

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

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For Quarterly Period Ended March 31, 2020

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-12658

**ALBEMARLE CORPORATION**

(Exact name of registrant as specified in its charter)

Virginia  
(State or other jurisdiction of  
incorporation or organization)

54-1692118  
(I.R.S. Employer  
Identification No.)

4250 Congress Street, Suite 900  
Charlotte, North Carolina 28209  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code - (980) 299-5700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
COMMON STOCK, \$.01 Par Value	ALB	New York Stock Exchange

Number of shares of common stock, \$.01 par value, outstanding as of May 4, 2020: 106,318,614

## ALBEMARLE CORPORATION

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited).

**ALBEMARLE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(In Thousands, Except Per Share Amounts)  
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Net sales	\$ 738,845	\$ 832,064
Cost of goods sold	496,827	548,578
Gross profit	242,018	283,486
Selling, general and administrative expenses	101,877	113,355
Research and development expenses	16,097	14,977
Operating profit	124,044	155,154
Interest and financing expenses	(16,885)	(12,586)
Other income, net	8,314	11,291
Income before income taxes and equity in net income of unconsolidated investments	115,473	153,859
Income tax expense	18,442	37,514
Income before equity in net income of unconsolidated investments	97,031	116,345
Equity in net income of unconsolidated investments (net of tax)	26,604	35,181
Net income	123,635	151,526
Net income attributable to noncontrolling interests	(16,431)	(17,957)
Net income attributable to Albemarle Corporation	\$ 107,204	\$ 133,569
Basic earnings per share	\$ 1.01	\$ 1.26
Diluted earnings per share	\$ 1.01	\$ 1.26
Weighted-average common shares outstanding – basic	106,227	105,799
Weighted-average common shares outstanding – diluted	106,512	106,356

See accompanying Notes to the Condensed Consolidated Financial Statements.

**ALBEMARLE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**  
**(In Thousands)**  
**(Unaudited)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
Net income	\$ 123,635	\$ 151,526
Other comprehensive (loss) income, net of tax:		
Foreign currency translation	(81,986)	(10,855)
Pension and postretirement benefits	9	7
Net investment hedge	2,081	3,304
Cash flow hedge	(51,460)	—
Interest rate swap	648	641
Total other comprehensive loss, net of tax	(130,708)	(6,903)
Comprehensive (loss) income	(7,073)	144,623
Comprehensive income attributable to noncontrolling interests	(16,477)	(17,910)
Comprehensive (loss) income attributable to Albemarle Corporation	\$ (23,550)	\$ 126,713

See accompanying Notes to the Condensed Consolidated Financial Statements.

**ALBEMARLE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In Thousands)  
(Unaudited)

	March 31, 2020	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 553,228	\$ 613,110
Trade accounts receivable, less allowance for doubtful accounts (2020 – \$3,700; 2019 – \$3,711)	518,703	612,651
Other accounts receivable	73,765	67,551
Inventories	853,500	768,984
Other current assets	155,985	162,813
Total current assets	2,155,181	2,225,109
Property, plant and equipment, at cost	6,973,817	6,817,843
Less accumulated depreciation and amortization	1,947,848	1,908,370
Net property, plant and equipment	5,025,969	4,909,473
Investments	543,670	579,813
Other assets	219,202	213,061
Goodwill	1,559,055	1,578,785
Other intangibles, net of amortization	344,561	354,622
<b>Total assets</b>	<b>\$ 9,847,638</b>	<b>\$ 9,860,863</b>
<b>Liabilities And Equity</b>		
Current liabilities:		
Accounts payable	\$ 573,075	\$ 574,138
Accrued expenses	491,579	553,160
Current portion of long-term debt	35,615	187,336
Dividends payable	40,715	38,764
Current operating lease liability	23,826	23,137
Income taxes payable	28,116	32,461
Total current liabilities	1,192,926	1,408,996
Long-term debt	3,105,225	2,862,921
Postretirement benefits	50,673	50,899
Pension benefits	285,851	292,073
Other noncurrent liabilities	768,757	754,536
Deferred income taxes	402,681	397,858
Commitments and contingencies (Note 9)		
Equity:		
Albemarle Corporation shareholders' equity:		
Common stock, \$.01 par value, issued and outstanding – 106,319 in 2020 and 106,040 in 2019	1,063	1,061
Additional paid-in capital	1,393,681	1,383,446
Accumulated other comprehensive loss	(526,489)	(395,735)
Retained earnings	3,009,749	2,943,478
Total Albemarle Corporation shareholders' equity	3,878,004	3,932,250
Noncontrolling interests	163,521	161,330
Total equity	4,041,525	4,093,580
<b>Total liabilities and equity</b>	<b>\$ 9,847,638</b>	<b>\$ 9,860,863</b>

See accompanying Notes to the Condensed Consolidated Financial Statements.

**ALBEMARLE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited)

(In Thousands, Except Share Data)	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Albemarle Shareholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amounts						
<b>Balance at January 1, 2020</b>	<b>106,040,215</b>	<b>\$ 1,061</b>	<b>\$ 1,383,446</b>	<b>\$ (395,735)</b>	<b>\$ 2,943,478</b>	<b>\$ 3,932,250</b>	<b>\$ 161,330</b>	<b>\$ 4,093,580</b>
Net income					107,204	107,204	16,431	123,635
Other comprehensive (loss) income				(130,754)		(130,754)	46	(130,708)
Cash dividends declared, \$0.385 per common share					(40,933)	(40,933)	(14,286)	(55,219)
Stock-based compensation			3,867			3,867		3,867
Exercise of stock options	193,537	2	10,193			10,195		10,195
Issuance of common stock, net	132,320	1	(1)			—		—
Shares withheld for withholding taxes associated with common stock issuances	(47,458)	(1)	(3,824)			(3,825)		(3,825)
<b>Balance at March 31, 2020</b>	<b>106,318,614</b>	<b>\$ 1,063</b>	<b>\$ 1,393,681</b>	<b>\$ (526,489)</b>	<b>\$ 3,009,749</b>	<b>\$ 3,878,004</b>	<b>\$ 163,521</b>	<b>\$ 4,041,525</b>
<b>Balance at January 1, 2019</b>	<b>105,616,028</b>	<b>\$ 1,056</b>	<b>\$ 1,368,897</b>	<b>\$ (350,682)</b>	<b>\$ 2,566,050</b>	<b>\$ 3,585,321</b>	<b>\$ 173,787</b>	<b>\$ 3,759,108</b>
Net income					133,569	133,569	17,957	151,526
Other comprehensive loss				(6,856)		(6,856)	(47)	(6,903)
Cash dividends declared, \$0.3675 per common share					(38,935)	(38,935)	—	(38,935)
Stock-based compensation			7,277			7,277		7,277
Exercise of stock options	114,128	1	2,675			2,676		2,676
Issuance of common stock, net	340,111	3	(3)			—		—
Increase in ownership interest of noncontrolling interest			(523)			(523)	68	(455)
Shares withheld for withholding taxes associated with common stock issuances	(120,256)	(1)	(10,254)			(10,255)		(10,255)
<b>Balance at March 31, 2019</b>	<b>105,950,011</b>	<b>\$ 1,059</b>	<b>\$ 1,368,069</b>	<b>\$ (357,538)</b>	<b>\$ 2,660,684</b>	<b>\$ 3,672,274</b>	<b>\$ 191,765</b>	<b>\$ 3,864,039</b>

See accompanying Notes to the Condensed Consolidated Financial Statements.

**ALBEMARLE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Thousands)  
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Cash and cash equivalents at beginning of year	\$ 613,110	\$ 555,320
Cash flows from operating activities:		
Net income	123,635	151,526
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	53,694	49,283
Gain on sale of property	—	(11,079)
Stock-based compensation and other	2,501	5,556
Equity in net income of unconsolidated investments (net of tax)	(26,604)	(35,181)
Dividends received from unconsolidated investments and nonmarketable securities	—	3,034
Pension and postretirement (benefit) expense	(1,719)	578
Pension and postretirement contributions	(6,113)	(3,555)
Unrealized gain on investments in marketable securities	(627)	(476)
Deferred income taxes	4,790	7,580
Working capital changes	17,730	(122,939)
Other, net	(12,233)	10,589
Net cash provided by operating activities	155,054	54,916
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(22,572)	—
Capital expenditures	(214,529)	(216,132)
Proceeds from sale of property and equipment	—	10,356
Sales of marketable securities, net	2,589	1,090
Investments in equity and other corporate investments	(356)	(2,509)
Net cash used in investing activities	(234,868)	(207,195)
Cash flows from financing activities:		
Proceeds from borrowings of credit agreements	250,000	—
Other (repayments) borrowings, net	(151,872)	118,223
Dividends paid to shareholders	(38,982)	(35,387)
Dividends paid to noncontrolling interests	(14,286)	—
Proceeds from exercise of stock options	10,195	2,676
Withholding taxes paid on stock-based compensation award distributions	(3,825)	(10,255)
Debt financing costs	(214)	—
Net cash provided by financing activities	51,016	75,257
Net effect of foreign exchange on cash and cash equivalents	(31,084)	(13,024)
Decrease in cash and cash equivalents	(59,882)	(90,046)
Cash and cash equivalents at end of period	\$ 553,228	\$ 465,274

See accompanying Notes to the Condensed Consolidated Financial Statements.

**ALBEMARLE CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**  
**(Unaudited)**

**NOTE 1—Basis of Presentation:**

In the opinion of management, the accompanying unaudited condensed consolidated financial statements of Albemarle Corporation and our wholly-owned, majority-owned and controlled subsidiaries (collectively, “Albemarle,” “we,” “us,” “our” or “the Company”) contain all adjustments necessary for a fair statement, in all material respects, of our condensed consolidated balance sheets as of March 31, 2020 and December 31, 2019, our consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and condensed consolidated statements of cash flows for the three-month periods ended March 31, 2020 and 2019. All adjustments are of a normal and recurring nature. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the Securities and Exchange Commission (“SEC”) on February 26, 2020. The December 31, 2019 condensed consolidated balance sheet data herein was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles (“GAAP”) in the United States (“U.S.”). The results of operations for the three-month period ended March 31, 2020 are not necessarily indicative of the results to be expected for the full year.

The current novel coronavirus (“COVID-19”) pandemic is having an impact on overall global economic conditions. While we have not seen a material financial impact to date, the ultimate impact on our business will depend on the length and severity of the outbreak throughout the world. The Company has taken, and plans to continue to take, certain measures to maintain financial flexibility, including delaying certain capital expenditure projects and accelerating our cost savings initiative, while still protecting our employees and customers. In addition, on May 11, 2020, the Company amended its revolving, unsecured credit agreement dated as of June 21, 2018, as amended on August 14, 2019 (the “2018 Credit Agreement”) and unsecured credit facility entered into on August 14, 2019 (the “2019 Credit Facility”) (together “the Credit Agreements”) to modify its financial covenant based on the Company’s current expectations. As of March 31, 2020, the Company is in compliance with its financial covenant under its Credit Agreements and now expect to be in compliance with its financial covenant for at least one year from the issuance of these interim financial statements, following the amendment to the covenant. If conditions caused by the COVID-19 pandemic worsen and the Company’s earnings and cash flow from operations do not start to recover as contemplated in the Company’s current plans, the Company may not be able to maintain compliance with its amended financial covenant and could have a material adverse effect on the Company. See Note 8, “Long-term Debt,” for further discussion of covenant amendment.

In addition, as of March 31, 2020, we assessed other accounting estimates based on forecasted financial information, including, but not limited to, our allowance for credit losses, the carrying value of our goodwill, intangible assets, and other long-lived assets. At this time we cannot predict the ultimate financial impact of COVID-19 on our business, and to what extent economic and operating conditions recover on a sustainable basis globally. Accordingly, if the impact is more severe or longer in duration than we have assumed, such impact could potentially result in impairments and increases in credit allowances.

**NOTE 2—Acquisitions:**

On October 31, 2019 (the “Acquisition Closing Date”), we completed the previously announced acquisition of a 60% interest in Mineral Resources Limited’s (“MRL”) Wodgina hard rock lithium mine project (“Wodgina Project”) for a total purchase price of approximately \$1.3 billion. The purchase price is comprised of \$820 million in cash and the transfer of 40% interest in certain lithium hydroxide conversion assets being built by Albemarle in Kemerton, Western Australia, valued at \$480 million. The cash consideration was initially funded by the 2019 Credit Facility entered into on August 14, 2019. In addition, during the first quarter of 2020, we paid \$22.6 million of agreed upon purchase price adjustments.

In addition, we have formed an unincorporated joint venture with MRL, MARBL, for the exploration, development, mining, processing and production of lithium and other minerals (other than iron ore and tantalum) from the Wodgina Project and for the operation of the Kemerton assets. We are entitled to a pro rata portion of 60% of all minerals (other than iron ore and tantalum) recovered from the tenements and produced by the joint venture. The joint venture is unincorporated with each investor holding an undivided interest in each asset and proportionately liable for each liability; therefore our proportionate share of assets, liabilities, revenue and expenses are included in the appropriate classifications in the consolidated financial statements. As part of this acquisition, MARBL Lithium Operations Pty. Ltd. (the “Manager”), an incorporated joint venture, has been formed to manage the Wodgina Project. We consolidate our 60% ownership interest in the Manager in our consolidated financial statements.



**ALBEMARLE CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**  
**(Unaudited)**

This acquisition provides access to a high-quality hard rock lithium source, further diversifying our global lithium resource base, and strengthens our position by increasing capacity to support future market demand. In the short-term, we have idled production of the Wodgina Project until market conditions support production economics.

The results of our 60% ownership interest in MARBL are reported within the Lithium segment. Included in Net income attributable to Albemarle Corporation for the three months ended March 31, 2020 is a loss of approximately \$4.7 million attributable to the joint venture. There were no net sales attributable to the joint venture during this period. Included in Selling, general and administrative expenses on our consolidated statements of income for the three months ended March 31, 2020 is \$0.4 million of costs directly related to this acquisition, primarily consisting of professional services and advisory fees. Pro forma financial information of the combined entities for periods prior to the acquisition is not presented due to the immaterial impact of the Net Sales and Net Income of the Wodgina Project on our consolidated statements of income.

*Preliminary Purchase Price Allocation*

The aggregate purchase price noted above was allocated to the major categories of assets and liabilities acquired based upon their estimated fair values at the Acquisition Closing Date, which were based, in part, upon third-party appraisals for certain assets. The excess of the purchase price over the preliminary estimated fair value of the net assets acquired was approximately \$19.4 million and was recorded as Goodwill.

The following table summarizes the consideration paid for the joint venture and the amounts of the assets acquired and liabilities assumed as of the acquisition date, which have been allocated on a preliminary basis (in thousands):

<b>Total purchase price:</b>	
Cash paid	\$ 820,000
Fair value of 40% interest in Kemerton assets	480,000
Purchase agreement completion adjustment and other adjustments	23,566
<b>Total purchase price</b>	<b>\$ 1,323,566</b>
<b>Net assets acquired:</b>	
Inventories	\$ 33,900
Other current assets	10,695
Property, plant and equipment:	
Land improvements	2,912
Buildings and improvements	19,268
Machinery and equipment	163,808
Mineral rights and reserves	1,058,700
Construction in progress	103,700
Other assets	1,000
Current liabilities	(10,695)
Long-term debt <sup>(a)</sup>	(55,806)
Other noncurrent liabilities	(23,296)
<b>Total identifiable net assets</b>	<b>1,304,186</b>
Goodwill	19,380
<b>Total net assets acquired</b>	<b>\$ 1,323,566</b>

(a) Represents 60% ownership interest in finance lease acquired. See Note 10, "Leases," for further information on the Company's leases.

The allocation of the purchase price to the assets acquired and liabilities assumed, including the residual amount allocated to Goodwill, is based upon preliminary information and is subject to change within the measurement-period (up to one year from the acquisition date) as additional information concerning final asset and liability valuations is obtained. Significant changes in our purchase price allocation since our initial preliminary estimates reported in the fourth quarter of 2019 were primarily related to an increase in the estimated fair values of mineral rights and reserves, which resulted in a decrease to recognized goodwill of approximately \$12.4 million. The primary areas of the preliminary purchase price allocation that are not yet finalized relate to the fair value of Mineral rights and reserves and Goodwill. The fair value of the assets acquired and

**ALBEMARLE CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**  
**(Unaudited)**

liabilities assumed are based on management's preliminary estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. The fair value of the mineral reserves of \$1,025.9 million is determined using an excess earnings approach, which requires management to estimate future cash flows, net of capital investments in the specific operation. Management's cash flow projections involved the use of significant estimates and assumptions with respect to the expected production of the mine over the estimated time period, sales prices, shipment volumes, and expected profit margins. The present value of the projected net cash flows represents the preliminary fair value assigned to mineral reserves. The discount rate is a significant assumption used in the valuation model.

While the Company believes that such preliminary estimates provide a reasonable basis for estimating the fair value of assets acquired and liabilities assumed, it will evaluate any necessary information prior to finalization of the amounts. During the measurement-period, the Company will adjust assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in revised estimated values of those assets or liabilities as of that date. The effect of measurement-period adjustments to the estimated fair values will be recognized in the reporting period in which they are determined. The impact of all changes that do not qualify as measurement-period adjustments will be included in current period earnings. If the actual results differ from the estimates and judgments used in these fair values, the amounts recorded in the consolidated financial statements could be subject to possible impairment.

Goodwill arising from the acquisition consists largely of anticipated synergies and economies of scale from the combined companies and overall strategic importance of the acquired businesses to Albemarle. The goodwill attributable to the acquisition will not be amortizable or deductible for tax purposes.

**NOTE 3—Goodwill and Other Intangibles:**

The following table summarizes the changes in goodwill by reportable segment for the three months ended March 31, 2020 (in thousands):

	Lithium	Bromine Specialties	Catalysts	All Other	Total
Balance at December 31, 2019	\$ 1,370,846	\$ 20,319	\$ 181,034	\$ 6,586	\$ 1,578,785
Acquisitions <sup>(a)</sup>	(12,382)	—	—	—	(12,382)
Foreign currency translation adjustments and other	(5,335)	—	(2,013)	—	(7,348)
Balance at March 31, 2020	<u>\$ 1,353,129</u>	<u>\$ 20,319</u>	<u>\$ 179,021</u>	<u>\$ 6,586</u>	<u>\$ 1,559,055</u>

(a) Represents preliminary purchase price adjustments for the Wodgina Project acquisition. See Note 2, "Acquisitions" for additional information.

