

ALBEMARLE CORP  
Form DEF 14A  
March 18, 2005

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. \_\_)**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

.. Soliciting Material Pursuant to §240.14a-12

**ALBEMARLE CORPORATION**

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(Name of Registrant as Specified in its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**NOTICE**  
**OF**  
**ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual Meeting of Shareholders of Albemarle Corporation ( Company or Albemarle ) will be held at the Lod Cook Conference Center, 3848 West Lakeshore Drive, Baton Rouge, Louisiana on Wednesday, April 20, 2005, at 11:00 A.M., Central Daylight Time, for the following purposes:

- 1. To elect a Board of Directors to serve for the ensuing year;**
- 2. To ratify the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2005; and**
- 3. To conduct any other business properly raised at the meeting.**

**Holders of shares of Albemarle common stock of record at the close of business on March 11, 2005, will be entitled to vote at the meeting.**

**You are requested to vote your shares promptly by completing, signing, dating and returning the enclosed proxy card in the self-addressed, stamped envelope provided, or by telephone or over the Internet, regardless of whether you expect to attend the meeting.**

**If you are present at the meeting, you may vote in person even if you already have voted your proxy by mail, by telephone or over the Internet.**

**Seating at the meeting will be on a first-come, first-served basis. To ensure that you have a seat, please arrive early. Refreshments will be served prior to the start of the meeting.**

**By Order of the Board of Directors**

**Luther C. Kissam, IV, *Secretary***

**March 18, 2005**

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**PROXY STATEMENT**

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**FOR ANNUAL MEETING OF SHAREHOLDERS**

**ALBEMARLE CORPORATION**

**TO BE HELD APRIL 20, 2005**

**APPROXIMATE DATE OF MAILING MARCH 25, 2005**

**Q: Who is eligible to vote?**

A: You may vote if you owned shares of Albemarle common stock on March 11, 2005, the date established by the Board of Directors under Virginia law for determining shareholders entitled to notice of and to vote at the meeting. On the record date, there were outstanding 46,564,405 shares of Albemarle common stock. Each share of Albemarle common stock is entitled to one vote.

**Q: Who is asking for my vote and why are you sending me this document?**

A: The Board of Directors asks that you vote on the matters listed in the Notice of Annual Meeting, which are more fully described in this proxy statement.

The Company is providing this proxy statement and related proxy card to shareholders of the Company in connection with the solicitation by the Board of Directors of proxies to be voted at the meeting. A proxy, if duly executed and not revoked, will be voted and, if it contains any specific instructions, will be voted in accordance with those instructions.

**Q: What is a proxy?**

A: A proxy is your legal designation of another person to vote the stock you own. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. Floyd D. Gottwald, Jr., Seymour S. Preston III and William M. Gottwald have been designated as proxies for the 2005 annual meeting.

**Q: What will I be voting on at the meeting?**

A: You will be voting on the following matters:

Election of 10 directors.

Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2005.

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Any other business properly raised at the meeting.

### **Q: What vote is needed to elect directors?**

A: The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of Albemarle common stock voted in the election of directors.

### **Q: What vote is needed to ratify the appointment of PricewaterhouseCoopers LLP?**

A: The ratification of the appointment of PricewaterhouseCoopers LLP requires that the votes cast in favor of the ratification exceed the number of votes cast opposing the ratification.

### **Q: What are the voting recommendations of the Board of Directors?**

A: The Board of Directors recommends that shareholders vote **FOR** all of the nominees for director and **FOR** the ratification of PricewaterhouseCoopers LLP.

### **Q: How do I vote?**

A: You may vote

by attending the meeting and voting in person,

by completing, signing, dating and returning the enclosed proxy card in the self-addressed, stamped envelope provided or

by telephone or over the Internet by following the instructions provided on the enclosed proxy card.

Even if you plan to attend the meeting, the Company encourages you to vote your shares by proxy.

### **Q: Can I change or revoke my vote?**

A: Any shareholder giving a proxy may change or revoke it at any time before it is voted at the meeting. A proxy can be changed or revoked by

delivering a later dated proxy, or written notice of revocation, to the Secretary of the Company at the address listed under **Shareholder Proposals** on page 19 or

appearing at the meeting and voting in person.

