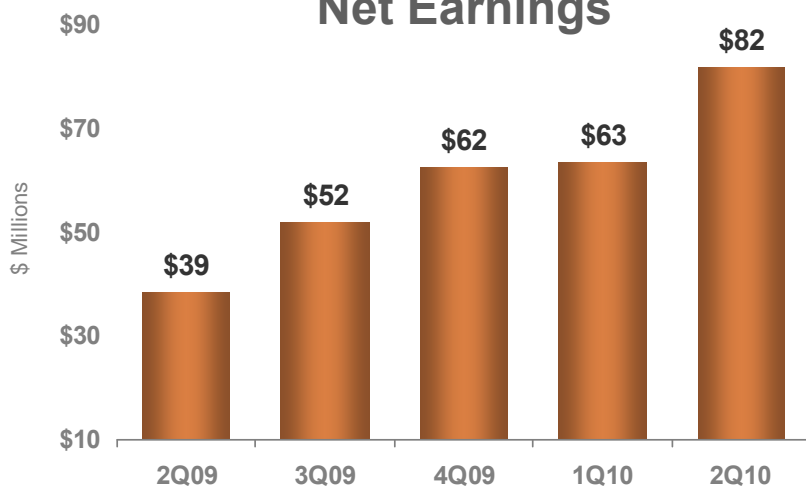


Second Quarter Net Sales and Earnings

Net Sales



Net Earnings



Quarter Highlights

- Quarterly net sales of \$592.5 million, up 33% Y/Y
- Quarterly earnings of \$81.8 million, up 112% Y/Y
- Record quarterly EPS \$0.89 per share, up 112% Y/Y
- Strong Y/Y improvement in all three business segments. Record segment income in Catalysts and Polymer Solutions
- Cash flow from operations of \$116 million in the quarter
- Cash and cash equivalents of \$324 million at June 30, 2010
- Continued improvement of net debt/cap ratio



Polymer Solutions

2nd Qtr Performance

<i>In thousands</i>	2Q 2010	2Q 2009	
Net Sales	235,289	172,720	36.2 %
Segment Income	47,032	14,664	220.7%
Segment Income Margin	20.0%	8.5%	1150bps

2nd Qtr Y/Y Sales Comparison

Sales Growth	36.2%
Volume	34.2%
Price/Mix	2.2%
Currency	(0.2)%

Key Business Highlights

- Record segment income and segment margins for second consecutive quarter
- Strong Y/Y volume and revenue improvement across portfolio, particularly in brominated flame retardants
- Improved production utilization rates
- Tightness in supply of bromine derivatives; sold-out position in some products

Business Outlook

- Continued strong demand in consumer electronics
- Value-driving strategy in strong markets
- Focused sales growth in developing regions
- Introduction and commercialization of new eco-friendly product portfolio on track

Catalysts

2nd Qtr Performance

<i>In thousands</i>	2Q 2010	2Q 2009	
Net Sales	216,000	168,603	28.1%
Segment Income	66,238	37,717	75.6%
Segment Income Margin	30.7%	22.4%	830bps

Key Business Highlights

- Record segment income and segment margins for second consecutive quarter driven by strong volumes and favorable product mix
- Balanced earnings from full portfolio
- Strong Y/Y volume improvement in HPC
- Y/Y improved performance in all Catalyst joint ventures

2nd Qtr Y/Y Sales Comparison

Sales Growth	28.1%
Volume	20.5%
Price/Mix	8.1%
Currency	(0.5)%

Business Outlook

- Steady demand to yield strong Y/Y earnings
- Strong penetration into emerging markets
- Continuing to drive new technology
- Focus on productivity and working capital efficiencies



Fine Chemistry

2nd Qtr Performance

<i>In thousands</i>	2Q 2010	2Q 2009	□
Net Sales	141,194	103,976	35.8%
Segment Income	17,530	5,155	240.1%
Segment Income Margin	12.4%	5.0%	740bps

2nd Qtr Y/Y Sales Comparison

Sales Growth	35.8%
Volume	43.1%
Price/Mix	(6.7)%
Currency	(0.6)%

Key Business Highlights

- Increased volumes drove improved sales and margins
- Significant improvement in Y/Y production rates and cost absorption in our bromine franchise
- June record month for JBC
- Y/Y mix impacted pricing

Business Outlook

- Global bromine supply/demand remains tight
- Volatility of clear brines volumes due to suspension of deep water drilling in GOM
- Increasing demand for food safety and water treatment products
- Growing pipeline for new pharma opportunities
- Proposed mercury legislation introduced



Financial Performance

1H10 Other Financial Highlights

- Cash Flow from Ops: \$134MM
- Capital Expenditures: \$34MM
- Dividends Paid: \$24.1MM
- Share Repurchases: \$14.9MM
- Net Debt: \$447MM*
- Net Debt/Cap Ratio: 27%*
- Cash balance at 6/30/10: \$324MM

* Non-GAAP Measure

Free Cash Flow

(in millions)

Six Months Ended June 30

	2010	2009
Net Earnings	145	64
Depreciation & Amortization	48	50
Change in Working Capital	(77)	13
Other	18	(20)
Net Cash from Operations	134	107
Less: Capital Expenditures	(34)	(60)
Free Cash Flow	100	47

Superior Financial Performance; Strong Cash from Operations & Free Cash Flow



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