**ALBEMARLE CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**  
**(Unaudited)**

The following table summarizes the changes in other intangibles and related accumulated amortization for the three months ended March 31, 2020 (in thousands):

	Customer Lists and Relationships	Trade Names and Trademarks <sup>(a)</sup>	Patents and Technology	Other	Total
<b>Gross Asset Value</b>					
Balance at December 31, 2019	\$ 422,462	\$ 18,087	\$ 55,020	\$ 41,282	\$ 536,851
Foreign currency translation adjustments and other	(1,606)	(357)	(310)	(2,581)	(4,854)
Balance at March 31, 2020	<u>\$ 420,856</u>	<u>\$ 17,730</u>	<u>\$ 54,710</u>	<u>\$ 38,701</u>	<u>\$ 531,997</u>
<b>Accumulated Amortization</b>					
Balance at December 31, 2019	\$ (116,749)	\$ (7,938)	\$ (36,197)	\$ (21,345)	\$ (182,229)
Amortization	(5,544)	—	(341)	(215)	(6,100)
Foreign currency translation adjustments and other	420	14	130	329	893
Balance at March 31, 2020	<u>\$ (121,873)</u>	<u>\$ (7,924)</u>	<u>\$ (36,408)</u>	<u>\$ (21,231)</u>	<u>\$ (187,436)</u>
Net Book Value at December 31, 2019	<u>\$ 305,713</u>	<u>\$ 10,149</u>	<u>\$ 18,823</u>	<u>\$ 19,937</u>	<u>\$ 354,622</u>
Net Book Value at March 31, 2020	<u>\$ 298,983</u>	<u>\$ 9,806</u>	<u>\$ 18,302</u>	<u>\$ 17,470</u>	<u>\$ 344,561</u>

(a) Net Book Value includes only indefinite-lived intangible assets.

**NOTE 4—Income Taxes:**

The effective income tax rate for the three-month period ended March 31, 2020 was 16.0%, compared to 24.4% for the three-month period ended March 31, 2019. The Company's effective income tax rate fluctuates based on, among other factors, its level and location of income. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for the three-months ended March 31, 2020 was impacted by a variety of factors, primarily stemming from the location in which income was earned. For the three-month period ended March 31, 2020, this was mainly attributable to our share of the income of our Jordan Bromine Company Limited ("JBC") joint venture, a Free Zones company under the laws of the Hashemite Kingdom of Jordan. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for the three-months ended March 31, 2019 was impacted by a variety of factors, primarily stemming from the location in which income was earned and discrete net tax expenses primarily related to uncertain tax positions.

**ALBEMARLE CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**  
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**NOTE 5—Earnings Per Share:**

Basic and diluted earnings per share for the three-month periods ended March 31, 2020 and 2019 are calculated as follows (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2020	2019
<b>Basic earnings per share</b>		
Numerator:		
Net income attributable to Albemarle Corporation	\$ 107,204	\$ 133,569
Denominator:		
Weighted-average common shares for basic earnings per share	106,227	105,799
Basic earnings per share	\$ 1.01	\$ 1.26
<b>Diluted earnings per share</b>		
Numerator:		
Net income attributable to Albemarle Corporation	\$ 107,204	\$ 133,569
Denominator:		
Weighted-average common shares for basic earnings per share	106,227	105,799
Incremental shares under stock compensation plans	285	557
Weighted-average common shares for diluted earnings per share	106,512	106,356
Diluted earnings per share	\$ 1.01	\$ 1.26

At March 31, 2020, there were 303,093 common stock equivalents not included in the computation of diluted earnings per share because their effect would have been anti-dilutive.

On February 28, 2020, the Company increased the regular quarterly dividend by 5% to \$0.385 per share and declared a cash dividend of said amount for the first quarter of 2020, which was paid on April 1, 2020 to shareholders of record at the close of business as of March 13, 2020. On May 5, 2020, the Company declared a cash dividend of \$0.385 per share, which is payable on July 1, 2020 to shareholders of record at the close of business as of June 12, 2020.

**NOTE 6—Inventories:**

The following table provides a breakdown of inventories at March 31, 2020 and December 31, 2019 (in thousands):

	March 31, 2020	December 31, 2019
Finished goods <sup>(a)</sup>	\$ 562,231	\$ 495,639
Raw materials and work in process <sup>(b)</sup>	221,173	205,781
Stores, supplies and other	70,096	67,564
Total	\$ 853,500	\$ 768,984

(a) Increase primarily due to the build-up of inventory in Lithium and Catalysts for forecasted sales during the remainder of 2020.

(b) Included \$117.8 million and \$109.3 million at March 31, 2020 and December 31, 2019, respectively, of work in process in our Lithium segment.

**NOTE 7—Investments:**

The Company holds a 49% equity interest in Windfield Holdings Pty. Ltd. (“Windfield”), where the ownership parties share risks and benefits disproportionate to their voting interests. As a result, the Company considers Windfield to be a variable interest entity (“VIE”), however this investment is not consolidated as the Company is not the primary beneficiary. The carrying amount of our 49% equity interest in Windfield, which is our most significant VIE, was \$364.8 million and \$397.2 million at March 31, 2020 and December 31, 2019, respectively. The Company’s aggregate net investment in all other entities which it considers to be VIEs for which the Company is not the primary beneficiary was \$7.5 million and \$7.6 million at March 31, 2020 and December 31, 2019, respectively. Our unconsolidated VIEs are reported in Investments on the condensed consolidated balance sheets. The Company does not guarantee debt for, or have other financial support obligations to, these

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entities, and its maximum exposure to loss in connection with its continuing involvement with these entities is limited to the carrying value of the investments.

**NOTE 8—Long-Term Debt:**

Long-term debt at March 31, 2020 and December 31, 2019 consisted of the following (in thousands):

	March 31, 2020	December 31, 2019
1.125% notes, net of unamortized discount and debt issuance costs of \$4,342 at March 31, 2020 and \$5,659 at December 31, 2019	\$ 547,156	\$ 549,241
1.625% notes, net of unamortized discount and debt issuance costs of \$5,938 at March 31, 2020 and \$5,696 at December 31, 2019	545,560	549,204
1.875% Senior notes, net of unamortized discount and debt issuance costs of \$1,585 at March 31, 2020 and \$1,831 at December 31, 2019.	431,820	434,241
3.45% Senior notes, net of unamortized discount and debt issuance costs of \$3,274 at March 31, 2020 and \$3,533 at December 31, 2019	296,725	296,467
4.15% Senior notes, net of unamortized discount and debt issuance costs of \$2,275 at March 31, 2020 and \$2,398 at December 31, 2019	422,724	422,603
5.45% Senior notes, net of unamortized discount and debt issuance costs of \$3,811 at March 31, 2020 and \$3,850 at December 31, 2019	346,189	346,150
Floating rate notes, net of unamortized debt issuance costs of \$962 at March 31, 2020 and \$1,169 at December 31, 2019	199,037	198,831
Revolving credit facility	250,000	—
Commercial paper notes	35,000	186,700
Variable-rate foreign bank loans	7,300	7,296
Finance lease obligations	59,329	59,524
Total long-term debt	3,140,840	3,050,257
Less amounts due within one year	35,615	187,336
Long-term debt, less current portion	\$ 3,105,225	\$ 2,862,921

Current portion of long-term debt at March 31, 2020 consisted primarily of commercial paper notes with a weighted-average interest rate of approximately 1.72% and a weighted-average maturity of 22 days.

In the first quarter of 2020, the Company borrowed \$250.0 million under the 2018 Credit Agreement to pay approximately \$152 million in short-term commercial paper notes and for other general corporate purposes. The applicable interest rate for the amount borrowed was 2.08%.

In April 2020, the Company borrowed \$200.0 million under the 2019 Credit Facility to be used for general corporate purposes. The applicable interest rate for the amount borrowed was 1.125%.

The carrying value of our 1.875% Euro-denominated senior notes has been designated as an effective hedge of our net investment in certain foreign subsidiaries where the Euro serves as the functional currency, and gains or losses on the revaluation of these senior notes to our reporting currency are recorded in accumulated other comprehensive loss. During the three-month periods ended March 31, 2020 and 2019, gains of \$2.1 million and \$3.3 million (net of income taxes), respectively, were recorded in accumulated other comprehensive loss in connection with the revaluation of these senior notes to our reporting currency.

As of March 31, 2020, the Company was in compliance with its debt covenant under the Credit Agreements. As a result of the uncertainty of the overall financial impact of the COVID-19 pandemic, the Company amended the Credit Agreements on May 11, 2020 to modify its financial covenant based on the Company's current expectations. The amendment effects changes to certain provisions of the Credit Agreements, including: (a) conversion of the consolidated funded debt to consolidated EBITDA ratio to a consolidated net funded debt to consolidated EBITDA ratio; (b) carving-out third party sales of accounts receivables from the Securitization Transaction definition; (c) setting the consolidated net funded debt to consolidated EBITDA ratio to 4.00:1 for the fiscal quarter ending June 30, 2020, 4.50:1 for the fiscal quarters through September 30, 2021, 4.00:1 for the fiscal quarter ending December 31, 2021, and 3:50:1 for fiscal quarters thereafter; and (d) reducing the priority debt basket to 24% of Consolidated Net Tangible Assets, as defined in the Credit Agreements, through and including December 31, 2021. As

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part of this amendment, the Company has agreed to pay a 10 basis point fee on the consenting lenders commitments under the Credit Agreements. If conditions caused by the COVID-19 pandemic worsen and the Company's earnings and cash flow from operations do not start to recover as contemplated in the Company's current plans, the Company may not be able to maintain compliance with its amended financial covenants and it will require the Company to seek additional amendments to the Credit Agreements. If the Company is not able to obtain such necessary additional amendments, this would lead to an event of default and its lenders could require the Company to repay its outstanding debt. In that situation, the Company may not be able to raise sufficient debt or equity capital, or divest assets, to refinance or repay the lenders.

**NOTE 9—Commitments and Contingencies:**

*Environmental*

We had the following activity in our recorded environmental liabilities for the three months ended March 31, 2020 (in thousands):

Beginning balance at December 31, 2019	\$ 42,592
Expenditures	(918)
Accretion of discount	216
Foreign currency translation adjustments	(183)
Ending balance at March 31, 2020	41,707
Less amounts reported in Accrued expenses	9,379
Amounts reported in Other noncurrent liabilities	<u>\$ 32,328</u>

Environmental remediation liabilities included discounted liabilities of \$35.1 million and \$35.6 million at March 31, 2020 and December 31, 2019, respectively, discounted at rates with a weighted-average of 3.7%, with the undiscounted amount totaling \$68.8 million and \$69.2 million at March 31, 2020 and December 31, 2019, respectively. For certain locations where the Company is operating groundwater monitoring and/or remediation systems, prior owners or insurers have assumed all or most of the responsibility.

The amounts recorded represent our future remediation and other anticipated environmental liabilities. These liabilities typically arise during the normal course of our operational and environmental management activities or at the time of acquisition of the site, and are based on internal analysis as well as input from outside consultants. As evaluations proceed at each relevant site, changes in risk assessment practices, remediation techniques and regulatory requirements can occur, therefore such liability estimates may be adjusted accordingly. The timing and duration of remediation activities at these sites will be determined when evaluations are completed. Although it is difficult to quantify the potential financial impact of these remediation liabilities, management estimates (based on the latest available information) that there is a reasonable possibility that future environmental remediation costs associated with our past operations, could be an additional \$10 million to \$30 million before income taxes, in excess of amounts already recorded. The variability of this range is primarily driven by possible environmental remediation activity at a formerly owned site where we indemnify the buyer through a set cutoff date in 2024.

We believe that any sum we may be required to pay in connection with environmental remediation matters in excess of the amounts recorded would likely occur over a period of time and would likely not have a material adverse effect upon our results of operations, financial condition or cash flows on a consolidated annual basis although any such sum could have a material adverse impact on our results of operations, financial condition or cash flows in a particular quarterly reporting period.

*Litigation*

We are involved from time to time in legal proceedings of types regarded as common in our business, including administrative or judicial proceedings seeking remediation under environmental laws, such as the federal Comprehensive Environmental Response, Compensation and Liability Act, commonly known as CERCLA or Superfund, products liability, breach of contract liability and premises liability litigation. Where appropriate, we may establish financial reserves for such proceedings. We also maintain insurance to mitigate certain of such risks. Costs for legal services are generally expensed as incurred.

As previously reported in 2018, following receipt of information regarding potential improper payments being made by third party sales representatives of our Refining Solutions business, within our Catalysts segment, we promptly retained outside counsel and forensic accountants to investigate potential violations of the Company's Code of Conduct, the Foreign Corrupt Practices Act and other potentially applicable laws. Based on this internal investigation, we have voluntarily self-reported

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potential issues relating to the use of third party sales representatives in our Refining Solutions business, within our Catalysts segment, to the U.S. Department of Justice (“DOJ”), the SEC, and the Dutch Public Prosecutor (“DPP”), and are cooperating with the DOJ, the SEC, and DPP in their review of these matters. In connection with our internal investigation, we have implemented, and are continuing to implement, appropriate remedial measures.

At this time, we are unable to predict the duration, scope, result or related costs associated with any investigations by the DOJ, the SEC, or DPP. We are unable to predict what, if any, action may be taken by the DOJ, the SEC, or DPP, or what penalties or remedial actions they may seek to impose. Any determination that our operations or activities are not in compliance with existing laws or regulations could result in the imposition of fines, penalties, disgorgement, equitable relief, or other losses. We do not believe, however, that any fines, penalties, disgorgement, equitable relief or other losses would have a material adverse effect on our financial condition or liquidity.

*Indemnities*

We are indemnified by third parties in connection with certain matters related to acquired and divested businesses. Although we believe that the financial condition of those parties who may have indemnification obligations to the Company is generally sound, in the event the Company seeks indemnity under any of these agreements or through other means, there can be no assurance that any party who may have obligations to indemnify us will adhere to their obligations and we may have to resort to legal action to enforce our rights under the indemnities.

The Company may be subject to indemnity claims relating to properties or businesses it divested, including properties or businesses of acquired businesses that were divested prior to the completion of the acquisition. In the opinion of management, and based upon information currently available, the ultimate resolution of any indemnification obligations owed to the Company or by the Company is not expected to have a material effect on the Company’s financial condition, results of operations or cash flows. The Company had approximately \$31.6 million and \$31.0 million at March 31, 2020 and December 31, 2019, respectively, recorded in Other noncurrent liabilities, related to the indemnification of certain income and non-income tax liabilities associated with the Chemetall Surface Treatment entities sold.

*Other*

We have contracts with certain of our customers, which serve as guarantees on product delivery and performance according to customer specifications that can cover both shipments on an individual basis as well as blanket coverage of multiple shipments under certain customer supply contracts. The financial coverage provided by these guarantees is typically based on a percentage of net sales value.

**NOTE 10—Leases:**

We lease certain office space, buildings, transportation and equipment in various countries. The initial lease terms generally range from 1 to 30 years for real estate leases, and from 2 to 15 years for non-real estate leases. Leases with an initial term of 12 months or less are not recorded on the balance sheet, and we recognize lease expense for these leases on a straight-line basis over the lease term.

Many leases include options to terminate or renew, with renewal terms that can extend the lease term from 1 to 50 years or more. The exercise of lease renewal options is at our sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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The following table provides details of our lease contracts for the three-month periods ended March 31, 2020 and 2019 (in thousands):

	Three Months Ended March 31,	
	2020	2019
Operating lease cost	\$ 8,740	\$ 9,421
Finance lease cost:		
Amortization of right of use assets	154	178
Interest on lease liabilities	650	33
Total finance lease cost	804	211
Short-term lease cost	2,883	1,966
Variable lease cost	1,948	1,086
Total lease cost	\$ 14,375	\$ 12,684

Supplemental cash flow information related to our lease contracts for the three-month periods ended March 31, 2020 and 2019 is as follows (in thousands):

	Three Months Ended March 31,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 11,177	\$ 8,930
Operating cash flows from finance leases	380	33
Financing cash flows from finance leases	172	171
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	16,021	—



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Supplemental balance sheet information related to our lease contracts, including the location on balance sheet, at March 31, 2020 and December 31, 2019 is as follows (in thousands, except as noted):

	March 31, 2020	December 31, 2019
<b>Operating leases:</b>		
Other assets	\$ 141,827	\$ 133,864
Current operating lease liability	23,826	23,137
Other noncurrent liabilities	119,233	114,686
Total operating lease liabilities	143,059	137,823
<b>Finance leases:</b>		
Net property, plant and equipment	59,320	59,494
Current portion of long-term debt	615	636
Long-term debt	58,713	58,888
Total finance lease liabilities	59,328	59,524
<b>Weighted average remaining lease term (in years):</b>		
Operating leases	15.8	11.4
Finance leases	28.2	28.3
<b>Weighted average discount rate (%):</b>		
Operating leases	4.08%	3.84%
Finance leases	4.56%	4.56%

Maturities of lease liabilities as of March 31, 2020 were as follows (in thousands):

	Operating Leases	Finance Leases
Remainder of 2020	\$ 23,100	\$ 1,652
2021	18,498	2,129
2022	14,652	4,408
2023	13,205	4,408
2024	12,181	4,408
Thereafter	148,998	94,324
Total lease payments	230,634	111,329
Less imputed interest	87,575	52,001
Total	\$ 143,059	\$ 59,328

**NOTE 11—Segment Information:**

Our three reportable segments include: (1) Lithium; (2) Bromine Specialties; and (3) Catalysts. Each segment has a dedicated team of sales, research and development, process engineering, manufacturing and sourcing, and business strategy personnel and has full accountability for improving execution through greater asset and market focus, agility and responsiveness. This business structure aligns with the markets and customers we serve through each of the segments. This structure also facilitates the continued standardization of business processes across the organization, and is consistent with the manner in which information is presently used internally by the Company's chief operating decision maker to evaluate performance and make resource allocation decisions.

Summarized financial information concerning our reportable segments is shown in the following tables. The "All Other" category includes only the fine chemistry services business that does not fit into any of our core businesses.

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The Corporate category is not considered to be a segment and includes corporate-related items not allocated to the operating segments. Pension and OPEB service cost (which represents the benefits earned by active employees during the period) and amortization of prior service cost or benefit are allocated to the reportable segments, All Other, and Corporate, whereas the remaining components of pension and OPEB benefits cost or credit (“Non-operating pension and OPEB items”) are included in Corporate. Segment data includes inter-segment transfers of raw materials at cost and allocations for certain corporate costs.