If you voted by telephone or over the Internet, you can also revoke your vote by any of these methods or you can change your vote by voting again by telephone or over the Internet. If you decide to vote by completing, signing, dating and returning the enclosed proxy card,





you should retain a copy of the voter control number found on the proxy card in the event that you decide later to change or revoke your proxy by telephone or over the Internet. Your attendance at the meeting will not itself revoke a proxy.

**Q: What if I do not specify a choice for a matter when returning a proxy?**

A: Shareholders should specify their choice for each matter on the enclosed proxy. If no specific instructions are given, it is intended that all proxies that are signed and returned will be voted FOR the election of all nominees for director and FOR the ratification of the appointment of PricewaterhouseCoopers LLP and according to the discretion of the proxy holders on any other business proposal properly raised at the meeting.

**Q: Will my shares be voted if I do not provide my proxy?**

A: It will depend on how your ownership of shares of Albemarle common stock is registered. If you own your shares as a registered holder, which means that your shares of Albemarle common stock are registered in your name, your unvoted shares will not be represented at the meeting and will not count toward the quorum requirement, which is explained below. If a quorum is obtained, your unvoted shares will not affect whether a proposal is approved or rejected.

If you own your shares of Albemarle common stock in street name, which means that your shares are registered in the name of your broker, your shares may be voted even if you do not provide your broker with voting instructions. Brokers have the authority under the rules of the New York Stock Exchange to vote shares for which their customers do not provide voting instructions on certain routine matters.

The election of directors and the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm are considered routine matters for which brokerage firms may vote unvoted shares. When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is called a broker non-vote.

**Q: Are abstentions and broker non-votes counted?**

A: Abstentions, broker non-votes and, with respect to the election of directors, withheld votes will not be included in the vote totals and will not affect the outcome of the vote.

**Q: What constitutes a quorum for the meeting?**

A: In order for the meeting to be conducted, a majority of the outstanding shares of Albemarle common stock as of the record date must be present in person or by proxy at the meeting. This is referred to as a quorum. Abstentions and shares of record held by a broker or its nominee that are voted on any matter are included in determining the number of votes present. Broker shares that are not voted on any matter will not be included in determining whether a quorum is present.

**Q: Where can I find the results of the annual meeting?**

A: The Company intends to announce preliminary voting results at the annual meeting and publish final results in the Company's Quarterly Report on Form 10-Q for the first quarter of 2005.

**Q: Where can I find the Company's corporate governance materials?**

A: The Company's Corporate Governance Guidelines, Code of Conduct and the charters of the Audit, Executive Compensation, and Nominating and Governance Committees are available on the Company's Internet website at <http://www.albemarle.com>, *Investor Information, Corporate Governance*, and are available in print to any shareholder upon request by contacting the Company's investor relations department as described in "How can I obtain a copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004?" below.

**Q: How do I communicate with the Board of Directors?**

A: Shareholders and other interested persons may communicate with the full Board of Directors, a specified committee of the Board or a specified individual member of the Board in writing by mail at Albemarle Corporation, 330 South Fourth Street, Richmond, Virginia 23219, Attention: Chairman of the Nominating and Governance Committee or by electronic mail at [nominating\\_governance\\_chair@albemarle.com](mailto:nominating_governance_chair@albemarle.com). The Chairman of the Nominating and Governance Committee and his or her duly authorized agents are responsible for collecting and organizing shareholder communications. Absent a conflict of interest, the Chairman of the Nominating and Governance

Committee is responsible for evaluating the materiality of each shareholder communication and determining whether further distribution is appropriate, and, if so, whether to (1) the full Board, (2) one or more committee members, (3) one or more Board members and/or (4) other individuals or entities.

**Q: Who pays for the solicitation of proxies?**

A: The Company will pay for the cost of the solicitation of proxies. In addition to the use of the mails, proxies may be solicited personally or by telephone by employees of the Company. The Altman Group, Inc. has been engaged to assist in the solicitation of proxies from brokers, nominees, fiduciaries and other custodians. The Company will pay that firm \$5,000 for its services and reimburse its out-of-pocket expenses for such items as mailing, copying, phone calls, faxes and other related matters.

**Q: How can I obtain a copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004?**

A: A copy of the Company's Annual Report on Form 10-K is enclosed.

**The Company will provide without charge to each person to whom this proxy statement has been delivered, on the request of any such person, additional copies of the Company's Annual Report on Form 10-K, including the financial statements and financial statement schedules.** Requests should be directed to the Company's investor relations department as described below:

Albemarle Corporation  
330 South Fourth Street  
Richmond, Virginia 23219  
Attention: Investor Relations  
Telephone: (804) 788-6045

A list of the exhibits to the Annual Report on Form 10-K, showing the cost of each, will be delivered with a copy of the Annual Report on Form 10-K. Any of the exhibits listed will be provided upon payment of the charge noted on the list.

## **ELECTION OF DIRECTORS**

The Nominating and Governance Committee has recommended to the Board of Directors, and the Board of Directors has approved, the persons named below as nominees for election to the Board of Directors. J. Alfred Broaddus, Jr., who was appointed to serve as a director of the Company by the Board of Directors on August 18, 2004, was recommended to the Nominating and Governance Committee by one of our independent directors. Each of the nominees presently serves as a director. Proxies will be voted for the election of the persons named below (or if for any reason unavailable, of such substitutes as the Board of Directors may designate) as directors for the ensuing year. The Board of Directors has no reason to believe that any of the nominees will be unavailable. Lloyd B. Andrew is not standing for reelection as a director.

Our bylaws currently provide that our Board of Directors shall consist of 11 directors. The Nominating and Governance Committee has recommended to the Board of Directors, and the Board of Directors has approved, 10 persons as nominees for election to the Board of Directors. At its meeting immediately following the annual meeting, the Board of Directors intends to amend our bylaws to decrease the size of the Board of Directors from 11 to 10 directors to remove the vacancy created by Mr. Andrew's departure, which will be effective immediately following the annual meeting. Proxies cannot be voted for a greater number of directors than the number of nominees named.

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**Mark C. Rohr**; age 53; director since 2001; President and Chief Executive Officer since October 1, 2002, having previously served as President and Chief Operating Officer of the Company from January 1, 2000 through September 30, 2002, and Executive Vice President of the Company from March 22, 1999 through December 31, 1999, and Senior Vice President, Specialty Chemicals, of Occidental Chemical Corporation (chemical manufacturer with interests in basic chemicals, vinyls, petrochemicals and specialty products and a subsidiary of Occidental Petroleum Corporation) prior thereto.

**Charles E. Stewart**; age 69; director since 1997; consultant, having previously served as Executive Vice President of Occidental Chemical Corporation.

**William M. Gottwald**; age 57; director since 1999; Chairman of the Board of Directors of the Company since March 28, 2001, having previously served as Vice President, Corporate Strategy, of the Company. Other directorship: Tredegar Corporation.

**Seymour S. Preston III**; age 71; director since 1996; President of The Millrace Group (consulting services), having previously served as Chairman of the Board and Chief Executive Officer of AAC Engineered Systems, Inc. (manufacturer of centrifugal deburring and finishing machinery) from December 1994 through August 2003. Other directorship: Tufco Technologies Inc.

**John Sherman, Jr.;** age 59; director since 2003; Vice Chairman of Scott & Stringfellow, Inc. (regional brokerage) since September 1, 2002, having previously served as President and Chief Executive Officer of Scott & Stringfellow.

**Floyd D. Gottwald, Jr.;** age 82; director since 1994; Vice Chairman of the Board and Chairman of the Executive Committee of the Board since October 1, 2002, having previously served as Chairman of the Executive Committee and Chief Executive Officer of the Company from March 28, 2001 through September 30, 2002, and Chairman of the Board and Executive Committee and Chief Executive Officer of the Company prior thereto. Other directorship: Tredegar Corporation.