The Company’s chief operating decision maker uses adjusted EBITDA (as defined below) to assess the ongoing performance of the Company’s business segments and to allocate resources. The Company defines adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, as adjusted on a consistent basis for certain non-recurring or unusual items in a balanced manner and on a segment basis. These non-recurring or unusual items may include acquisition and integration related costs, gains or losses on sales of businesses, restructuring charges, facility divestiture charges, non-operating pension and OPEB items and other significant non-recurring items. In addition, management uses adjusted EBITDA for business planning purposes and as a significant component in the calculation of performance-based compensation for management and other employees. The Company has reported adjusted EBITDA because management believes it provides transparency to investors and enables period-to-period comparability of financial performance. Adjusted EBITDA is a financial measure that is not required by, or presented in accordance with, U.S. GAAP. Adjusted EBITDA should not be considered as an alternative to Net income attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with U.S. GAAP, or any other financial measure reported in accordance with U.S. GAAP.

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(In thousands)</b>	
<b>Net sales:</b>		
Lithium	\$ 236,818	\$ 291,886
Bromine Specialties	231,592	249,052
Catalysts	207,207	251,648
All Other	63,228	39,478
Total net sales	\$ 738,845	\$ 832,064
<b>Adjusted EBITDA:</b>		
Lithium	\$ 78,637	\$ 115,616
Bromine Specialties	83,262	78,597
Catalysts	47,470	60,071
All Other	22,824	7,243
Corporate	(35,828)	(35,660)
Total adjusted EBITDA	\$ 196,365	\$ 225,867

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See below for a reconciliation of adjusted EBITDA, the non-GAAP financial measure, from Net income attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with U.S. GAAP (in thousands):

	Lithium	Bromine Specialties	Catalysts	Reportable Segments Total	All Other	Corporate	Consolidated Total
<b>Three months ended March 31, 2020</b>							
Net income (loss) attributable to Albemarle Corporation	\$ 53,240	\$ 71,665	\$ 34,892	\$ 159,797	\$ 20,846	\$ (73,439)	\$ 107,204
Depreciation and amortization	25,397	11,597	12,578	49,572	1,978	2,144	53,694
Restructuring and other <sup>(a)</sup>	—	—	—	—	—	1,847	1,847
Acquisition and integration related costs <sup>(b)</sup>	—	—	—	—	—	2,951	2,951
Interest and financing expenses	—	—	—	—	—	16,885	16,885
Income tax expense	—	—	—	—	—	18,442	18,442
Non-operating pension and OPEB items	—	—	—	—	—	(2,908)	(2,908)
Other <sup>(c)</sup>	—	—	—	—	—	(1,750)	(1,750)
Adjusted EBITDA	<u>\$ 78,637</u>	<u>\$ 83,262</u>	<u>\$ 47,470</u>	<u>\$ 209,369</u>	<u>\$ 22,824</u>	<u>\$ (35,828)</u>	<u>\$ 196,365</u>
<b>Three months ended March 31, 2019</b>							
Net income (loss) attributable to Albemarle Corporation	\$ 93,169	\$ 67,480	\$ 47,859	\$ 208,508	\$ 5,206	\$ (80,145)	\$ 133,569
Depreciation and amortization	22,092	11,117	12,212	45,421	2,037	1,825	49,283
Acquisition and integration related costs <sup>(b)</sup>	—	—	—	—	—	5,285	5,285
Gain on sale of property <sup>(d)</sup>	—	—	—	—	—	(11,079)	(11,079)
Interest and financing expenses	—	—	—	—	—	12,586	12,586
Income tax expense	—	—	—	—	—	37,514	37,514
Non-operating pension and OPEB items	—	—	—	—	—	(583)	(583)
Other <sup>(e)</sup>	355	—	—	355	—	(1,063)	(708)
Adjusted EBITDA	<u>\$ 115,616</u>	<u>\$ 78,597</u>	<u>\$ 60,071</u>	<u>\$ 254,284</u>	<u>\$ 7,243</u>	<u>\$ (35,660)</u>	<u>\$ 225,867</u>

- (a) Severance payments as part of a business reorganization plan, \$0.7 million recorded in Cost of goods sold, \$1.5 million recorded in Selling, general and administrative expenses and a \$0.3 million gain recorded in Net income attributable to noncontrolling interest for the portion of severance expense allocated to our Jordanian joint venture partner.
- (b) Included acquisition and integration related costs relating to various significant projects. For the three-month periods ended March 31, 2020 and 2019, \$3.0 million and \$5.3 million was recorded in Selling, general and administrative expenses, respectively.
- (c) Included amounts for the three months ended March 31, 2020 recorded in:
- Other income, net - \$2.6 million gain resulting from the settlement of a legal matter related to a business sold, partially offset by a \$0.8 million loss resulting from the adjustment of indemnifications related to previously disposed businesses.
- (d) Gain recorded in Other income, net related to the sale of land in Pasadena, Texas not used as part of our operations.
- (e) Included amounts for the three months ended March 31, 2019 recorded in:
- Cost of goods sold - \$0.4 million related to non-routine labor and compensation related costs in Chile that are outside normal compensation arrangements.
  - Selling, general and administrative expenses - Severance payments as part of a business reorganization plan of \$0.5 million.
  - Other income, net - \$1.6 million of a net gain resulting from the adjustment of indemnifications and other liabilities related to previously disposed businesses.

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**NOTE 12—Pension Plans and Other Postretirement Benefits:**

The components of pension and postretirement benefits cost (credit) for the three-month periods ended March 31, 2020 and 2019 were as follows (in thousands):

	Three Months Ended March 31,	
	2020	2019
<b>Pension Benefits Cost (Credit):</b>		
Service cost	\$ 1,214	\$ 1,130
Interest cost	6,687	8,320
Expected return on assets	(10,063)	(9,452)
Amortization of prior service benefit	(51)	6
Total net pension benefits (credit) cost	<u>\$ (2,213)</u>	<u>\$ 4</u>
<b>Postretirement Benefits Cost:</b>		
Service cost	\$ 26	\$ 24
Interest cost	468	549
Total net postretirement benefits cost	<u>\$ 494</u>	<u>\$ 573</u>
Total net pension and postretirement benefits (credit) cost	<u>\$ (1,719)</u>	<u>\$ 577</u>

All components of net benefit cost (credit), other than service cost, are included in Other income, net on the consolidated statements of income.

During the three-month periods ended March 31, 2020 and 2019, we made contributions of \$5.4 million and \$2.7 million respectively, to our qualified and nonqualified pension plans.

We paid \$0.7 million and \$0.9 million in premiums to the U.S. postretirement benefit plan during the three-month periods ended March 31, 2020 and 2019, respectively.

**NOTE 13—Fair Value of Financial Instruments:**

In assessing the fair value of financial instruments, we use methods and assumptions that are based on market conditions and other risk factors existing at the time of assessment. Fair value information for our financial instruments is as follows:

**Long-Term Debt**—the fair values of our notes are estimated using Level 1 inputs and account for the difference between the recorded amount and fair value of our long-term debt. The carrying value of our remaining long-term debt reported in the accompanying condensed consolidated balance sheets approximates fair value as substantially all of such debt bears interest based on prevailing variable market rates currently available in the countries in which we have borrowings.

	March 31, 2020		December 31, 2019	
	Recorded Amount	Fair Value	Recorded Amount	Fair Value
(In thousands)				
Long-term debt	\$ 3,158,293	\$ 3,015,381	\$ 3,069,417	\$ 3,173,341

**Foreign Currency Forward Contracts**—During the fourth quarter of 2019, we entered into a foreign currency forward contract, with a notional value of 727.9 million Australian Dollars to hedge the cash flow exposure of non-functional currency purchases during the construction of the Kemerton plant in Australia. This derivative financial instrument is used to manage risk and is not used for trading or other speculative purposes. This foreign currency forward contract has been designated as a hedging instrument under ASC 815, *Derivatives and Hedging*. At March 31, 2020 and December 31, 2019, we had outstanding designated foreign currency forward contracts with notional values totaling the equivalent of \$367.7 million and \$481.2 million, respectively.

We also enter into foreign currency forward contracts in connection with our risk management strategies that have not been designated as hedging instruments under ASC 815, *Derivatives and Hedging*, in an attempt to minimize the financial impact of changes in foreign currency exchange rates. These derivative financial instruments are used to manage risk and are not used for trading or other speculative purposes. The fair values of our non-designated foreign currency forward contracts are

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estimated based on current settlement values. At March 31, 2020 and December 31, 2019, we had outstanding non-designated foreign currency forward contracts with notional values totaling \$814.0 million and \$1.15 billion, respectively, hedging our exposure to various currencies including the Euro, Chinese Renminbi, Chilean Peso and Australian Dollar.

The following table summarizes the fair value of our foreign currency forward contracts included in the condensed consolidated balance sheets as of March 31, 2020 and December 31, 2019 (in thousands):

	March 31, 2020		December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Designated as hedging instruments <sup>(a)</sup>	\$ —	\$ 44,556	\$ 5,369	\$ —
Not Designated as hedging instruments <sup>(b)</sup>	38	4,352	2,032	3,613
<b>Total</b>	<b>\$ 38</b>	<b>\$ 48,908</b>	<b>\$ 7,401</b>	<b>\$ 3,613</b>

(a) Included \$33.2 million in Accrued expenses and \$11.4 million in Other liabilities at March 31, 2020 and \$3.7 million in Other current assets and \$1.7 million in Other assets at December 31, 2019.

(b) Included less than \$0.1 million in Other current assets and \$4.4 million in Accrued expenses at March 31, 2020 and \$2.0 million in Other current assets and \$3.6 million in Accrued expenses at December 31, 2019.

The following table summarizes the net losses recognized for our foreign currency forward contracts during the three-month periods ended March 31, 2020 and 2019 (in thousands):

	Three Months Ended March 31,	
	2020	2019
<b>Designated as hedging instruments</b>		
Losses recognized in Other comprehensive (loss) income	(51,460)	—
<b>Not designated as hedging instruments</b>		
Losses recognized in Other income, net <sup>(a)</sup>	(5,454)	(10,415)

(a) Fluctuations in the value of our foreign currency forward contracts not designated as hedging instruments are generally expected to be offset by changes in the value of the underlying exposures being hedged, which are also reported in Other income, net.

In addition, for the three-month periods ended March 31, 2020 and 2019, we recorded net cash settlements of \$6.8 million and \$10.4 million, respectively, in Other, net, in our condensed consolidated statements of cash flows.

As of March 31, 2020, there are no unrealized gains or losses related to the cash flow hedge expected to be reclassified to earnings in the next twelve months.

The counterparties to our foreign currency forward contracts are major financial institutions with which we generally have other financial relationships. We are exposed to credit loss in the event of nonperformance by these counterparties. However, we do not anticipate nonperformance by the counterparties.

**NOTE 14—Fair Value Measurement:**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The inputs used to measure fair value are classified into the following hierarchy:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability
Level 3	Unobservable inputs for the asset or liability

**ALBEMARLE CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**  
**(Unaudited)**

We endeavor to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following tables set forth our financial assets and liabilities that were accounted for at fair value on a recurring basis as of March 31, 2020 and December 31, 2019 (in thousands):

	March 31, 2020	Quoted Prices in Active Markets for Identical Items (Level 1)	Quoted Prices in Active Markets for Similar Items (Level 2)	Unobservable Inputs (Level 3)
<b>Assets:</b>				
Investments under executive deferred compensation plan <sup>(a)</sup>	\$ 26,753	\$ 26,753	\$ —	\$ —
Private equity securities <sup>(b)</sup>	\$ 20	\$ 20	\$ —	\$ —
Private equity securities measured at net asset value <sup>(b)(c)</sup>	\$ 4,890	\$ —	\$ —	\$ —
Foreign currency forward contracts <sup>(d)</sup>	\$ 38	\$ 38	\$ —	\$ —
<b>Liabilities:</b>				
Obligations under executive deferred compensation plan <sup>(a)</sup>	\$ 26,753	\$ 26,753	\$ —	\$ —
Foreign currency forward contracts <sup>(d)</sup>	\$ 48,908	\$ —	\$ 48,908	\$ —

	December 31, 2019	Quoted Prices in Active Markets for Identical Items (Level 1)	Quoted Prices in Active Markets for Similar Items (Level 2)	Unobservable Inputs (Level 3)
<b>Assets:</b>				
Investments under executive deferred compensation plan <sup>(a)</sup>	\$ 28,715	\$ 28,715	\$ —	\$ —
Private equity securities <sup>(b)</sup>	\$ 32	\$ 32	\$ —	\$ —
Private equity securities measured at net asset value <sup>(b)(c)</sup>	\$ 4,890	\$ —	\$ —	\$ —
Foreign currency forward contracts <sup>(d)</sup>	\$ 7,401	\$ —	\$ 7,401	\$ —
<b>Liabilities:</b>				
Obligations under executive deferred compensation plan <sup>(a)</sup>	\$ 28,715	\$ 28,715	\$ —	\$ —
Foreign currency forward contracts <sup>(d)</sup>	\$ 3,613	\$ —	\$ 3,613	\$ —

- (a) We maintain an Executive Deferred Compensation Plan (“EDCP”) that was adopted in 2001 and subsequently amended. The purpose of the EDCP is to provide current tax planning opportunities as well as supplemental funds upon the retirement or death of certain of our employees. The EDCP is intended to aid in attracting and retaining employees of exceptional ability by providing them with these benefits. We also maintain a Benefit Protection Trust (the “Trust”) that was created to provide a source of funds to assist in meeting the obligations of the EDCP, subject to the claims of our creditors in the event of our insolvency. Assets of the Trust are consolidated in accordance with authoritative guidance. The assets of the Trust consist primarily of mutual fund investments (which are accounted for as trading securities and are marked-to-market on a monthly basis through the consolidated statements of income) and cash and cash equivalents. As such, these assets and obligations are classified within Level 1.
- (b) Primarily consists of private equity securities classified as available-for-sale and are reported in Investments in the condensed consolidated balance sheets. The changes in fair value are reported in Other income, net, in our consolidated statements of income.
- (c) Holdings in certain private equity securities are measured at fair value using the net asset value per share (or its equivalent) practical expedient and have not been categorized in the fair value hierarchy.
- (d) As a result of our global operating and financing activities, we are exposed to market risks from changes in foreign currency exchange rates, which may adversely affect our operating results and financial position. When deemed appropriate, we minimize our risks from foreign currency exchange rate fluctuations through the use of foreign currency forward contracts. The foreign currency forward contracts are valued using broker quotations or market transactions in either the listed or over-the-counter markets. As such, these derivative instruments are classified within Level 2. See Note 13, “Fair Value of Financial Instruments,” for further details about our foreign currency forward contracts.

**ALBEMARLE CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**  
**(Unaudited)**

**NOTE 15—Accumulated Other Comprehensive (Loss) Income:**

The components and activity in Accumulated other comprehensive (loss) income (net of deferred income taxes) consisted of the following during the periods indicated below (in thousands):

	Foreign Currency Translation	Pension and Post- Retirement Benefits <sup>(a)</sup>	Net Investment Hedge	Cash Flow Hedge <sup>(b)</sup>	Interest Rate Swap <sup>(c)</sup>	Total
<b>Three months ended March 31, 2020</b>						
Balance at December 31, 2019	\$ (469,210)	\$ 473	\$ 80,778	\$ 4,847	\$ (12,623)	\$ (395,735)
Other comprehensive (loss) income before reclassifications	(81,986)	—	2,081	(51,460)	—	(131,365)
Amounts reclassified from accumulated other comprehensive loss	—	9	—	—	648	657
Other comprehensive (loss) income, net of tax	(81,986)	9	2,081	(51,460)	648	(130,708)
Other comprehensive income attributable to noncontrolling interests	(46)	—	—	—	—	(46)
Balance at March 31, 2020	<u>\$ (551,242)</u>	<u>\$ 482</u>	<u>\$ 82,859</u>	<u>\$ (46,613)</u>	<u>\$ (11,975)</u>	<u>\$ (526,489)</u>
<b>Three months ended March 31, 2019</b>						
Balance at December 31, 2018	\$ (407,646)	\$ (159)	\$ 72,337	\$ —	\$ (15,214)	\$ (350,682)
Other comprehensive (loss) income before reclassifications	(10,855)	—	3,304	—	—	(7,551)
Amounts reclassified from accumulated other comprehensive loss	—	7	—	—	641	648
Other comprehensive (loss) income, net of tax	(10,855)	7	3,304	—	641	(6,903)
Other comprehensive loss attributable to noncontrolling interests	47	—	—	—	—	47
Balance at March 31, 2019	<u>\$ (418,454)</u>	<u>\$ (152)</u>	<u>\$ 75,641</u>	<u>\$ —</u>	<u>\$ (14,573)</u>	<u>\$ (357,538)</u>

- (a) The pre-tax portion of amounts reclassified from accumulated other comprehensive loss consists of amortization of prior service benefit, which is a component of pension and postretirement benefits cost (credit). See Note 12, "Pension Plans and Other Postretirement Benefits," for additional information.
- (b) We entered into a foreign currency forward contract, which was designated and accounted for as a cash flow hedge under ASC 815, *Derivatives and Hedging*. See Note 13, "Fair Value of Financial Instruments," for additional information.
- (c) The pre-tax portion of amounts reclassified from accumulated other comprehensive loss is included in interest expense.

The amount of income tax benefit (expense) allocated to each component of Other comprehensive (loss) income for the three-month periods ended March 31, 2020 and 2019 is provided in the following tables (in thousands):

	Foreign Currency Translation	Pension and Postretirement Benefits	Net Investment Hedge	Cash Flow Hedge	Interest Rate Swap
<b>Three months ended March 31, 2020</b>					
Other comprehensive (loss) income, before tax	\$ (81,989)	\$ 9	\$ 2,675	\$ (51,460)	\$ 834
Income tax benefit (expense)	3	—	(594)	—	(186)
Other comprehensive (loss) income, net of tax	<u>\$ (81,986)</u>	<u>\$ 9</u>	<u>\$ 2,081</u>	<u>\$ (51,460)</u>	<u>\$ 648</u>
<b>Three months ended March 31, 2019</b>					
Other comprehensive (loss) income, before tax	\$ (10,854)	\$ 7	\$ 4,299	\$ —	\$ 834
Income tax expense	(1)	—	(995)	—	(193)
Other comprehensive (loss) income, net of tax	<u>\$ (10,855)</u>	<u>\$ 7</u>	<u>\$ 3,304</u>	<u>\$ —</u>	<u>\$ 641</u>

**ALBEMARLE CORPORATION AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**  
**(Unaudited)**

**NOTE 16—Related Party Transactions:**

Our consolidated statements of income include sales to and purchases from unconsolidated affiliates in the ordinary course of business as follows (in thousands):

	Three Months Ended March 31,	
	2020	2019
Sales to unconsolidated affiliates	\$ 7,217	\$ 4,291
Purchases from unconsolidated affiliates <sup>(a)</sup>	\$ 76,475	\$ 63,499

(a) Purchases from unconsolidated affiliates primarily relate to purchases from our Windfield joint venture.