**Richard L. Morrill;** age 65; director since 2002; Chancellor and Distinguished University Professor of Ethics and Democratic Values University of Richmond since July 1, 1998, having previously served as President of the University of Richmond. Other directorship: Tredegar Corporation.

**Anne Marie Whittemore;** age 59; director since 1996; Partner of McGuireWoods LLP (law firm). Other directorships: Owens & Minor, Inc. and T. Rowe Price Group, Inc.

**John D. Gottwald;** age 51; director since 1994; Chairman of the Board of Tredegar Corporation (global manufacturer of plastic films and aluminum extrusions since September 11, 2001, having previously served as President and Chief Executive Officer of Tredegar Corporation from 1989 through September 10, 2001. Other directorship: Tredegar Corporation.

**J. Alfred Broaddus, Jr.;** age 65; director since August 18, 2004; having previously served as President of the Federal Reserve Bank of Richmond until July 31, 2004. Other directorships: Markel Corporation, Owens & Minor, Inc. and T. Rowe Price Group, Inc.

**The Board recommends that shareholders vote **FOR** all of the nominees listed above.**

#### **Board of Directors**

The Company is managed under the direction of the Board of Directors, which has adopted Corporate Governance Guidelines to set forth certain corporate governance practices. The Corporate Governance Guidelines are available on the Company's website at <http://www.albemarle.com>, *Investor Information, Corporate Governance*.

#### ***Independence of Directors***

The Board of Directors has determined that the following directors are independent within the listing standards of the New York Stock Exchange, and the independence standards of the Company's Corporate Governance Guidelines, which are set forth below: Andrew, Broaddus, Morrill, Preston, Sherman, Stewart and Whittemore.

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As set forth in the Company's Corporate Governance Guidelines, in order for a director to be considered independent by the Board, he or she must (1) be free of any relationship that, applying the rules of the New York Stock Exchange, would preclude a finding of independence and (2) not have any 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 takes into consideration whether disclosure of the relationship would be required by the proxy rules under the Securities Exchange Act of 1934 (the Exchange Act). If disclosure of the relationship 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.

### ***Board Meetings***

The Board of Directors meets on a regularly scheduled basis during the year to review significant developments affecting the Company and to act on matters requiring Board approval, and may hold special meetings between scheduled meetings when appropriate. During 2004, the Board held seven meetings. During 2004, each of the directors attended 100% of the aggregate of (1) the total number of meetings of all committees of the Board on which the director then served and (2) the total number of meetings of the Board of Directors.

### ***Meetings of Non-Management Directors; Presiding Director***

Executive sessions of the non-management members of the Board of Directors were held regularly in conjunction with scheduled Board meetings in 2004. The Chairman of the Nominating and Governance Committee presides at the executive session of the non-management directors, as provided in the Company's Corporate Governance Guidelines. Shareholders and other interested persons may contact the Chairman of the Nominating and Governance Committee or the non-management members of the Board of Directors as a group through the method described in Questions and Answers How do I communicate with the Board of Directors? on page 2.

### ***Attendance at Annual Meeting***

As set forth in the Company's Corporate Governance Guidelines, the Company expects all directors to attend the annual meeting of shareholders each year. All directors attended last year's annual meeting of shareholders.

### ***Director Continuing Education***

The Company encourages directors to attend director continuing education programs. In 2004, three of our directors attended director continuing education programs approved by Institutional Shareholders Services.

### **Committees of the Board**

The Board of Directors has established various committees to assist it with the performance of its responsibilities. These committees and their current members are described below.

#### ***Audit Committee***

Sherman (Chairman), Andrew, Broaddus and Preston currently serve on the Company's Audit Committee. The Audit Committee operates under a written charter adopted by the Board of Directors, which is available on the Company's Internet website. See *Questions and Answers Where can I find the Company's corporate governance materials?* on page 2. During 2004, the Audit Committee met on nine occasions. The Board of Directors has determined that the members of the Audit Committee are independent within the meaning of the enhanced independence standards for audit committee members in the Exchange Act and the rules thereunder, as incorporated into the listing standards of the New York Stock Exchange, and the independence standards of the Company's Corporate Governance Guidelines. The Board of Directors has also determined that each of Sherman and Preston is an audit committee financial expert, as that term is defined in the rules promulgated by the Securities and Exchange Commission under the Sarbanes-Oxley Act of 2002. For a description of the Audit Committee's function, see the Audit Committee Report beginning on page 17.

#### ***Executive Compensation Committee***

Morrill (Chairman), Preston and Whittemore currently serve as the Company's Executive Compensation Committee. The Executive Compensation Committee operates under a written charter adopted by the Board of Directors, which is available on the Company's Internet website. See *Questions and Answers Where can I find the Company's corporate governance materials?* on page 2. The Board of Directors has determined that all of the members of the Executive Compensation Committee are independent within the meaning of the listing standards of the New York Stock Exchange and the independence standards of the Company's Corporate Governance Guidelines. During 2004, the Executive Compensation Committee met on eight occasions. This committee approves the salaries of executive-level employees. It also approves bonus awards, certain consultant agreements and initial salaries of new executive-level personnel and may grant stock options, stock appreciation rights (SARs), performance units, restricted stock and incentive awards under the Company's 2003 Incentive Plan (the 2003 Incentive Plan). For a description of the objectives of the Company's executive compensation program, see the Executive Compensation Committee Report beginning on page 13.

#### ***Nominating and Governance Committee***

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The Nominating and Governance Committee currently consists of Stewart (Chairman), Morrill and Whittemore, and operates under a written charter adopted by the Board of Directors, which is available on the Company's Internet website. See *Questions and Answers Where can I find the Company's corporate governance materials?* on page 2. The Board of Directors has determined that all of the members of the Nominating and Governance Committee are independent within the meaning of the listing standards of the New York Stock Exchange and the independence standards of the Company's Corporate Governance Guidelines. During 2004, this committee met on five occasions. The primary purposes and responsibilities of the Nominating and Governance Committee are (1) to identify individuals qualified to become directors, consistent with the criteria approved by the Board and described in the Corporate Governance Guidelines, (2) to recommend to the Board the selection of nominees for election to the Board of Directors, (3) to recommend to the Board the individual directors to serve on the committees of the Board and (4) to recommend to the Board corporate governance guidelines and oversee related governance matters.

*Director Candidate Recommendations and Nominations By Shareholders.* The Nominating and Governance Committee's Charter provides that the Nominating and Governance Committee will consider director candidate recommendations by shareholders. Shareholders should submit any such recommendations to the Nominating and Governance Committee through the method described in *Questions and Answers How do I communicate with the Board of Directors?* on page 2. In addition, in accordance with the Company's bylaws, any shareholder entitled to vote for the election of directors may nominate persons for election to the Board of Directors if such shareholder complies with the procedures set forth in the bylaws and summarized in *Shareholder Proposals* on page 19.



*Nominating and Governance Committee Process For Identifying and Evaluating Director Candidates.* The Nominating and Governance Committee evaluates all director candidates in accordance with the director qualification standards described in the Corporate Governance Guidelines. The Nominating and Governance Committee evaluates any candidate's qualifications to serve as a member of the Board based on the background and expertise of individual Board members as well as the background and expertise of the Board as a whole. In addition, the Nominating and Governance Committee will evaluate a candidate's independence and his or her background and expertise in the context of the Board's needs. There are no differences in the manner in which the committee evaluates director candidates based on whether the candidate is recommended by a shareholder. The Nominating and Governance Committee did not receive any recommendations from any shareholders in connection with the annual meeting.

## **Compensation of Directors**

### *Director Compensation*

Effective January 1, 2004 until March 31, 2004, outside directors were paid \$14,000 per quarter as a retainer plus \$1,200 for each board meeting and \$1,000 for each committee meeting.

Effective April 1, 2004, outside directors were paid \$15,800 per quarter (\$63,200 per year) for service as a director. In addition, directors received an annual amount based on their committee service: Audit Committee members received \$9,000 and the Chairman of the Audit Committee received an additional \$6,000; Executive Compensation Committee members received \$7,000 and the Chairman of the Executive Compensation Committee received an additional \$4,500; and Nominating and Governance Committee members received \$5,000 and the Chairman of the Nominating and Governance Committee received an additional \$3,000. Employee members of the Board of Directors were not paid separately for service on the Board.