Our condensed consolidated balance sheets include accounts receivable due from and payable to unconsolidated affiliates in the ordinary course of business as follows (in thousands):

	March 31, 2020	December 31, 2019
Receivables from unconsolidated affiliates	\$ 7,866	\$ 7,163
Payables to unconsolidated affiliates <sup>(a)</sup>	\$ 72,357	\$ 35,502

(a) Increase in payables to unconsolidated affiliates primarily relates to the timing of payments due to our Windfield joint venture for purchases of spodumene.

**NOTE 17—Supplemental Cash Flow Information:**

Supplemental information related to the condensed consolidated statements of cash flows is as follows (in thousands):

	Three Months Ended March 31,	
	2020	2019
Supplemental non-cash disclosure related to investing activities:		
Capital expenditures included in Accounts payable	\$ 176,464	\$ 111,225

As part of the purchase price paid for the acquisition of a 60% interest in MRL's Wodgina Project, the Company transferred \$36.7 million of its construction in progress of the designated Kemerton assets during the three months ended March 31, 2020, representing MRL's 40% interest in the assets. Since the acquisition, we have transferred \$201.4 million of construction in progress to MRL through March 31, 2020. The cash outflow for these assets is recorded in Capital expenditures within Cash flows from investing activities on the condensed consolidated statements of cash flows. The Company expects to transfer a total of approximately \$480 million over the construction of these assets, as defined in the purchase agreement. See Note 2, "Acquisitions," for further details.

**NOTE 18—Recently Issued Accounting Pronouncements:**

In June 2016, the Financial Accounting Standards Board ("FASB") issued accounting guidance that, among other things, changes the way entities recognize impairment of financial assets by requiring immediate recognition of estimated credit losses expected to occur over the remaining life of the financial asset. Additional disclosures are required regarding an entity's assumptions, models and methods for estimating the expected credit loss. This guidance became effective on January 1, 2020 and did not have a significant impact on our financial statements.

In January 2017, the FASB issued accounting guidance to simplify the accounting for goodwill impairment. The guidance removes Step 2 of the goodwill impairment test, which requires a reporting unit to calculate the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit has been acquired in a business combination. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. All other goodwill impairment guidance will remain unchanged. Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. This guidance became effective on January 1, 2020 and did not have a significant impact on our financial statements.



**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

***Forward-looking Statements***

Some of the information presented in this Quarterly Report on Form 10-Q, including the documents incorporated by reference, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on our current expectations, which are in turn based on assumptions that we believe are reasonable based on our current knowledge of our business and operations. We have used words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “should,” “would,” “will” and variations of such words and similar expressions to identify such forward-looking statements.

These forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict and many of which are beyond our control. There can be no assurance that our actual results will not differ materially from the results and expectations expressed or implied in the forward-looking statements. Factors that could cause actual results to differ materially from the outlook expressed or implied in any forward-looking statement include, without limitation, information related to:

- changes in economic and business conditions;
- changes in financial and operating performance of our major customers and industries and markets served by us;
- the timing of orders received from customers;
- the gain or loss of significant customers;
- competition from other manufacturers;
- changes in the demand for our products or the end-user markets in which our products are sold;
- limitations or prohibitions on the manufacture and sale of our products;
- availability of raw materials;
- increases in the cost of raw materials and energy, and our ability to pass through such increases to our customers;
- changes in our markets in general;
- fluctuations in foreign currencies;
- changes in laws and government regulation impacting our operations or our products;
- the occurrence of regulatory actions, proceedings, claims or litigation;
- the occurrence of cyber-security breaches, terrorist attacks, industrial accidents, natural disasters or climate change;
- hazards associated with chemicals manufacturing;
- the inability to maintain current levels of product or premises liability insurance or the denial of such coverage;
- political unrest affecting the global economy, including adverse effects from terrorism or hostilities;
- political instability affecting our manufacturing operations or joint ventures;
- changes in accounting standards;
- the inability to achieve results from our global manufacturing cost reduction initiatives as well as our ongoing continuous improvement and rationalization programs;
- changes in the jurisdictional mix of our earnings and changes in tax laws and rates;
- changes in monetary policies, inflation or interest rates that may impact our ability to raise capital or increase our cost of funds, impact the performance of our pension fund investments and increase our pension expense and funding obligations;
- volatility and uncertainties in the debt and equity markets;
- technology or intellectual property infringement, including through cyber-security breaches, and other innovation risks;
- decisions we may make in the future;
- the ability to successfully execute, operate and integrate acquisitions and divestitures;
- uncertainties as to the duration and impact of the novel coronavirus (“COVID-19”) pandemic; and
- the other factors detailed from time to time in the reports we file with the Securities and Exchange Commission (“SEC”).

We assume no obligation to provide revisions to any forward-looking statements should circumstances change, except as otherwise required by securities and other applicable laws. The following discussion should be read together with our condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q.

The following is a discussion and analysis of our results of operations for the three-month periods ended March 31, 2020 and 2019. A discussion of our consolidated financial condition and sources of additional capital is included under a separate heading “Financial Condition and Liquidity.”

### **Overview**

We are a leading global developer, manufacturer and marketer of highly-engineered specialty chemicals that are designed to meet our customers’ needs across a diverse range of end markets. The end markets we serve include energy storage, petroleum refining, consumer electronics, construction, automotive, lubricants, pharmaceuticals, crop protection and custom chemistry services. We believe that our commercial and geographic diversity, technical expertise, innovative capability, flexible, low-cost global manufacturing base, experienced management team and strategic focus on our core base technologies will enable us to maintain leading market positions in those areas of the specialty chemicals industry in which we operate.

Secular trends favorably impacting demand within the end markets that we serve combined with our diverse product portfolio, broad geographic presence and customer-focused solutions will continue to be key drivers of our future earnings growth. We continue to build upon our existing green solutions portfolio and our ongoing mission to provide innovative, yet commercially viable, clean energy products and services to the marketplace to contribute to our sustainable revenue. For example, our Lithium business contributes to the growth of clean miles driven with electric miles and more efficient use of renewable energy through grid storage; Bromine Specialties enables the prevention of fires starting in electronic equipment, greater fuel efficiency from rubber tires and the reduction of emissions from coal fired power plants; and the Catalysts business creates efficiency of natural resources through more usable products from a single barrel of oil, enables safer, greener production of alkylates used to produce more environmentally-friendly fuels, and reduced emissions through cleaner transportation fuels. We believe our disciplined cost reduction efforts and ongoing productivity improvements, among other factors, position us well to take advantage of strengthening economic conditions as they occur, while softening the negative impact of the current challenging global economic environment.

### **First Quarter 2020**

During the first quarter of 2020:

- Our board of directors declared a quarterly dividend of \$0.385 per share on February 28, 2020, which was paid on April 1, 2020 to shareholders of record at the close of business as of March 13, 2020.
- In February 2020, Chairman and Chief Executive Officer Luke Kissam advised the Board of Directors that he will retire from his roles as an officer and director of Albemarle effective June 2020, for health reasons. On April 20, 2020, we announced that J. Kent Masters has been elected Chairman, President and Chief Executive Officer, effective immediately. Luke Kissam will stay on through June 2020 in an advisory capacity to ensure an orderly leadership transition. In addition, Mr. Kissam will continue to serve on the Board of Directors through the annual meeting of shareholders in 2021, as he was re-elected at our 2020 annual meeting of shareholders on May 5, 2020.
- Our net sales for the quarter were \$738.8 million, down 11% from net sales of \$832.1 million in the first quarter of 2019.
- Diluted earnings per share were \$1.01, a decrease from first quarter 2019 results of \$1.26 per diluted share.
- Net cash provided by operations was \$155.1 million, an increase of 182% from first quarter 2019.

### **Outlook**

The current global business environment presents a diverse set of opportunities and challenges in the markets we serve. In particular, the market for lithium battery and energy storage continues to accelerate, providing the opportunity to continue to develop high quality and innovative products while managing the high cost of expanding capacity. The other markets we serve continue to present various opportunities for value and growth as we have positioned ourselves to manage the impact on our business of changing global conditions, such as slow and uneven global growth, currency exchange volatility, crude oil price fluctuation, a dynamic pricing environment, an ever-changing landscape in electronics, the continuous need for cutting edge catalysts and technology by our refinery customers and increasingly stringent environmental standards. Amidst these dynamics, we believe our business fundamentals are sound and that we are strategically well-positioned as we remain focused on increasing sales volumes, optimizing and improving the value of our portfolio primarily through pricing and product development, managing costs and delivering value to our customers and shareholders. We believe that our businesses remain well-positioned to capitalize on new business opportunities and long-term trends driving growth within our end markets and to respond quickly to changes in economic conditions in these markets.

Currently, COVID-19 is having an impact on overall global economic conditions. While we have not seen a material financial impact to date, the ultimate impact on our business will depend on the length and severity of the outbreak throughout

the world. All of our sites are operating at normal capacity while we continue to comply with all government and health agency recommendations and requirements, as well as protecting the safety of our employees and communities. We believe we have sufficient inventory to continue to produce at current levels, however, government mandated shutdowns could impact our ability to acquire additional materials and disrupt our customers' purchases. At this time we cannot predict the expected overall financial impact of COVID-19 on our business, but we are planning for various economic scenarios to make efforts to protect the safety of our employees and the health of our business.

**Lithium:** We expect results to decline year-over-year during 2020 in Lithium, due mainly to pricing pressure in certain markets, partially offset by productivity enhancements across our business. There is no new capacity coming online during 2020 to drive significant additional volume. We have not experienced a material impact from COVID-19 to date, however, our position in the automotive OEM supply chain may delay the overall impact to Lithium. While our plants in China temporarily operated at reduced rates during the first quarter due to operating restrictions, both plants are now back at normal capacity. We are continuing to monitor the Lithium impact for the remainder of the year as global electric vehicle production has slowed. In addition, following the acquisition of 60% interest in the Wodgina spodumene mine, we have made the decision to idle production of spodumene until demand supports bringing the mine back into production.

On a longer-term basis, we believe that demand for lithium will continue to grow as new lithium applications advance and the use of plug-in hybrid electric vehicles and full battery electric vehicles increases. This demand for lithium is supported by a favorable backdrop of steadily declining lithium ion battery costs, increasing battery performance and favorable global public policy toward e-mobility/renewable energy usage. Our outlook is also bolstered by long-term supply agreements with key strategic customers, reflecting our standing as a preferred global lithium partner, highlighted by our scale, access to geographically diverse, low-cost resources and long-term track record of reliability of supply and operating execution.

**Bromine Specialties:** We expect both net sales and profitability to be down in 2020, driven by logistics challenges and lower overall average selling prices as global bromine supply and demand comes into balance, as well as lower demand from recent shutdowns related to COVID-19. Our current demand continues to be strong and we have not experienced a material impact from COVID-19 to date, however, we are likely to see the effect in the second half of 2020 due to our position in the supply chain as our global customer and suppliers experience disruptions.

On a longer-term basis, we continue to believe that improving global standards of living, widespread digitization, increasing demand for data management capacity and the potential for increasingly stringent fire safety regulations in developing markets are likely to drive continued demand for fire safety products. Our long-term drilling outlook is uncertain at this time and will follow a long term trajectory in line with oil prices. We are focused on profitably growing our globally competitive bromine and derivatives production network to serve all major bromine consuming products and markets. The combination of our solid, long-term business fundamentals, strong cost position, product innovations and effective management of raw material costs will enable us to manage our business through end-market challenges and to capitalize on opportunities that are expected with favorable market trends in select end markets.

**Catalysts:** We expect both net sales and profitability to be down in 2020, driven by logistics challenges and significantly lower demand due to stay at home orders and travel restrictions resulting from COVID-19. The travel restrictions impacted FCC in the first quarter due to reduced transportation fuel demand in Asia and we expect similar downturns in demand during the remainder of the year, as the rest of the world has implemented similar restrictions. As these restrictions are lifted, we expect fuel demand to recover, however, at this time we are unable to predict the timing of these changes. To date, we have not seen a material impact to HPC. However, as customers focus on reducing capital spending in 2020 we are likely to see a negative impact in the second half of 2020 if refiners are able to defer change outs. We will continue to monitor the situation as we expect our global customer and suppliers to continue to experience disruptions resulting from the impact of COVID-19.

On a longer-term basis, we believe increased global demand for transportation fuels, new refinery start-ups and ongoing adoption of cleaner fuels will be the primary drivers of growth in our Catalysts business. We believe delivering superior end-use performance continues to be the most effective way to create sustainable value in the refinery catalysts industry. We believe our technologies continue to provide significant performance and financial benefits to refiners challenged to meet tighter regulations around the world, including those managing new contaminants present in North America tight oil, and those in the Middle East and Asia seeking to use heavier feedstock while pushing for higher propylene yields. Longer-term, we believe that the global crude supply will get heavier and more sour, a trend that bodes well for our catalysts portfolio. With superior technology and production capacities, and expected growth in end market demand, we believe that Catalysts remains well-positioned for the future. In PCS, we expect growth on a longer-term basis in our organometallic business due to growing global demand for plastics driven by rising standards of living and infrastructure spending. As previously announced, we have begun to pursue opportunities to divest PCS, however, travel restrictions from COVID-19 have temporarily delayed due diligence process.

**All Other:** The fine chemistry services business is reported outside the Company's reportable segments as it does not fit in the Company's core businesses. We expect the near future prospects for the fine chemistry services business to continue to be impacted by the timing of customer orders in a strong pharmaceutical and agriculture contract manufacturing environment. As previously announced, we have begun to pursue opportunities to divest our fine chemistry services business, however, travel restrictions from COVID-19 have temporarily delayed due diligence process.

**Corporate:** In the first quarter of 2020, we increased our quarterly dividend rate to \$0.385 per share. We continue to focus on cash generation, working capital management and process efficiencies. We expect our global effective tax rate for 2020 to continue to vary based on the locales in which income is actually earned and remains subject to potential volatility from changing legislation in the U.S., including the U.S. Tax Cuts and Jobs Act ("TCJA"), and other tax jurisdictions.

We remain committed to evaluating the merits of any opportunities that may arise for acquisitions or other business development activities that will complement our business footprint. Additional information regarding our products, markets and financial performance is provided at our website, [www.albemarle.com](http://www.albemarle.com). Our website is not a part of this document nor is it incorporated herein by reference.

### Results of Operations

The following data and discussion provides an analysis of certain significant factors affecting our results of operations during the periods included in the accompanying consolidated statements of income.

#### First Quarter 2020 Compared to First Quarter 2019

#### Selected Financial Data (Unaudited)

##### Net Sales

<i>In thousands</i>	Q1 2020	Q1 2019	\$ Change	% Change
Net sales	\$ 738,845	\$ 832,064	\$ (93,219)	(11)%

- \$79.9 million of lower sales volume from each of our reportable segments
- \$13.6 million of unfavorable pricing driven by Lithium

##### Gross Profit

<i>In thousands</i>	Q1 2020	Q1 2019	\$ Change	% Change
Gross profit	\$ 242,018	\$ 283,486	\$ (41,468)	(15)%

Gross profit margin 32.8% 34.1%

- Lower sales volume from each of our reportable segments and unfavorable pricing impacts driven by Lithium
- Lower raw material costs in our Catalysts segment from a reduction in metal prices
- Unfavorable currency exchange impacts resulting from the stronger U.S. Dollar against various currencies

##### Selling, General and Administrative Expenses

<i>In thousands</i>	Q1 2020	Q1 2019	\$ Change	% Change
Selling, general and administrative expenses	\$ 101,877	\$ 113,355	\$ (11,478)	(10)%

Percentage of Net sales 13.8% 13.6%

- Lower professional fees and other administrative costs resulting from our cost savings initiative
- \$2.3 million of lower acquisition and integration related costs

##### Research and Development Expenses

<i>In thousands</i>	Q1 2020	Q1 2019	\$ Change	% Change
Research and development expenses	\$ 16,097	\$ 14,977	\$ 1,120	7%

Percentage of Net sales 2.2% 1.8%

- Increased research and development spend in Bromine Specialties

##### Interest and Financing Expenses

<i>In thousands</i>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>\$ Change</b>	<b>% Change</b>
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Interest and financing expenses	\$ (16,885)	\$ (12,586)	\$ (4,299)	34%
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- Increased debt balance in 2020, primarily related to the funding of the Wodgina Project acquisition
- The increase was partially offset by higher capitalized interest from continued capital expenditure spend in 2020

#### **Other Income, Net**

<i>In thousands</i>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>\$ Change</b>	<b>% Change</b>
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Other income, net	\$ 8,314	\$ 11,291	\$ (2,977)	(26)%
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- \$11.1 million gain related to the sale of land in Pasadena, Texas in 2019
- \$2.3 million increase in losses related to the adjustment of indemnifications related to previously divested businesses
- \$11.4 million increase in foreign exchange gains

#### **Income Tax Expense**

<i>In thousands</i>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>\$ Change</b>	<b>% Change</b>
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Income tax expense	\$ 18,442	\$ 37,514	\$ (19,072)	(51)%
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Effective income tax rate	16.0 %	24.4 %		
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- Change in geographic mix of earnings, mainly attributable to our share of the income of our Jordan Bromine Company Limited (“JBC”) joint venture, a Free Zones company under the laws of the Hashemite Kingdom of Jordan

#### **Equity in Net Income of Unconsolidated Investments**

<i>In thousands</i>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>\$ Change</b>	<b>% Change</b>
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Equity in net income of unconsolidated investments	\$ 26,604	\$ 35,181	\$ (8,577)	(24)%
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- Lower earnings from our Lithium segment joint venture, Windfield Holdings Pty Ltd, primarily driven by foreign currency losses of \$12.6 million

#### **Net Income Attributable to Noncontrolling Interests**

<i>In thousands</i>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>\$ Change</b>	<b>% Change</b>
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Net income attributable to noncontrolling interests	\$ (16,431)	\$ (17,957)	\$ 1,526	(8)%
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- Decrease in consolidated income related to our JBC joint venture from lower sales volume

#### **Net Income Attributable to Albemarle Corporation**

<i>In thousands</i>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>\$ Change</b>	<b>% Change</b>
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Net income attributable to Albemarle Corporation	\$ 107,204	\$ 133,569	\$ (26,365)	(20)%
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Percentage of Net sales	14.5%	16.1%		
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Basic earnings per share	\$ 1.01	\$ 1.26	\$ (0.25)	(20)%
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Diluted earnings per share	\$ 1.01	\$ 1.26	\$ (0.25)	(20)%
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- No material impact to results from COVID-19 in the first quarter of 2020
- Decrease primarily due to decreased sales volume in each of our reportable segments and unfavorable price impacts in Lithium
- Lower raw material and royalty costs from lower sales volume
- Lower professional fees and other administrative costs resulting from our cost savings initiative

**Other Comprehensive Loss, Net of Tax**

<i>In thousands</i>	Q1 2020	Q1 2019	\$ Change	% Change
Other comprehensive loss, net of tax	\$ (130,708)	\$ (6,903)	\$ (123,805)	1,793 %
▪ Foreign currency translation	\$ (81,986)	\$ (10,855)	\$ (71,131)	655 %
▪ 2020 included unfavorable movements in the Euro of approximately \$55 million, the Brazilian Real of approximately \$16 million, the Chilean Peso of approximately \$5 million and a net unfavorable variance in various other currencies totaling approximately \$6 million				
▪ 2019 included unfavorable movements in the Euro of approximately \$14 million and the Brazilian Real of approximately \$2 million, partially offset by a net favorable variance in various other currencies totaling approximately \$5 million				
▪ Cash flow hedge	\$ (51,460)	\$ —	\$ (51,460)	
▪ Net investment hedge	\$ 2,081	\$ 3,304	\$ (1,223)	(37)%

**Segment Information Overview.** We have identified three reportable segments according to the nature and economic characteristics of our products as well as the manner in which the information is used internally by the Company's chief operating decision maker to evaluate performance and make resource allocation decisions. Our reportable business segments consist of: (1) Lithium, (2) Bromine Specialties and (3) Catalysts.