### *Other Compensation*

In 2004, John D. Gottwald received \$47,528 in value attributed to his personal use of Albemarle's aircraft.

### *Stock Ownership Requirements*

Under the Company's policy for stock ownership by its non-employee directors, all non-employee directors are to achieve ownership of Albemarle common stock equal to the lesser of 5,000 shares, or \$150,000 value, after five years of service as a director. Currently, all of the Company's non-employee directors with five years of service satisfy these stock ownership requirements for non-employee directors.

### *Retirement Compensation*

Any director who became a member of the Board on or before October 27, 1999 and retires from the Board after age 60 with at least five years service on the Board will receive, commencing with retirement from the Board, \$12,000 per year for life, payable in quarterly installments. The following current directors will be eligible for this benefit upon their retirement after age 60: Andrew, Stewart, Preston, Whittemore, John D. Gottwald, William M. Gottwald and Floyd D. Gottwald, Jr. The payment period limitation on this benefit may be waived in certain circumstances. In addition, such retirement payments to former directors may not commence and may be discontinued under certain circumstances. Retirement benefits are not available to any director who became a member of the Board after October 27, 1999.

*Deferred Compensation*

Non-employee directors may defer, in 10% increments, all or part of their retainer fee and/or meeting fees into either a deferred cash account or a deferred stock account (the Deferred Compensation Plan ), or a percentage of the fees into each of the accounts, both of which are unfunded and maintained for record-keeping purposes only. Distributions under the Deferred Compensation Plan will be paid in a single sum unless the participant specifies installment payments over a period up to 10 years. Unless otherwise elected by the participant, distributions will begin on February 15 following the participant's attainment of age 65 or ceasing to be a director. The maximum aggregate number of shares of Albemarle common stock that may be awarded under the Deferred Compensation Plan is 100,000 shares.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

William M. Gottwald, a director and Chairman of the Board of the Company, and John D. Gottwald, a director of the Company, are sons of Floyd D. Gottwald, Jr., a director and Vice Chairman of the Board and Chairman of the Executive Committee of the Company. The members of the family of Floyd D. Gottwald, Jr. may be deemed to be control persons of the Company.

**SECTION 16(a)**

**BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Based solely on its review of the forms required by Section 16(a) of the Exchange Act that have been received by the Company, the Company believes there has been compliance with all filing requirements applicable to its officers, directors and beneficial owners of greater than 10% of Albemarle common stock, except for the late filing of one Statement of Changes in Beneficial Ownership of Securities on Form 4 for Anne M. Whittemore to report indirect ownership of shares held by her spouse.

## STOCK OWNERSHIP

### Principal Shareholders

The following table lists any person (including any group as that term is used in Section 13(d)(3) of the Exchange Act) who, to the knowledge of the Company, was the beneficial owner, as of December 31, 2004, of more than 5% of the outstanding voting shares of the Company.

Title of Class	Name and Address of Beneficial Owners	Number of Shares	Percent of Class
Common Stock	Floyd D. Gottwald, Jr., William M. Gottwald, John D. Gottwald and James T. Gottwald 330 South Fourth Street Richmond, Virginia 23219	9,211,222(a)(b)(c)(d)	21.80%