Summarized financial information concerning our reportable segments is shown in the following tables. The "All Other" category includes only the fine chemistry services business, that does not fit into any of our core businesses.

The Corporate category is not considered to be a segment and includes corporate-related items not allocated to the operating segments. Pension and OPEB service cost (which represents the benefits earned by active employees during the period) and amortization of prior service cost or benefit are allocated to the reportable segments, All Other, and Corporate, whereas the remaining components of pension and OPEB benefits cost or credit ("Non-operating pension and OPEB items") are included in Corporate. Segment data includes intersegment transfers of raw materials at cost and allocations for certain corporate costs.

The Company's chief operating decision maker uses adjusted EBITDA (as defined below) to assess the ongoing performance of the Company's business segments and to allocate resources. The Company defines adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, as adjusted on a consistent basis for certain non-recurring or unusual items in a balanced manner and on a segment basis. These non-recurring or unusual items may include acquisition and integration related costs, gains or losses on sales of businesses, restructuring charges, facility divestiture charges, non-operating pension and OPEB items and other significant non-recurring items. In addition, management uses adjusted EBITDA for business planning purposes and as a significant component in the calculation of performance-based compensation for management and other employees. The Company has reported adjusted EBITDA because management believes it provides transparency to investors and enables period-to-period comparability of financial performance. Adjusted EBITDA is a financial measure that is not required by, or presented in accordance with, U.S. GAAP. Adjusted EBITDA should not be considered as an alternative to Net income attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with U.S. GAAP, or any other financial measure reported in accordance with U.S. GAAP.

	Three Months Ended March 31,				Percentage Change
	2020	%	2019	%	2020 vs 2019
(In thousands, except percentages)					
<b>Net sales:</b>					
Lithium	\$ 236,818	32.1 %	\$ 291,886	35.1 %	(19)%
Bromine Specialties	231,592	31.3 %	249,052	29.9 %	(7)%
Catalysts	207,207	28.0 %	251,648	30.2 %	(18)%
All Other	63,228	8.6 %	39,478	4.8 %	60 %
Total net sales	<u>\$ 738,845</u>	<u>100.0 %</u>	<u>\$ 832,064</u>	<u>100.0 %</u>	<u>(11)%</u>
<b>Adjusted EBITDA:</b>					
Lithium	\$ 78,637	40.0 %	\$ 115,616	51.2 %	(32)%
Bromine Specialties	83,262	42.4 %	78,597	34.8 %	6 %
Catalysts	47,470	24.2 %	60,071	26.6 %	(21)%
All Other	22,824	11.6 %	7,243	3.2 %	215 %
Corporate	(35,828)	(18.2)%	(35,660)	(15.8)%	— %
Total adjusted EBITDA	<u>\$ 196,365</u>	<u>100.0 %</u>	<u>\$ 225,867</u>	<u>100.0 %</u>	<u>(13)%</u>

See below for a reconciliation of adjusted EBITDA, the non-GAAP financial measure, from Net income attributable to Albemarle Corporation, the most directly comparable financial measure calculated and reported in accordance with U.S. GAAP, (in thousands):

	Lithium	Bromine Specialties	Catalysts	Reportable Segments Total	All Other	Corporate	Consolidated Total
<b>Three months ended March 31, 2020</b>							
Net income (loss) attributable to Albemarle Corporation	\$ 53,240	\$ 71,665	\$ 34,892	\$ 159,797	\$ 20,846	\$ (73,439)	\$ 107,204
Depreciation and amortization	25,397	11,597	12,578	49,572	1,978	2,144	53,694
Restructuring and other(a)	—	—	—	—	—	1,847	1,847
Acquisition and integration related costs(b)	—	—	—	—	—	2,951	2,951
Interest and financing expenses	—	—	—	—	—	16,885	16,885
Income tax expense	—	—	—	—	—	18,442	18,442
Non-operating pension and OPEB items	—	—	—	—	—	(2,908)	(2,908)
Other(c)	—	—	—	—	—	(1,750)	(1,750)
Adjusted EBITDA	<u>\$ 78,637</u>	<u>\$ 83,262</u>	<u>\$ 47,470</u>	<u>\$ 209,369</u>	<u>\$ 22,824</u>	<u>\$ (35,828)</u>	<u>\$ 196,365</u>
<b>Three months ended March 31, 2019</b>							
Net income (loss) attributable to Albemarle Corporation	\$ 93,169	\$ 67,480	\$ 47,859	\$ 208,508	\$ 5,206	\$ (80,145)	\$ 133,569
Depreciation and amortization	22,092	11,117	12,212	45,421	2,037	1,825	49,283
Acquisition and integration related costs(b)	—	—	—	—	—	5,285	5,285
Gain on sale of property(d)	—	—	—	—	—	(11,079)	(11,079)
Interest and financing expenses	—	—	—	—	—	12,586	12,586
Income tax expense	—	—	—	—	—	37,514	37,514
Non-operating pension and OPEB items	—	—	—	—	—	(583)	(583)
Other(e)	355	—	—	355	—	(1,063)	(708)
Adjusted EBITDA	<u>\$ 115,616</u>	<u>\$ 78,597</u>	<u>\$ 60,071</u>	<u>\$ 254,284</u>	<u>\$ 7,243</u>	<u>\$ (35,660)</u>	<u>\$ 225,867</u>

- (a) Severance payments as part of a business reorganization plan, \$0.7 million recorded in Cost of goods sold, \$1.5 million recorded in Selling, general and administrative expenses and a \$0.3 million gain recorded in Net income attributable to noncontrolling interest for the portion of severance expense allocated to our Jordanian joint venture partner.
- (b) Included acquisition and integration related costs relating to various significant projects. For the three-month periods ended March 31, 2020 and 2019, \$3.0 million and \$5.3 million was recorded in Selling, general and administrative expenses, respectively.
- (c) Included amounts for the three months ended March 31, 2020 recorded in:

- Other income, net - \$2.6 million gain resulting from the settlement of a legal matter related to a business sold, partially offset by a \$0.8 million loss resulting from the adjustment of indemnifications related to previously disposed businesses.
- (d) Gain recorded in Other income, net related to the sale of land in Pasadena, Texas not used as part of our operations.
- (e) Included amounts for the three months ended March 31, 2019 recorded in:
  - Cost of goods sold - \$0.4 million related to non-routine labor and compensation related costs in Chile that are outside normal compensation arrangements.
  - Selling, general and administrative expenses - Severance payments as part of a business reorganization plan of \$0.5 million.
  - Other income, net - \$1.6 million of a net gain resulting from the adjustment of indemnification and other liabilities related to previously disposed businesses.

**Lithium**

<i>In thousands</i>	Q1 2020	Q1 2019	\$ Change	% Change
Net sales	\$ 236,818	\$ 291,886	\$ (55,068)	(19)%
<ul style="list-style-type: none"> <li>▪ \$26.5 million in lower sales volume, primarily in battery- and tech-grade lithium carbonate due to higher inventory levels at certain customers and current economic conditions</li> <li>▪ \$25.5 million of unfavorable pricing impacts, primarily in battery- and tech-grade carbonate and hydroxide due to lower contract pricing reflecting 2020 price adjustments agreed to with customers</li> <li>▪ \$3.0 million of unfavorable currency translation resulting from the stronger U.S. Dollar against various currencies</li> </ul>				
Adjusted EBITDA	\$ 78,637	\$ 115,616	\$ (36,979)	(32)%
<ul style="list-style-type: none"> <li>▪ Unfavorable pricing impacts and lower sales volume</li> <li>▪ Increase in certain material costs</li> <li>▪ Partially offset by various cost savings initiatives</li> <li>▪ \$3.0 million of favorable currency translation resulting from a weaker Chilean Peso</li> </ul>				

**Bromine Specialties**

<i>In thousands</i>	Q1 2020	Q1 2019	\$ Change	% Change
Net sales	\$ 231,592	\$ 249,052	\$ (17,460)	(7)%
<ul style="list-style-type: none"> <li>▪ \$28.8 million in lower sales volume related to logistics challenges</li> <li>▪ \$10.2 million in favorable pricing impacts in each bromine division</li> <li>▪ \$1.4 million of favorable currency translation resulting from the weaker U.S. Dollar against various currencies</li> </ul>				
Adjusted EBITDA	\$ 83,262	\$ 78,597	\$ 4,665	6%
<ul style="list-style-type: none"> <li>▪ Favorable pricing impacts and product mix, partially offset by lower sales volume</li> <li>▪ Lower production and raw material costs</li> </ul>				

**Catalysts**

<i>In thousands</i>	Q1 2020	Q1 2019	\$ Change	% Change
Net sales	\$ 207,207	\$ 251,648	\$ (44,441)	(18)%
<ul style="list-style-type: none"> <li>▪ \$48.6 million of lower sales volume, primarily from lower fuel demand due to stay at home orders and travel restrictions in Asia related to COVID-19 pandemic</li> <li>▪ \$2.1 million of favorable pricing impacts, primarily in PCS and FCC</li> <li>▪ \$2.0 million of favorable currency translation resulting from the weaker U.S. Dollar against various currencies</li> </ul>				
Adjusted EBITDA	\$ 47,470	\$ 60,071	\$ (12,601)	(21)%
<ul style="list-style-type: none"> <li>▪ Lower sales volume resulting from lower fuel demand</li> <li>▪ Lower raw material costs from a reduction in metal prices</li> <li>▪ Favorable pricing impacts and product mix</li> </ul>				

**All Other**

<i>In thousands</i>	Q1 2020	Q1 2019	\$ Change	% Change
Net sales	\$ 63,228	\$ 39,478	\$ 23,750	60%
<ul style="list-style-type: none"> <li>▪ Higher sales volume in our fine chemistry services business</li> </ul>				
Adjusted EBITDA	\$ 22,824	\$ 7,243	\$ 15,581	215%
<ul style="list-style-type: none"> <li>▪ Higher sales volume in our fine chemistry services business</li> </ul>				



**Corporate**

<i>In thousands</i>	Q1 2020		Q1 2019		\$ Change	% Change
Adjusted EBITDA	\$	(35,828)	\$	(35,660)	\$ (168)	—%
<ul style="list-style-type: none"> <li>▪ \$5.2 million of unfavorable currency exchange impacts</li> <li>▪ Lower professional fees and other administrative costs resulting from our cost savings initiative</li> </ul>						

**Financial Condition and Liquidity***Overview*

The principal uses of cash in our business generally have been capital investments and resource development costs, funding working capital and service of debt. We also make contributions to our defined benefit pension plans, pay dividends to our shareholders and repurchase shares of our common stock. Historically, cash to fund the needs of our business has been principally provided by cash from operations, debt financing and equity issuances.

We are continually focused on working capital efficiency particularly in the areas of accounts receivable and inventory. We anticipate that cash on hand, cash provided by operating activities, proceeds from divestitures and borrowings will be sufficient to pay our operating expenses, satisfy debt service obligations, fund capital expenditures and other investing activities, fund pension contributions and pay dividends for the foreseeable future.

*Cash Flow*

During the first three months of 2020, cash on hand, cash provided by operations and a \$250 million draw on our revolving credit facility funded \$214.5 million of capital expenditures for plant, machinery and equipment, the repayment of approximately \$152 million of short-term commercial paper notes and dividends to shareholders of \$39.0 million. In addition, during the first quarter of 2020, we paid \$22.6 million of agreed upon purchase price adjustments to Mineral Resources Limited as part of the acquisition of the Wodgina spodumene mine completed in 2019. Our operations provided \$155.1 million of cash flows during the first three months of 2020, as compared to \$54.9 million for the first three months of 2019, with the increase primarily arising from a working capital inflow, compared to an outflow in 2018. This was partially offset by decreased cash earnings from Lithium and Catalysts, and lower dividends received from unconsolidated investments. Our inflow from working capital changes in 2020 of \$17.7 million was primarily due to the timing on collection of receivables and payments of accounts payable, as well as lower cash taxes paid, partially offset by increased inventory balances in Lithium and Catalysts due to the build-up of inventory for forecasted sales during the remainder of 2020. Overall, our cash and cash equivalents decreased by \$59.9 million to \$553.2 million at March 31, 2020 from \$613.1 million at December 31, 2019.

Capital expenditures for the three-month period ended March 31, 2020 of \$214.5 million were associated with plant, machinery and equipment. Our capital expenditure spending for 2020 is committed to Lithium growth and capacity increases, primarily in Australia and Chile, as well as productivity and continuity of operations projects in all segments. We forecast our 2020 capital expenditures to be approximately \$850 to \$950 million, reflecting anticipated delays in certain capital expenditure projects, including the construction of our Kemerton, Australia and La Negra, Chile plants, in order to maintain financial flexibility.

Net current assets were \$962.3 million and \$816.1 million at March 31, 2020 and December 31, 2019, respectively. The increase is primarily due to the repayment of short-term commercial paper notes outstanding using a \$250 million draw on our revolving credit facility, partially offset by the use of cash for capital expenditures. Additional changes in the components of net current assets are primarily due to the timing of the sale of goods and other ordinary transactions leading up to the balance sheet dates. The additional changes are not the result of any policy changes by the Company, and do not reflect any change in either the quality of our net current assets or our expectation of success in converting net working capital to cash in the ordinary course of business.

On February 28, 2020, we increased our quarterly dividend rate to \$0.385 per share, a 5% increase from the quarterly rate of \$0.3675 per share paid in 2019.

At March 31, 2020 and December 31, 2019, our cash and cash equivalents included \$429.6 million and \$565.6 million, respectively, held by our foreign subsidiaries. The majority of these foreign cash balances are associated with earnings that we have asserted are indefinitely reinvested and which we plan to use to support our continued growth plans outside the U.S. through funding of capital expenditures, acquisitions, research, operating expenses or other similar cash needs of our foreign operations. From time to time, we repatriate cash associated with earnings from our foreign subsidiaries to the U.S. for normal operating needs through intercompany dividends, but only from subsidiaries whose earnings we have not asserted to be

indefinitely reinvested or whose earnings qualify as “previously taxed income” as defined by the Internal Revenue Code. There were no cash repatriations during the first three months of 2019 and 2020.

While we continue to closely monitor our cash generation, working capital management and capital spending in light of continuing uncertainties in the global economy, we believe that we will continue to have the financial flexibility and capability to opportunistically fund future growth initiatives. Additionally, we anticipate that future capital spending, including business acquisitions, share repurchases and other cash outlays, should be financed primarily with cash flow provided by operations and cash on hand, with additional cash needed, if any, provided by borrowings. The amount and timing of any additional borrowings will depend on our specific cash requirements.

#### Long-Term Debt

We currently have the following notes outstanding:

Issue Month/Year	Principal (in millions)	Interest Rate	Interest Payment Dates	Maturity Date
November 2019	€500.0	1.125%	November 25	November 25, 2025
November 2019	€500.0	1.625%	November 25	November 25, 2028
November 2019 <sup>(a)</sup>	\$300.0	3.45%	May 15 and November 15	November 15, 2029
November 2019 <sup>(b)</sup>	\$200.0	Floating Rate	February 15, May 15, August 15 and November 15	November 15, 2022
December 2014 <sup>(a)</sup>	€393.0	1.875%	December 8	December 8, 2021
November 2014 <sup>(a)</sup>	\$425.0	4.15%	June 1 and December 1	December 1, 2024
November 2014 <sup>(a)</sup>	\$350.0	5.45%	June 1 and December 1	December 1, 2044

(a) Denotes senior notes.

(b) Borrowings bear interest at a floating rate based on the 3-month LIBOR plus 105 basis points. The applicable floating interest rate for the current interest period is 2.74%, with the interest rate reset on each interest payment date.

Our senior notes and the floating rate note are senior unsecured obligations and rank equally with all our other senior unsecured indebtedness from time to time outstanding. The notes are effectively subordinated to any of our existing or future secured indebtedness and to the existing and future indebtedness of our subsidiaries. As is customary for such long-term debt instruments, each of these notes outstanding has terms that allow us to redeem the notes before its maturity, in whole at any time or in part from time to time, at a redemption price equal to the greater of (i) 100% of the principal amount of these notes to be redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis using the comparable government rate (as defined in the indentures governing these notes) plus between 25 and 40 basis points, depending on the note, plus, in each case, accrued interest thereon to the date of redemption. Holders may require us to purchase such notes at 101% upon a change of control triggering event, as defined in the indentures. These notes are subject to typical events of default, including bankruptcy and insolvency events, nonpayment and the acceleration of certain subsidiary indebtedness of \$40 million or more caused by a nonpayment default.

Our Euro notes issued in 2019 are unsecured and unsubordinated obligations and rank equally in right of payment to all our other unsecured senior obligations. As is customary for such long-term debt instruments, each of these notes outstanding has terms that allow us to redeem the notes before its maturity, in whole at any time or in part from time to time, at a redemption price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal thereof and interest thereon (exclusive of interest accrued to, but excluding, the date of redemption) discounted to the redemption date on an annual basis using the bond rate (as defined in the indentures governing these notes) plus between 25 and 35 basis points, depending on the note, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, the date of redemption. Holders may require us to purchase such notes at 101% upon a change of control triggering event, as defined in the indentures. These notes are subject to typical events of default, including bankruptcy and insolvency events, nonpayment and the acceleration of certain subsidiary indebtedness exceeding \$100 million caused by a nonpayment default.