- (a) As of December 31, 2004, Floyd D. Gottwald, Jr. and his adult sons, William M. Gottwald, John D. Gottwald and James T. Gottwald, had sole voting and investment power over all of the shares disclosed, except 3,932,647 shares held by their respective wives, children and in certain trust relationships as to which they disclaim beneficial ownership. As of December 31, 2004, Floyd D. Gottwald, Jr. beneficially owned 4,855,279 shares (11.54%) of Albemarle common stock, and William M. Gottwald, John D. Gottwald and James T. Gottwald beneficially owned 2,920,421 shares (6.94%), 2,355,889 shares (5.62%) and 2,290,618 shares (5.47%), respectively, of Albemarle common stock. The overlap in beneficial ownership caused by certain shared trust relationships has been eliminated in calculating the 9,211,222 shares listed above. This overlap, however, has not been eliminated in calculating the amount and percentage of outstanding voting shares of the Company beneficially owned by each of William M. Gottwald, John D. Gottwald and James T. Gottwald. Floyd D. Gottwald, Jr. and his adult sons have no agreement with respect to the acquisition, retention, disposition or voting of Albemarle common stock.
- (b) This amount includes any shares held by Merrill Lynch Trust Company (Merrill Lynch) as Trustee under the Company's savings plan (the Albemarle Savings Plan) for the benefit of William M. Gottwald. This amount does not include shares held by the Trustee of the Albemarle Savings Plan for the benefit of other employees. Floyd D. Gottwald, Jr. is not eligible to participate in the Albemarle Savings Plan. Shares held under the Albemarle Savings Plan are voted by the Trustee in accordance with instructions solicited from employees participating in the Albemarle Savings Plan. If a participating employee does not give the Trustee voting instructions, his or her shares generally are voted by the Trustee in accordance with the Board of Directors' recommendations to the shareholders. Because Floyd D. Gottwald, Jr., William M. Gottwald and John D. Gottwald are directors and/or executive officers and, together with James T. Gottwald, among the largest shareholders of the Company, they may be deemed to be control persons of the Company and to have the capacity to control any such recommendation of the Board of Directors.
- (c) This amount does not include any shares held by Frank Russell Trust Company, Tacoma, Washington, as Trustee under the Tredegar Corporation Retirement Savings Plan (the Tredegar Savings Plan). It also does not include shares held by Merrill Lynch as Trustee under the savings plan of NewMarket Corporation (the NewMarket Savings Plan) for the benefit of employees of NewMarket Corporation. Shares held under the Tredegar Savings Plan and the NewMarket Savings Plan are voted by the Trustees in accordance with instructions solicited from each participating employee. With respect to shares of Albemarle common stock, if a participating employee does not give the Trustees voting instructions, his or her shares generally are voted by the Trustees in accordance with the recommendations of Albemarle's Board of Directors to its shareholders. Because Floyd D. Gottwald, Jr., William M. Gottwald and John D. Gottwald are directors and/or executive officers and, together with James T. Gottwald, among the largest shareholders of Albemarle, they may be

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deemed to have the capacity to control any such recommendation of the Board of Directors.

- (d) On January 13, 2005, John D. Gottwald and certain affiliates of Floyd D. Gottwald, Jr. (collectively, the selling shareholders ) entered into an Underwriting Agreement, dated as of January 13, 2005, among Albemarle, the selling shareholders and Bear, Stearns & Co. Inc., UBS Securities LLC and Banc of America Securities LLC, and the other several underwriters named in the underwriting agreement, pursuant to which Albemarle and the selling shareholders agreed to sell and the underwriters agreed to purchase an aggregate of 4,488,420 shares of Albemarle common stock, 4,000,000 of which were offered by Albemarle and 488,420 of which were offered by the selling shareholders, at a public offering price of \$34.00 per share. The completion of this offering occurred on January 20, 2005.

As of January 20, 2005, following the completion of this offering, Floyd D. Gottwald, Jr., William M. Gottwald, John D. Gottwald and James T. Gottwald beneficially owned 8,724,797 shares of Albemarle common stock (18.85%) and

had sole voting and investment power over all of these shares, except 3,737,277 shares held by their respective wives, children and in certain trust relationships as to which they disclaim beneficial ownership. As of January 20, 2005, Floyd D. Gottwald, Jr. beneficially owned 4,660,754 shares (10.12%) of Albemarle common stock, and William M. Gottwald, John D. Gottwald and James T. Gottwald beneficially owned 2,828,522 shares (6.13%), 2,062,839 shares (4.49%) and 2,197,568 shares (4.79%), respectively, of Albemarle common stock. The overlap in beneficial ownership caused by certain shared trust relationships has been eliminated in calculating the 8,724,797 beneficially owned as of January 20, 2005. This overlap, however, has not been eliminated in calculating the amount and percentage of outstanding voting shares of the Company beneficially owned by each of William M. Gottwald, John D. Gottwald and James T. Gottwald.