Our revolving, unsecured credit agreement dated as of June 21, 2018, as amended on August 14, 2019 (the “2018 Credit Agreement”), currently provides for borrowings of up to \$1.0 billion and matures on August 9, 2024. Borrowings under the 2018 Credit Agreement bear interest at variable rates based on an average LIBOR for deposits in the relevant currency plus an applicable margin which ranges from 0.910% to 1.500%, depending on the Company’s credit rating from Standard & Poor’s Ratings Services LLC (“S&P”), Moody’s Investors Services, Inc. (“Moody’s”) and Fitch Ratings, Inc. (“Fitch”). The applicable

margin on the facility was 1.125% as of March 31, 2020. There were \$250.0 million in outstanding borrowings under the 2018 Credit Agreement as of March 31, 2020.

On August 14, 2019, the Company entered into a \$1.2 billion unsecured credit facility (the “2019 Credit Facility”) with several banks and other financial institutions. The lenders’ commitment to provide loans under the 2019 Credit Facility terminates on August 11, 2020, with each such loan maturing one year after the funding of such loan. The Company can request that the maturity date of loans be extended for an additional period of up to four additional years, but any such extension is subject to the approval of the lenders. Borrowings under the 2019 Credit Facility bear interest at variable rates based on an average LIBOR for deposits in the relevant currency plus an applicable margin which ranges from 0.875% to 1.625%, depending on the Company’s credit rating from S&P, Moody’s and Fitch. The applicable margin on the credit facility was 1.125% as of March 31, 2020. In October 2019, we borrowed \$1.0 billion under this credit facility to fund the cash portion of the October 31, 2019 acquisition of a 60% interest in MRL’s Wodgina Project and for general corporate purposes, and such amount was repaid in full in November 2019 using a portion of the proceeds received from the notes issued in 2019. Following the repayment of the amounts borrowed, the Company had \$200 million remaining to borrow under this credit facility. There were no borrowings outstanding under the 2019 Credit Facility as of March 31, 2020. In April 2020, the Company borrowed the remaining \$200.0 million under this credit facility to be used for general corporate purposes.

Borrowings under the 2019 Credit Facility and 2018 Credit Agreement (together “the Credit Agreements”) are conditioned upon satisfaction of certain conditions precedent, including the absence of defaults. The Company is subject to one financial covenant, as well as customary affirmative and negative covenants. The financial covenant initially required that the Company’s consolidated funded debt to consolidated EBITDA ratio (as such terms are defined in the Credit Agreements) to be less than or equal to 3.50:1, subject to adjustments in accordance with the terms of the Credit Agreements relating to a consummation of an acquisition where the consideration includes cash proceeds from issuance of funded debt in excess of \$500 million. As a result of the uncertainty of the overall financial impact of the COVID-19 pandemic, the Company amended the Credit Agreements on May 11, 2020 to modify its financial covenant based on the Company’s current expectations. The amendment effects changes to certain provisions of the Credit Agreements, including: (a) conversion of the consolidated funded debt to consolidated EBITDA ratio to a consolidated net funded debt to consolidated EBITDA ratio; (b) carving-out third party sales of accounts receivables from the Securitization Transaction definition; (c) setting the consolidated net funded debt to consolidated EBITDA ratio to 4.00:1 for the fiscal quarter ending June 30, 2020, 4.50:1 for the fiscal quarters through September 30, 2021, 4.00:1 for the fiscal quarter ending December 31, 2021, and 3.50:1 for fiscal quarters thereafter; and (d) reducing the priority debt basket to 24% of Consolidated Net Tangible Assets, as defined in the Credit Agreements, through and including December 31, 2021. As part of this amendment, the Company has agreed to pay a 10 basis point fee on the consenting lenders commitments under the Credit Agreements. The Credit Agreements also contain customary default provisions, including defaults for non-payment, breach of representations and warranties, insolvency, non-performance of covenants and cross-defaults to other material indebtedness. The occurrence of an event of default under the Credit Agreements could result in all loans and other obligations becoming immediately due and payable and the credit facility being terminated. If conditions caused by the COVID-19 pandemic worsen and the Company’s earnings and cash flow from operations do not start to recover as contemplated in the Company’s current plans, the Company may not be able to maintain compliance with its amended financial covenant and it will require the Company to seek additional amendments to the Credit Agreements. If the Company is not able to obtain such necessary additional amendments, this would lead to an event of default and its lenders could require the Company to repay its outstanding debt. In that situation, the Company may not be able to raise sufficient debt or equity capital, or divest assets, to refinance or repay the lenders. Certain representations, warranties and covenants under the 2018 Credit Agreement were conformed to those under the 2019 Credit Facility following an amendment entered into on August 14, 2019.

On May 29, 2013, we entered into agreements to initiate a commercial paper program on a private placement basis under which we may issue unsecured commercial paper notes (the “Commercial Paper Notes”) from time-to-time up to a maximum aggregate principal amount outstanding at any time of \$750.0 million. The proceeds from the issuance of the Commercial Paper Notes are expected to be used for general corporate purposes, including the repayment of other debt of the Company. The Credit Agreements are available to repay the Commercial Paper Notes, if necessary. Aggregate borrowings outstanding under the Credit Agreements and the Commercial Paper Notes will not exceed the \$1.2 billion current maximum amount available under the Credit Agreements. The Commercial Paper Notes will be sold at a discount from par, or alternatively, will be sold at par and bear interest at rates that will vary based upon market conditions at the time of issuance. The maturities of the Commercial Paper Notes will vary but may not exceed 397 days from the date of issue. The definitive documents relating to the commercial paper program contain customary representations, warranties, default and indemnification provisions. At March 31, 2020, we had \$35.0 million of Commercial Paper Notes outstanding bearing a weighted-average interest rate of approximately 1.72% and a weighted-average maturity of 22 days. The Commercial Paper Notes are classified as Current portion of long-term debt in our condensed consolidated balance sheets at March 31, 2020 and December 31, 2019.

The non-current portion of our long-term debt amounted to \$3.11 billion at March 31, 2020, compared to \$2.86 billion at December 31, 2019. In addition, at March 31, 2020, we had availability to borrow \$915.0 million under our commercial paper program and the Credit Agreements, and \$189.6 million under other existing lines of credit, subject to various financial covenants under our Credit Agreements. We have the ability and intent to refinance our borrowings under our other existing credit lines with borrowings under the Credit Agreements, as applicable. Therefore, the amounts outstanding under those credit lines, if any, are classified as long-term debt. We believe that as of March 31, 2020, we were, and currently are, in compliance with all of our long-term debt covenants.

#### *Off-Balance Sheet Arrangements*

In the ordinary course of business with customers, vendors and others, we have entered into off-balance sheet arrangements, including bank guarantees and letters of credit, which totaled approximately \$83.4 million at March 31, 2020. None of these off-balance sheet arrangements has, or is likely to have, a material effect on our current or future financial condition, results of operations, liquidity or capital resources.

#### *Other Obligations*

Our contractual obligations have not significantly changed based on our ordinary business activities and projected capital expenditures from the information we provided in our Annual Report on Form 10-K for the year ended December 31, 2019.

Total expected 2020 contributions to our domestic and foreign qualified and nonqualified pension plans, including our SERP, should approximate \$13 million. We may choose to make additional pension contributions in excess of this amount. We have made contributions of \$5.4 million to our domestic and foreign pension plans (both qualified and nonqualified) during the three-month period ended March 31, 2020.

The liability related to uncertain tax positions, including interest and penalties, recorded in Other noncurrent liabilities totaled \$20.4 million at March 31, 2020 and \$21.2 million at December 31, 2019. Related assets for corresponding offsetting benefits recorded in Other assets totaled \$25.6 million at March 31, 2020 and \$26.1 million at December 31, 2019. We cannot estimate the amounts of any cash payments associated with these liabilities for the remainder of 2020 or the next twelve months, and we are unable to estimate the timing of any such cash payments in the future at this time.

We are subject to federal, state, local and foreign requirements regulating the handling, manufacture and use of materials (some of which may be classified as hazardous or toxic by one or more regulatory agencies), the discharge of materials into the environment and the protection of the environment. To our knowledge, we are currently complying, and expect to continue to comply, in all material respects with applicable environmental laws, regulations, statutes and ordinances. Compliance with existing federal, state, local and foreign environmental protection laws is not expected to have a material effect on capital expenditures, earnings or our competitive position, but the costs associated with increased legal or regulatory requirements could have an adverse effect on our operating results.

Among other environmental requirements, we are subject to the federal Superfund law, and similar state laws, under which we may be designated as a potentially responsible party ("PRP"), and may be liable for a share of the costs associated with cleaning up various hazardous waste sites. Management believes that in cases in which we may have liability as a PRP, our liability for our share of cleanup is de minimis. Further, almost all such sites represent environmental issues that are quite mature and have been investigated, studied and in many cases settled. In de minimis situations, our policy generally is to negotiate a consent decree and to pay any apportioned settlement, enabling us to be effectively relieved of any further liability as a PRP, except for remote contingencies. In other than de minimis PRP matters, our records indicate that unresolved PRP exposures should be immaterial. We accrue and expense our proportionate share of PRP costs. Because management has been actively involved in evaluating environmental matters, we are able to conclude that the outstanding environmental liabilities for unresolved PRP sites should not have a material adverse effect upon our results of operations or financial condition.

#### *Liquidity Outlook*

We anticipate that cash on hand and cash provided by operating activities, divestitures and borrowings will be sufficient to pay our operating expenses, satisfy debt service obligations, fund any capital expenditures and share repurchases, make acquisitions, make pension contributions and pay dividends for the foreseeable future. Our main focus during the uncertainty surrounding COVID-19 is to continue to maintain financial flexibility by delaying certain capital expenditure projects and accelerating our cost savings initiative, while still protecting our employees and customers, committing to shareholder returns and maintaining an investment grade rating. Over the next three years, in terms of uses of cash, we will still be investing in growth of the businesses and the return of value to shareholders. Additionally, we will continue to evaluate the merits of any opportunities that may arise for acquisitions of businesses or assets, which may require additional liquidity. In 2019, we announced that we have begun to pursue opportunities to divest our PCS and fine chemistry services businesses. Travel restrictions from COVID-19 have temporarily delayed due diligence processes associated with these potential divestitures.

Our cash flows from operations may be negatively affected by adverse consequences to our customers and the markets in which we compete as a result of moderating global economic conditions and reduced capital availability. COVID-19 has not a material impact on our liquidity to date, however we cannot predict the overall impact in terms of cash flow generation as it will depend on the length and severity of the outbreak. As a result, we are planning for various economic scenarios and actively monitoring our balance sheet to maintain the financial flexibility needed.

While we maintain business relationships with a diverse group of financial institutions, an adverse change in their credit standing could lead them to not honor their contractual credit commitments, decline funding under existing but uncommitted lines of credit, not renew their extensions of credit or not provide new financing. While the global corporate bond and bank loan markets remain strong, periods of elevated uncertainty related to the COVID-19 pandemic or global economic and/or geopolitical concerns may limit efficient access to such markets for extended periods of time. If such concerns heighten, we may incur increased borrowing costs and reduced credit capacity as our various credit facilities mature. When the U.S. Federal Reserve or similar national reserve banks in other countries decide to tighten the monetary supply in response, for example, to improving economic conditions, we may incur increased borrowing costs as interest rates increase on our variable rate credit facilities, as our various credit facilities mature or as we refinance any maturing fixed rate debt obligations, although these cost increases would be partially offset by increased income rates on portions of our cash deposits.

Overall, with generally strong cash-generative businesses and no significant long-term debt maturities before 2021, we believe we have, and will maintain, a solid liquidity position.

As previously reported in 2018, following receipt of information regarding potential improper payments being made by third party sales representatives of our Refining Solutions business, within our Catalysts segment, we promptly retained outside counsel and forensic accountants to investigate potential violations of the Company's Code of Conduct, the Foreign Corrupt Practices Act and other potentially applicable laws. Based on this internal investigation, we have voluntarily self-reported potential issues relating to the use of third party sales representatives in our Refining Solutions business, within our Catalysts segment, to the U.S. Department of Justice ("DOJ"), the SEC, and the Dutch Public Prosecutor ("DPP"), and are cooperating with the DOJ, the SEC, and DPP in their review of these matters. In connection with our internal investigation, we have implemented, and are continuing to implement, appropriate remedial measures.

At this time, we are unable to predict the duration, scope, result or related costs associated with any investigations by the DOJ, the SEC, or DPP. We are unable to predict what, if any, action may be taken by the DOJ, the SEC, or DPP, or what penalties or remedial actions they may seek to impose. Any determination that our operations or activities are not in compliance with existing laws or regulations could result in the imposition of fines, penalties, disgorgement, equitable relief or other losses. We do not believe, however, that any fines, penalties, disgorgement, equitable relief or other losses would have a material adverse effect on our financial condition or liquidity.

We had cash and cash equivalents totaling \$553.2 million at March 31, 2020, of which \$429.6 million is held by our foreign subsidiaries. This cash represents an important source of our liquidity and is invested in bank accounts or money market investments with no limitations on access. The cash held by our foreign subsidiaries is intended for use outside of the U.S. We anticipate that any needs for liquidity within the U.S. in excess of our cash held in the U.S. can be readily satisfied with borrowings under our existing U.S. credit facilities or our commercial paper program.

#### *Summary of Critical Accounting Policies and Estimates*

There have been no significant changes in our critical accounting policies and estimates from the information we provided in our Annual Report on Form 10-K for the year ended December 31, 2019.

#### *Recent Accounting Pronouncements*

For a description of recent accounting pronouncements, see Item 1 Financial Statements – Note 18, "Recently Issued Accounting Pronouncements."

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

There have been no significant changes in our interest rate risk, foreign currency exchange rate exposure, marketable securities price risk or raw material price risk from the information we provided in our Annual Report on Form 10-K for the year ended December 31, 2019.

We had variable interest rate borrowings of \$492.3 million outstanding at March 31, 2020, bearing a weighted average interest rate of 2.30% and representing approximately 16% of our total outstanding debt. A hypothetical 10% change (approximately 23 basis points) in the interest rate applicable to these borrowings would change our annualized interest

expense by approximately \$1.1 million as of March 31, 2020. We may enter into interest rate swaps, collars or similar instruments with the objective of reducing interest rate volatility relating to our borrowing costs.

Our financial instruments which are subject to foreign currency exchange risk consist of foreign currency forward contracts with an aggregate notional value of \$1.18 billion and with a fair value representing a net liability position of \$48.9 million at March 31, 2020. Fluctuations in the value of these contracts are generally offset by the value of the underlying exposures being hedged. We conducted a sensitivity analysis on the fair value of our foreign currency hedge portfolio assuming an instantaneous 10% change in select foreign currency exchange rates from their levels as of March 31, 2020, with all other variables held constant. A 10% appreciation of the U.S. Dollar against foreign currencies that we hedge would result in a decrease of approximately \$46.4 million in the fair value of our foreign currency forward contracts. A 10% depreciation of the U.S. Dollar against these foreign currencies would result in an increase of approximately \$46.0 million in the fair value of our foreign currency forward contracts. The sensitivity of the fair value of our foreign currency hedge portfolio represents changes in fair values estimated based on market conditions as of March 31, 2020, without reflecting the effects of underlying anticipated transactions. When those anticipated transactions are realized, actual effects of changing foreign currency exchange rates could have a material impact on our earnings and cash flows in future periods.

**Item 4. Controls and Procedures.**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

The Company is continuing the implementation of a new enterprise resource platform system to increase the overall efficiency and productivity of our processes, which will result in changes in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) throughout the implementation process in 2020. There have been no other changes during the first quarter ended March 31, 2020 to our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings.**

We are involved from time to time in legal proceedings of types regarded as common in our business, including administrative or judicial proceedings seeking remediation under environmental laws, such as Superfund, products liability, breach of contract liability and premises liability litigation. Where appropriate, we may establish financial reserves for such proceedings. We also maintain insurance to mitigate certain of such risks. Additional information with respect to this Item 1 is contained in Note 9 to the Notes to the Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

**Item 1A. Risk Factors.**

While we attempt to identify, manage and mitigate risks and uncertainties associated with our business to the extent practical under the circumstances, some level of risk and uncertainty will always be present. The risk factors set forth in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019 describe some of the risks and uncertainties associated with our business. These risks and uncertainties have the potential to materially affect our results of operations and our financial condition. With the exception of the below, we do not believe that there have been any material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019.

***The COVID-19 pandemic could have a material adverse effect on our results of operations, financial position, and cash flows.***

The COVID-19 pandemic has created significant uncertainty and economic disruption. The extent to which it impacts our business, results of operations, financial position, and cash flows is difficult to predict and dependent upon many factors over which we have no control. These factors include, but are not limited to, the duration and severity of the pandemic; government restrictions on businesses and individuals; the health and safety of our employees and communities in which we do business; the impact of the pandemic on our customers' businesses and the resulting demand for our products; the impact on our suppliers

and supply chain network; the impact on U.S. and global economies and the timing and rate of economic recovery; and potential adverse effects on the financial markets.

The Company has taken, and plans to continue to take, certain measures to maintain financial flexibility, including delaying certain capital expenditure projects and accelerating our cost savings initiative, while still protecting our employees and customers. However, if conditions caused by the COVID-19 pandemic worsen and the Company's earnings and cash flow from operations do not start to recover as contemplated in the Company's current plans, the Company may not be able to maintain compliance with its financial covenants and it will require the Company to seek additional amendments to the Credit Agreements. If the Company is not able to obtain such necessary additional amendments, this would lead to an event of default and its lenders could require the Company to repay its outstanding debt. In that situation, the Company may not be able to raise sufficient debt or equity capital, or divest assets, to refinance or repay the lenders.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

NONE

**Item 6. Exhibits.**

(a) Exhibits

<a href="#">*10.1</a>	<a href="#">Second Amendment to Credit Agreement, dated as of May 11, 2020, among Albemarle Corporation, Albemarle Europe SRL, the Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders.</a>
<a href="#">*10.2</a>	<a href="#">First Amendment to Syndicated Facility Agreement, dated as of May 11, 2020, among Albemarle Corporation, Albemarle Finance Company B.V., Albemarle New Holding GmbH, Albemarle Wodgina Pty Ltd, the Lenders Party Thereto and JPMorgan Chase Bank, N.A., as Administrative Agent.</a>
<a href="#">*#10.3</a>	<a href="#">Executive Employment Agreement with J. Kent Masters, dated April 20, 2020.</a>
<a href="#">*#10.4</a>	<a href="#">Change in Control Agreement with J. Kent Masters, dated April 20, 2020.</a>
<a href="#">*#10.5</a>	<a href="#">Notice of Restricted Stock Unit Award to J. Kent Masters, dated May 8, 2020.</a>
<a href="#">#10.6</a>	<a href="#">Form of Notice of NEO Special Retention Restricted Stock Unit Award [filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (No. 1-12658) filed on March 4, 2020 and incorporated herein by reference].</a>
<a href="#">#10.7</a>	<a href="#">Form of Notice of Restricted Stock Unit Award [filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (No. 1-12658) filed on March 4, 2020 and incorporated herein by reference].</a>
<a href="#">#10.8</a>	<a href="#">Form of Notice of ROIC Performance Unit Award [filed as Exhibit 10.3 to the Company's Current Report on Form 8-K (No. 1-12658) filed on March 4, 2020 and incorporated herein by reference].</a>
<a href="#">#10.9</a>	<a href="#">Form of Notice of TSR Performance Unit Award [filed as Exhibit 10.4 to the Company's Current Report on Form 8-K (No. 1-12658) filed on March 4, 2020 and incorporated herein by reference].</a>
<a href="#">#10.10</a>	<a href="#">Form of Notice of Option Grant [filed as Exhibit 10.5 to the Company's Current Report on Form 8-K (No. 1-12658) filed on March 4, 2020 and incorporated herein by reference].</a>
<a href="#">#10.11</a>	<a href="#">Form of Notice of Special Restricted Stock Unit Award [filed as Exhibit 10.6 to the Company's Current Report on Form 8-K (No. 1-12658) filed on March 4, 2020 and incorporated herein by reference].</a>
<a href="#">*31.1</a>	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a).</a>
<a href="#">*31.2</a>	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a).</a>
<a href="#">*32.1</a>	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350.</a>
<a href="#">*32.2</a>	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350.</a>
101	Interactive Data File (Quarterly Report on Form 10-Q, for the quarterly period ended March 31, 2020, furnished in XBRL (eXtensible Business Reporting Language)).