## Directors and Executive Officers

The following table sets forth as of December 31, 2004, the beneficial ownership of Albemarle common stock by each director of the Company, executive officer named in the Summary Compensation Table, and all directors and executive officers of the Company as a group.

Name of Beneficial Owner or Number of Persons in Group	Number of Shares	Number of Shares	Total	Percent of Class <sup>2</sup>
	with Sole Voting and Investment Power <sup>1</sup>	with Shared Voting and Investment Power	Number of Shares	
Lloyd B. Andrew	10,287		10,287	
J. Alfred Broaddus, Jr.				
Floyd D. Gottwald, Jr.	1,159,909	3,695,370 <sup>3</sup>	4,855,279	11.54%
John D. Gottwald	702,474	1,653,415 <sup>4</sup>	2,355,889	5.62%
William M. Gottwald	1,133,509	1,786,913 <sup>5</sup>	2,920,421	6.94%
Richard L. Morrill	1,423	1,500	2,923	
Seymour S. Preston III	14,081	750	14,831	
George A. Newbill	145,953		145,953	
Paul F. Rocheleau	1,858	1,019	2,877	
Mark C. Rohr	359,761		359,761	
John Sherman, Jr.	5,000		5,000	
Charles E. Stewart	9,586		9,586	
John M. Steitz	68,723		68,723	
Anne Marie Whittemore	6,183	350 <sup>6</sup>	6,533	
Directors and executive officers as a group (19 persons) <sup>7</sup>	3,662,531	5,531,255	9,193,786	21.52%

<sup>1</sup> The amounts in this column include shares of Albemarle common stock with respect to which certain persons had the right to acquire beneficial ownership within 60 days of December 31, 2004: Floyd D. Gottwald, Jr.: 157,500 shares; William M. Gottwald: 202,500 shares; Newbill: 63,000 shares; Rohr: 337,500 shares; Steitz: 63,000 shares; and directors and executive officers as a group: 823,500 shares.

<sup>2</sup> Except as indicated, each person owns less than 1% of Albemarle common stock.

<sup>3</sup> Floyd D. Gottwald, Jr. disclaims beneficial ownership of all 3,695,370 of such shares.

<sup>4</sup> John D. Gottwald disclaims beneficial ownership of all 1,653,415 of such shares. The 1,653,415 shares include 1,593,050 shares of Albemarle common stock that John D. Gottwald may be deemed to own beneficially. Such shares constitute his interest as beneficiary of a trust of which he is a co-trustee.

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- <sup>5</sup> William M. Gottwald disclaims beneficial ownership of all 1,786,913 of such shares. The 1,786,913 shares include 1,593,050 shares of Albemarle common stock that William M. Gottwald may be deemed to own beneficially. Such shares constitute his interest as beneficiary of a trust of which he is a co-trustee.
- <sup>6</sup> Whittemore disclaims beneficial ownership of all 350 of such shares.
- <sup>7</sup> John D. Gottwald and William M. Gottwald share voting and investment power for 1,608,062 shares of Albemarle common stock. This overlap in beneficial ownership has been eliminated in calculating the number of shares and percentage of the class owned by the Company's directors and executive officers as a group.
- <sup>8</sup> For a discussion of the beneficial ownership of Albemarle common stock by Floyd D. Gottwald, Jr., John D. Gottwald and William M. Gottwald as of January 20, 2005, see footnote (d) under "Stock Ownership - Principal Shareholders" beginning on page 7.

**COMPENSATION OF EXECUTIVE OFFICERS**

**Summary Compensation Table**

The following table presents information relating to total compensation of the Chief Executive Officer and the other four most highly compensated executive officers of the Company (the Named Officers) for each of the fiscal years ended December 31, 2004, 2003 and 2002.

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation
		Salary	Bonus	Other Annual Compensation	Restricted Stock Awards	Awards Options/ SARs	Payouts LTIP Payouts	
Mark C. Rohr	2004	\$ 540,000	\$ 400,000	\$	\$			