- # Management contract or compensatory plan or arrangement.
- \* Included with this filing.

Attached as Exhibit 101 to this report are the following documents formatted in XBRL: (i) the Consolidated Statements of Income for the three months ended March 31, 2020 and 2019, (ii) the Consolidated Statements of Comprehensive (Loss) Income for the three months ended March 31, 2020 and 2019, (iii) the Condensed Consolidated Balance Sheets at March 31, 2020 and December 31, 2019, (iv) the Consolidated Statements of Changes in Equity for the three months ended March 31, 2020 and 2019, (v) the Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2020 and 2019 and (vi) the Notes to the Condensed Consolidated Financial Statements.





SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT, dated as of May 11, 2020 (this "Amendment"), is entered into among ALBEMARLE CORPORATION, a Virginia corporation (the "Company"), ALBEMARLE EUROPE SRL, a limited liability company organized under the laws of Belgium ("*société à responsabilité limitée*") ("Albemarle Europe"), and together with the Company and any other Subsidiary of the Company party hereto pursuant to Section 2.14, collectively, the "Borrowers"), the Lenders party hereto, and BANK OF AMERICA, N.A., as Administrative Agent for the Lenders (in such capacity, the "Administrative Agent"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Credit Agreement (as defined below and as amended by this Amendment).

RECITALS

WHEREAS, the Borrowers, the Lenders and the Administrative Agent are parties to that certain Credit Agreement, dated as of June 21, 2018 (as amended by that certain First Amendment to Credit Agreement, dated as of August 14, 2019, the "Credit Agreement");

WHEREAS, the Company has requested certain amendments to the Credit Agreement; and

WHEREAS, the parties hereto have agreed to amend the Credit Agreement as provided herein.

NOW, THEREFORE, in consideration of the agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT1. Amendments.(a) Section 1.01.

(i) The following definitions in Section 1.01 of the Credit Agreement are hereby amended to read as follows:

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing Law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other Law applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (a) the difference of (i) Consolidated Funded Debt as of such date minus

(ii) Unrestricted Cash as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters ending on such date.

“Securitization Transaction” means any financing or factoring transaction (or series of such transactions) that has been or may be entered into by a member of the Consolidated Group pursuant to which such member of the Consolidated Group may sell, convey or otherwise transfer, or may grant a security interest in, any accounts receivable, payment intangibles, notes receivable, rights to future lease payments or residuals or other similar rights to payment to a special purpose Subsidiary or Affiliate of such Person.

“Write-Down and Conversion Powers” means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

(ii) The following new definitions are hereby added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order to read as follows:

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) UK Financial Institution.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unrestricted Cash” means, at any time, cash and cash equivalents owned at such time by any member of the Consolidated Group, determined on a consolidated basis in accordance with GAAP; provided that such cash and cash equivalents do not appear (and in accordance with GAAP would not be required to

appear) as “restricted” on the consolidated balance sheet of the Consolidated Group prepared as of such time in accordance with GAAP.

(b) Section 6.21. Section 6.21 of the Credit Agreement is hereby amended to read as follows:

**6.21 Affected Financial Institutions.**

No Borrower is an Affected Financial Institution.

(c) Section 8.01. Section 8.01(dd) of the Credit Agreement is hereby amended to read as follows:

(dd) Liens other than those referred to in subparagraphs (a) through (cc) above, provided, however, that the aggregate principal amount of obligations secured by such Liens plus the aggregate principal amount of unsecured Indebtedness of Subsidiaries of the Company outstanding pursuant to Section 8.07(g) does not exceed (i) as of any date before May 11, 2020, 30%, (ii) as of any date from and including May 11, 2020 through and including December 31, 2021, 24%, or (iii) as of any date thereafter, 30%, in each case, of Consolidated Net Tangible Assets as appearing in the latest balance sheet delivered pursuant to Section 7.01.

(d) Section 8.06. Section 8.06 of the Credit Agreement is hereby amended to read as follows:

**8.06 Financial Covenant.**

Permit the Consolidated Leverage Ratio as of the end of any fiscal quarter of the Company to be greater than: (a) with respect to the fiscal quarter ending June 30, 2020, 4.00 to 1.0, (b) with respect to the fiscal quarters ending September 30, 2020 through September 30, 2021, 4.50 to 1.0, (c) with respect to the fiscal quarter ending December 30, 2021, 4.00 to 1.0 and (d) with respect to the fiscal quarters ending thereafter, 3.50 to 1.0; provided, that, upon consummation of an Acquisition after March 31, 2022 where the consideration includes cash proceeds from the issuance of Funded Debt in excess of \$500,000,000, the otherwise applicable maximum Consolidated Leverage Ratio, at the election of the Company (with prior written notice to the Administrative Agent), shall increase by 0.50:1.00 for four consecutive fiscal quarters beginning with the fiscal quarter in which such Acquisition occurs (the “**Adjustment Period**”). After any such Acquisition that results in an Adjustment Period, there must be at least two fiscal quarters subsequent to the end of the Adjustment Period before the Company shall be permitted to elect another Adjustment Period. The Company shall be permitted to request no more than two Adjustment Periods during the term of this Agreement; provided, however, in connection with each extension of the Maturity Date pursuant to Section 2.15, the Company shall have the right to request an additional Adjustment Period.

(e) Section 8.07. Section 8.07(g) of the Credit Agreement is hereby amended to read as follows:

(g) other Indebtedness, provided that the aggregate outstanding principal amount of such Indebtedness shall not exceed the difference between (i)(A) as of any date

before May 11, 2020, 30%, (B) as of any date from and including May 11, 2020 through and including December 31, 2021, 24%, or (C) as of any date thereafter, 30%, in each case, of Consolidated Net Tangible Assets as appearing in the latest balance sheet delivered pursuant to Section 7.01 minus (ii) the aggregate outstanding principal amount of Indebtedness of the Company secured by Liens permitted by Section 8.01(dd).

(f) Section 11.24. Section 11.24 of the Credit Agreement is hereby amended to read as follows:

**11.24 Acknowledgment and Consent to Bail-In of Affected Financial Institutions.**

Solely to the extent any Lender or L/C Issuer that is an Affected Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender or L/C Issuer that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or L/C Issuer that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

2. Effectiveness; Conditions Precedent. This Amendment shall be and become effective as of date hereof when all of the conditions set forth in this Section 2 shall have been satisfied.

(a) Execution of Counterparts of Amendment. The Administrative Agent shall have received counterparts of this Amendment, which collectively shall have been duly executed on behalf of each of the Borrowers, the Administrative Agent and the Required Lenders.

(b) Lender/Arranger Fees. The Company shall have paid all agreed arrangement fees and consent fees to each Lender executing this Amendment and BofA Securities, Inc., as applicable.

3. Expenses. The Borrowers agree to reimburse the Administrative Agent for all reasonable documented out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable documented fees and expenses of Moore & Van Allen PLLC.

4. Ratification. Each Borrower acknowledges and consents to the terms set forth herein and agrees that this Amendment does not impair, reduce or limit any of its obligations under the Loan Documents, as amended hereby. This Amendment is a Loan Document.

5. Authority/Enforceability. Each Borrower represents and warrants as follows:

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by such Borrower and constitutes its legal, valid and binding obligations, enforceable in accordance with its terms, except as such enforceability may be subject to (i) applicable Debtor Relief Laws, (ii) fraudulent transfer or conveyance laws, and (iii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or Governmental Authority or third party is required in connection with the execution, delivery or performance by such Borrower of this Amendment, except for those the failure to obtain, occur or make would not reasonably be expected to have a Material Adverse Effect.

(d) The execution and delivery of this Amendment does not (i) violate, contravene or conflict with any provision of its Organization Documents or (ii) violate, contravene or conflict with any Laws applicable to it, except in the case of clause (ii), to the extent that it would not reasonably be expected to have a Material Adverse Effect.

6. Representations and Warranties of the Borrowers. Each Borrower represents and warrants to the Lenders that after giving effect to this Amendment (a) the representations and warranties set forth in Article VI of the Credit Agreement are true and correct in all material respects as of the date hereof unless they specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and (b) no Default exists.

7. Counterparts/Telecopy. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of executed counterparts of this Amendment by telecopy or other secure electronic format (.pdf) shall be effective as an original.

8. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

9. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

10. Headings. The headings of the sections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Amendment.

11. Severability. If any provision of this Amendment is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Amendment shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

[remainder of page intentionally left blank]

Each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

BORROWERS:

ALBEMARLE CORPORATION,  
a Virginia corporation

By: /s/ Karen G. Narwold

Name: Karen G. Narwold

Title: Executive Vice President, Chief Administrative Officer and Corporate Secretary

ALBEMARLE EUROPE SRL,  
a limited liability company organized under the laws of Belgium

By: /s/ Karen G. Narwold

Name: Karen G. Narwold

Title: Director

ALBEMARLE CORPORATION  
SECOND AMENDMENT TO CREDIT AGREEMENT



ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,  
as Administrative Agent

By: /s/ Ronaldo Naval  
Name: Ronaldo Naval  
Title: Vice President

ALBEMARLE CORPORATION  
SECOND AMENDMENT TO CREDIT AGREEMENT

LENDERS: BANK OF AMERICA, N.A.,  
as a Lender, L/C Issuer and Swing Line Lender

Name: Mukesh Singh  
Title: Director

By: /s/ Mukesh Singh

JPMORGAN CHASE BANK, N.A.,  
as a Lender

By: /s/ Peter S. Predun  
Name: Peter S. Predun  
Title: Executive Director

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Nathan R. Rantala  
Name: Nathan R. Rantala  
Title: Managing Director

MUFG Bank, LTD., as a Lender  
(FKA The Bank of Tokyo-Mitsubishi UFJ, Ltd.)

By: /s/ Mark Maloney  
Name: Mark Maloney  
Title: Authorized Signatory

MIZUHO BANK, LTD.,  
as a Lender

By: /s/ Donna DeMagistris  
Name: Donna DeMagistris  
Title: Executive Director

ALBEMARLE CORPORATION  
SECOND AMENDMENT TO CREDIT AGREEMENT

HSBC BANK USA, NATIONAL ASSOCIATION,  
as a Lender

By: /s/ Peggy Yip  
Name: Peggy Yip  
Title: Vice President

SUMITOMO MITSUI BANKING CORPORATION,  
as a Lender

By: /s/ Jun Ashley  
Name: Jun Ashley  
Title: Director

U.S. BANK NATIONAL ASSOCIATION,  
as a Lender

By: /s/ Mark Irej  
Name: Mark Irej  
Title: Vice President

THE NORTHERN TRUST COMPANY,  
as a Lender

By: /s/ Andrew D. Holtz  
Name: Andrew D. Holtz  
Title: Senior Vice President

SANTANDER BANK, N.A.,  
as a Lender

By: /s/ Carolina Gutierrez  
Name: Carolina Gutierrez  
Title: Vice President

By: /s/ Zara Kamal  
Name: Zara Kamal  
Title: Vice President

TRUIST BANK,  
as a Lender

By: /s/ Max N Greer III  
Name: Max N Greer III  
Title: Senior Vice President

ALBEMARLE CORPORATION  
SECOND AMENDMENT TO CREDIT AGREEMENT

FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT, dated as of May 11, 2020 (this "Amendment"), among ALBEMARLE CORPORATION, a Virginia corporation (the "Company"), ALBEMARLE FINANCE COMPANY B.V., a *besloten vennootschap* organized under the laws of the Netherlands, with its official seat in Amsterdam, the Netherlands, and registered with the Dutch Chamber of Commerce under number 71812075 ("Albemarle Finance"), ALBEMARLE NEW HOLDING GMBH, a *Gesellschaft mit beschränkter Haftung* incorporated under the laws of the Federal Republic of Germany ("Albemarle Germany"), ALBEMARLE WODGINA PTY LTD (ACN 630 509 303), a proprietary limited company incorporated under the laws of Australia ("Albemarle Wodgina") and together with Albemarle Finance and Albemarle Germany, the "Borrowers"), the LENDERS party hereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

#### RECITALS

WHEREAS, reference is made to the Syndicated Facility Agreement dated as of August 14, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrowers, the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent; and

WHEREAS, the Company has requested certain amendments to the Credit Agreement, and the Lenders party hereto, constituting the Required Lenders have agreed to such amendments, all on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. Capitalized terms used but not otherwise defined herein (including in the recitals hereto) have the meanings assigned to them in the Credit Agreement.

SECTION 2. Amendments. On and as of the Amendment Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

(a) The following definitions in Section 1.01 of the Credit Agreement are hereby amended in their entirety to read as follows:

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing Law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other Law applicable in the United Kingdom relating to the resolution

of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Consolidated Leverage Ratio” means, as of any date of determination, the ratio of (a) the difference of (i) Consolidated Funded Debt as of such date minus (ii) Unrestricted Cash as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters ending on such date.

“Securitization Transaction” means any financing or factoring transaction (or series of such transactions) that has been or may be entered into by a member of the Consolidated Group pursuant to which such member of the Consolidated Group may sell, convey or otherwise transfer, or may grant a security interest in, any accounts receivable, payment intangibles, notes receivable, rights to future lease payments or residuals or other similar rights to payment to a special purpose Subsidiary or Affiliate of such Person.

“Write-Down and Conversion Powers” means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

(b) The following new definitions are hereby added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order:

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) UK Financial Institution.

“Covenant Modification Period” means the period commencing on the date of the First Amendment, dated as of May 11, 2020, to this Agreement and ending on December 31, 2021.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unrestricted Cash” means, at any time, cash and cash equivalents owned at such time by any member of the Consolidated Group, determined on a consolidated basis in accordance with GAAP; provided that such cash and cash equivalents do not appear (and in accordance with GAAP would not be required to appear) as “restricted” on the consolidated balance sheet of the Consolidated Group prepared as of such time in accordance with GAAP.

(c) Section 6.21 of the Credit Agreement is hereby amended in its entirety to read as follows:

SECTION 6.21 Affected Financial Institutions.

Neither the Company nor any Borrower is an Affected Financial Institution.

(d) Section 8.01(ee) of the Credit Agreement is hereby amended by replacing the phrase “30% of Consolidated Net Tangible Assets” therein with “(i) during the Covenant Modification Period, 24% of Consolidated Net Tangible Assets and (ii) thereafter, 30% of Consolidated Net Tangible Assets, in each case,”.

(e) Section 8.06 of the Credit Agreement is hereby amended in its entirety to read as follows:

SECTION 8.06 Financial Covenant.

Permit the Consolidated Leverage Ratio as of the end of any fiscal quarter of the Company to be greater than: (a) with respect to the fiscal quarter ending June 30, 2020, 4.00 to 1.0, (b) with respect to the fiscal quarters ending September 30, 2020 through September 30, 2021, 4.50 to 1.0, (c) with respect to the fiscal quarter ending December 30, 2021, 4.00 to 1.0 and (d) with respect to the fiscal quarters ending thereafter, 3.50 to 1.0; provided that, upon consummation of an Acquisition after March 31, 2022 where the consideration includes cash proceeds from the issuance of Funded Debt in excess of \$500,000,000, the otherwise applicable maximum Consolidated Leverage Ratio, at the election of the Company (with prior written notice to the Administrative Agent), shall increase by 0.50:1.00 for four consecutive fiscal quarters beginning with the fiscal quarter in which such Acquisition occurs (the “Adjustment Period”). After any such Acquisition that results in an Adjustment Period, there must be at least two fiscal quarters subsequent to the end of the Adjustment Period before the Company shall be permitted to elect another Adjustment Period. The Company shall be permitted to request no more than two Adjustment Periods during the term of this Agreement; provided, however, in connection with each extension of the Maturity Date pursuant to Section 2.15, the Company shall have the right to request an additional Adjustment Period.

(f) Section 8.07(g) of the Credit Agreement is hereby amended by replacing the phrase “30% of Consolidated Net Tangible Assets” therein with “(i) during the Covenant Modification Period, 24% of Consolidated Net Tangible Assets and (ii) thereafter, 30% of Consolidated Net Tangible Assets, in each case,”.

(g) Section 11.25 of the Credit Agreement is hereby amended in its entirety to read as follows:

SECTION 11.25 Acknowledgment and Consent to Bail-In of Affected Financial Institutions.

Solely to the extent any Lender that is an Affected Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

(h) Exhibit C to the Credit Agreement is hereby amended and restated to be in the form of Exhibit C hereto.

SECTION 3. Effectiveness. This Amendment shall become effective, as of the date first written above, on the first date (the "Amendment Effective Date") on which each of the following conditions shall have been satisfied:

(a) Execution of Amendment. The Administrative Agent shall have executed a counterpart of this Amendment and shall have received from each of the Loan Parties and the Lenders representing the Required Lenders (i) a counterpart of this Amendment signed on behalf of such party or (ii) written evidence reasonably satisfactory to the Administrative Agent (which may include a facsimile transmission or electronic image of a signed signature page of this Amendment) that such party has signed a counterpart of this Amendment.

(b) Fees and Expenses. The Company shall have paid all agreed fees payable to each Lender executing this Amendment and to JPMorgan Chase Bank, N.A., and shall have reimbursed the Administrative Agent for all reasonable attorneys' fees reimbursable by the Company pursuant to the Credit Agreement to the extent invoiced at least one Business Day prior to the Amendment Effective Date.

SECTION 4. Representations and Warranties. Each Loan Party represents and warrants as follows:

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by such Loan Party and constitutes its legal, valid and binding obligations, enforceable against such Loan Party in accordance with its terms, except as such enforceability may be subject to (i) applicable Debtor Relief Laws, (ii) fraudulent transfer or conveyance laws, and (iii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or Governmental Authority or third party is required in connection with the execution, delivery or performance by such Loan Party of this Amendment, except for those the failure to obtain, occur or make would not reasonably be expected to have a Material Adverse Effect.

(d) The execution and delivery of this Amendment does not (i) violate, contravene or conflict with any provision of its Organization Documents or (ii) violate, contravene or conflict with any Laws applicable to it, except in the case of clause (ii), to the extent that it would not reasonably be expected to have a Material Adverse Effect.

(e) After giving effect to this Amendment, (i) the representations and warranties set forth in Article VI of the Credit Agreement are true and correct in all material respects (in the case of any representation and warranty qualified by materiality or Material Adverse Effect in the text thereof, in all respects), except to the extent that such representations and warranties specifically refer to an earlier date, in which case such representations and warranties are true and correct in all material respects (in the case of any representation and warranty qualified by materiality or Material Adverse Effect in the text thereof, in all respects) as of such earlier date, and (ii) no Default exists.

SECTION 5. Effect of this Amendment. (a) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Administrative Agent or any Lender under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any Loan Party to any other consent to, or any other waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances.

(b) On and after the Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "herein", "hereunder", "hereto", "hereof" and words of similar import shall, unless the context otherwise requires, refer to the Credit Agreement as amended hereby, and each reference to the Credit Agreement in any other Loan Document shall be deemed to be a reference to the Credit Agreement as



amended hereby. This Amendment shall constitute a “Loan Document” for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 6. Counterparts. This Amendment may be executed in any number of counterparts (and by different parties hereto in different counterparts), each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of executed counterparts of this Amendment by facsimile or other electronic imaging means (e.g., “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 7. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (OTHER THAN THOSE CONFLICT OF LAW RULES THAT WOULD DEFER TO THE SUBSTANTIVE LAWS OF ANOTHER JURISDICTION).

SECTION 8. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

SECTION 9. Headings. The headings of the sections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Amendment.

SECTION 10. Severability. If any provision of this Amendment is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Amendment shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11. Incorporation by Reference. The provisions of Sections 11.18(b), 11.18(c), 11.18(d), 11.19, 11.22 and 11.24 of the Credit Agreement are hereby incorporated by reference as if set forth in full herein, mutatis, mutandis.

[remainder of page intentionally left blank]

Each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

ALBEMARLE CORPORATION

by /s/ Karen G. Narwold

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Name: Karen G. Narwold  
Title: Executive Vice President,  
Chief Administrative Officer  
and Corporate Secretary

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT

Signed by the attorney for and on behalf of ALBEMARLE WODGINA  
PTY LTD  
in accordance with Section 127 of  
the Corporations Act 2001

/s/ Karen G. Narwold  
Signature of director

Karen G. Narwold  
Name of director (print)

/s/ Mathew Shane Zauner  
Signature of director

Mathew Shane Zauner  
Name of director (print)

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT

ALBEMARLE FINANCE COMPANY B.V.

by /s/ Dru Manuel

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Name: Dru Manuel

Title: Managing Director

ALBEMARLE NEW HOLDING GMBH

by /s/ Dr. Nicolas Rößler

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Name: Dr. Nicolas Rößler

Title: Managing Director

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT

CHASE BANK, N.A.,  
as a Lender and as the Administrative Agent

By: /s/ Peter S. Predun  
Name: Peter S. Predun  
Title: Executive Director

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT

Name of Lender: BANK OF AMERICA, N.A.

by: /s/ Mukesh Singh  
Name: Mukesh Singh  
Title: Director

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT

Name of Lender: HSBC Bank USA, N.A.

by: /s/ Peggy Yip  
Name: Peggy Yip  
Title: Vice President

For any Lender requiring a second signature block:

by: \_\_\_\_\_  
Name:  
Title:

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT

Name of Lender: MIZUHO BANK, LTD.

by: /s/ Donna DeMagistris  
Name: Donna DeMagistris  
Title: Executive Director

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT



Name of Lender: MUFG Bank, Ltd.

by: /s/ Mark Maloney  
Name: Mark Maloney  
Title: Authorized Signatory

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT

Name of Lender: The Northern Trust Company

by: /s/ Andrew D. Holtz  
Name: Andrew D. Holtz  
Title: Senior Vice President

For any Lender requiring a second signature block:

by: \_\_\_\_\_  
Name:  
Title:

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT

Name of Lender: SANTANDER BANK, N.A.

by: /s/ Carolina Gutierrez  
Name: Carolina Gutierrez  
Title: Vice President

by: /s/ Zara Kamal  
Name: Zara Kamal  
Title: Vice President

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT

Name of Lender: SUMITOMO MITSUI BANKING  
CORPORATION

by: /s/ Jun Ashley  
Name: Jun Ashley  
Title: Director

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT

Name of Lender: Truist Bank as successor by merger to Sun Trust Bank

by: /s/ Max N Greer III  
Name: Max N Greer III  
Title: Senior Vice President

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT

Name of Lender: U.S. BANK NATIONAL ASSOCIATION

by: /s/ Mark Irey  
Name: Mark Irey  
Title: Vice President

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT

Name of Lender: WELLS FARGO BANK, NATIONAL ASSOCIATION

by: /s/ Nathan R. Rantala  
Name: Nathan R. Rantala  
Title: Managing Director

ALBEMARLE CORPORATION  
FIRST AMENDMENT TO SYNDICATED FACILITY AGREEMENT

EXHIBIT C

[See Attached]



EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

*The form of this Compliance Certificate has been prepared for convenience only, and is not to affect, or to be taken into consideration in interpreting, the terms of the Credit Agreement referred to below. The obligations of the Company and the Borrowers under the Credit Agreement are as set forth in the Credit Agreement, and nothing in this Compliance Certificate, or the form hereof, shall modify such obligations or constitute a waiver of compliance therewith in accordance with the terms of the Credit Agreement. In the event of any conflict between the terms of this Compliance Certificate and the terms of the Credit Agreement, the terms of the Credit Agreement shall govern and control, and the terms of this Compliance Certificate are to be modified accordingly.*

Financial Statements Date: \_\_\_\_\_, 20\_\_

To: JPMorgan Chase Bank, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to the Syndicated Facility Agreement dated as of August 14, 2019 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement"), among Albemarle Corporation, a Virginia corporation (the "Company"), Albemarle Wodgina Pty Ltd, a proprietary limited company incorporated under the laws of Australia, Albemarle Finance Company B.V., a *besloten vennootschap* organized under the laws of the Netherlands, Albemarle New Holding GmbH, a *Gesellschaft mit beschränkter Haftung* incorporated under the laws of the Federal Republic of Germany, the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

The undersigned hereby certifies as of the date hereof that [he/she] is the [ ] of the Company, and that, in [his/her] capacity as such, [he/she] is authorized to execute and deliver this Certificate to the Administrative Agent on the behalf of the Company, and that:

[Use following paragraph 1 for fiscal year-end financial statements:]

[1. The audited consolidated financial statements required by Section 7.01(a) of the Credit Agreement for the fiscal year of the Company ended as of the above date, together with the report and opinion of an independent registered public accounting firm required by such Section, have been filed with the SEC and are available on the website of the SEC at <http://www.sec.gov>.] [or] [Attached hereto as Schedule 1 are the audited consolidated financial statements required by Section 7.01(a) of the Credit Agreement for the fiscal year of the Company ended as of the above date, together with the report and opinion of an independent registered public accounting firm required by such Section.]

[Use following paragraph 1 for fiscal quarter-end financial statements:]

[1. The unaudited consolidated financial statements required by Section 7.01(b) of the Credit Agreement for the fiscal quarter, and the portion of the fiscal year, of the Company ended

as of the above date have been filed with the SEC and are available on the website of the SEC at <http://www.sec.gov>.] [or] [Attached hereto as Schedule 1 are the unaudited consolidated financial statements required by Section 7.01(b) of the Credit Agreement for the fiscal quarter, and the portion of the fiscal year, of the Company ended as of the above date.] Such financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Consolidated Group in accordance with GAAP as of the date and for the period covered thereby, subject only to normal year-end audit adjustments and the absence of footnotes.]

2. [To the best knowledge of the undersigned, no Default or Event of Default exists as of the date hereof.]

[or]

[The following is a list of each existing Default or Event of Default, the nature and extent thereof and the proposed actions of the Company and the Borrowers with respect thereto:]

3. The Financial Covenant analyses and information set forth on Schedule [1][2] attached hereto (i) are true and accurate on and as of the date hereof and (ii) demonstrate compliance with Section 8.06 of the Credit Agreement.

4. Set forth below is a summary of all material changes in GAAP affecting the consolidated financial statements of the Company and in the consistent application thereof by the Company occurring during the fiscal quarter of the Company ended as of the above date, the effect on the Financial Covenant resulting therefrom and a reconciliation between calculation of the Financial Covenant before and after giving effect to such changes:

[ ]

*[signature page follows]*

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of \_\_\_\_\_, \_\_\_\_\_.

ALBEMARLE CORPORATION

by

\_\_\_\_\_

Name:

Title:

[Schedule 1  
to Compliance Certificate]

**Financial statements for the fiscal [year][quarter] of the Company ended as of \_\_\_\_\_, 20\_\_**

*[see attached]*

Schedule [1][2]  
to Compliance Certificate

**Computations of Financial Covenant**

**Financial Statements Date: \_\_\_\_\_, 20\_\_**

1. Consolidated Leverage Ratio

- |   |  |
|---|--|
| (a) Consolidated Funded Debt as of such date (without duplication) [(a)(i) + (a)(ii) + (a)(iii) + (a)(iv) + (a)(v) + (a)(vi) + (a)(vii) + (a)(viii)] minus Unrestricted Cash [(a)(ix)]  | \$[____,____,____]                       |
| (i) all obligations for borrowed money, whether current or long-term (including the Loans), and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, including convertible debt instruments   | \$[____,____,____]                       |
| (ii) all purchase money indebtedness (including indebtedness and obligations in respect of conditional sales and title retention arrangements, except for customary conditional sales and title retention arrangements with suppliers that are entered into in the ordinary course of business) and all indebtedness and obligations in respect of the deferred purchase price of property or services (other than trade accounts payable incurred in the ordinary course of business and payable on customary trade terms) | \$[____,____,____]                       |
| (iii) all contingent obligations and unreimbursed drawings under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments  | \$[____,____,____]                       |
| (iv) the Attributable Principal Amount of capital leases and Synthetic Leases   | \$[____,____,____]                       |
| (v) the Attributable Principal Amount of Securitization Transactions  | \$[____,____,____]                       |
| (vi) all preferred stock and comparable equity interests providing or mandatory redemption, sinking fund or other like payments prior to 91 days after the latest Maturity Date currently in effect   | \$[____,____,____]                       |
| (vii) Guarantees in respect of Funded Debt of another Person  | \$[____,____,____]                       |
| (viii) any Funded Debt described in clauses (i) through (vii) above of any partnership or joint venture or other similar entity in which any member of the Consolidated Group is a general partner or joint venturer, and, as such, has personal liability for such obligations, but only to the extent there is recourse to such Person for payment thereof  | \$[____,____,____]<br>\$[____,____,____] |
| (ix) Unrestricted Cash: cash and cash equivalents owned at such time by any member of the Consolidated Group, determined on a consolidated basis in accordance with GAAP  | \$[____,____,____]                       |
| (b) Consolidated Net Income for the period of the four fiscal quarters ending on such date [(b)(i) [-/+ ] (b)(ii) – (b)(iii)]   | \$[____,____,____]                       |
| (i) net income of the Consolidated Group for such period  | \$[____,____,____]                       |
| (ii) items reported as nonrecurring or unusual in the consolidated financial statements of the Company and the Consolidated Group and related tax effects   | \$[____,____,____]                       |

(iii) to the extent included in the amount determined pursuant to clauses (i) and (ii) above, the income of any Subsidiary to the extent the payment of such income in the form of a distribution or repayment of any Indebtedness to the Company or a Subsidiary is not permitted, whether on account of any Organization Document restriction, any Contractual Obligation or any Law applicable to such Subsidiary	\$[____,____,____]
(c) Consolidated EBITDA for the period of the four fiscal quarters ending on such date [(c)(i) + (c)(ii) + (c)(iii) + (c)(iv) + (c)(v) + (c)(vi) + (c)(vii) + (c)(viii) + (c)(ix) + (c)(x) + (c)(xi) - (c)(xii) - (c)(xiii)]	\$[____,____,____]
(i) Consolidated Net Income for such period	\$[____,____,____]
(ii) Consolidated Interest Charges for such period	\$[____,____,____]
(iii) the provision for federal, state, local and foreign income taxes payable by the Consolidated Group for such period	\$[____,____,____]
(iv) the amount of depreciation and amortization expense for such period	\$[____,____,____]
(v) non-cash expenses for such period (excluding any non-cash expense to the extent that it represents an accrual of or reserve for cash payments in any future period)	\$[____,____,____]
(vi) non-cash goodwill impairment charges for such period	\$[____,____,____]
(vii) any non-cash loss for such period attributable to the mark-to-market adjustments in the valuation of pension liabilities (to the extent the cash impact resulting from such loss has not been realized) in accordance with FASB ASC 715	\$[____,____,____]
(viii) any fees, expenses or charges for such period (other than depreciation or amortization expense) related to any Acquisition, Disposition, issuance of equity interests, other transactions (excluding intercompany transactions) permitted by <u>Section 8.02</u> of the Credit Agreement, or the incurrence of Indebtedness not prohibited by the Credit Agreement (including any refinancing or amendment thereof) (in each case, whether or not consummated), including, but not limited to, such fees, expenses or charges related to the Credit Agreement and the other Loan Documents and any amendment or other modification of the Credit Agreement or the other Loan Documents	\$[____,____,____]
(ix) any expense for such period to the extent that a corresponding amount is received during such period in cash by the Company or any of its Subsidiaries under any agreement providing for indemnification or reimbursement of such expenses	\$[____,____,____]
(x) any expense with respect to liability or casualty events or business interruption to the extent reimbursed to the Company or any of its Subsidiaries during such period by third party insurance	\$[____,____,____]
(xi) the amount of dividends, distributions or other payments (including any ordinary course dividend, distribution or other payment) that are actually received in cash (or converted into cash) for such period by a member of the Consolidated Group from any Person that is not a member of the Consolidated Group or otherwise in respect of any unconsolidated investment	\$[____,____,____]

(xii) non-cash income for such period (excluding any non-cash income to the extent that it represents cash receipts in any future period) \$[\_\_,\_\_,\_\_]

(xiii) any non-cash gains for such period attributable to the mark-to-market adjustments in the valuation of pension liabilities in accordance with FASB ASC 715 \$[\_\_,\_\_,\_\_]

(d) Consolidated Leverage Ratio [(a)/(c)] [ ]:1.00

**EXECUTIVE EMPLOYMENT AGREEMENT**

**THIS EXECUTIVE EMPLOYMENT AGREEMENT** (the "Agreement") is made effective April 20, 2020 (the "Effective Date") by and between Albemarle Corporation, a Virginia corporation, and J. Kent Masters, Jr. (the "Executive"). References herein to the "Company" shall mean Albemarle Corporation and, where appropriate, each and any of its divisions, affiliates or subsidiaries.

WHEREAS the Company wishes to employ the Executive, and the Executive is willing to accept such employment, as the Company's President and Chief Executive Officer; and

WHEREAS the Company and the Executive desire to enter into a written employment agreement to govern the terms of the Executive's employment by the Company as of and following the Effective Date on the terms and conditions set forth below;

NOW, THEREFORE, in consideration for the promises of the parties set forth below, the Company and the Executive hereby agree as follows:

**1. Term.** Subject to the provisions of Section 6 of this Agreement, the term of employment of the Executive by the Company under this Agreement shall be as follows:

(a) **Initial Term.** The initial term of employment of the Executive by the Company under this Agreement shall begin on the Effective Date and end on December 31, 2023 (the "Initial Term"), unless extended or terminated earlier in accordance with this Agreement. The Initial Term and any Extension (as defined in Section 1(c) of this Agreement) shall be the "Term of Employment."

(b) **Extension Notice.** No fewer than ninety (90) days prior to the expiration of the Term of Employment, the Executive shall advise the Board of Directors of the Company (the "Board") whether the Executive desires to extend the Term of Employment. If the Executive does not timely notify the Board of his desire to extend the Term of Employment, then such action shall be deemed to result in the Executive's termination under Section 6(g) of this Agreement as of the last day of the Term of Employment, unless the Company determines otherwise in its sole and absolute discretion.

(c) **Extension of Employment.** Provided that, in accordance with Section 1(b) above, the Executive has timely notified the Board of the Executive's desire to extend the Term of Employment by one (1) year, the Board will consider in its sole and absolute discretion whether to offer the Executive such extension. If the Board decides in its sole and absolute discretion to offer the Executive an extension of his employment, the Board will so notify the Executive in writing (an "Extension Notice") no fewer than sixty (60) days prior to the expiration of the Term of Employment. If the Board timely provides an Extension Notice and the Executive and the Company enter into such extension, the Term of Employment will be extended by one (1) year (such period of time, the "Extension"). If for any reason the Board does not timely provide to the Executive an Extension Notice, or if the Executive does not agree to enter into such extension if provided, such



action or inaction shall be deemed to result in the Executive's termination under Section 6(g) of this Agreement as of the last day of the Term of Employment, unless the Company determines otherwise in its sole and absolute discretion.

**2. Position and Duties.** During the Term of Employment, the Executive shall serve as the Company's President and Chief Executive Officer. During the Term of Employment, the Executive may engage in not-for-profit outside activities provided such activities (including but not limited to membership on boards of directors of not-for-profit organizations) do not conflict with the Executive's duties and responsibilities under this Agreement. The Executive may also continue during the Term of Employment to serve as a member of the board of any for-profit organization on which he serves as of the Effective Date; provided, however, that if the Executive seeks to serve as a member of the board of any additional for-profit organization, he must obtain written approval from the Board in accordance with the Company's corporate governance guidelines.

**3. Principal Place of Employment.** The Executive shall be employed at the Company's principal offices in Charlotte, North Carolina, except for required travel on the Company's business to an extent substantially consistent with the present business travel obligations of the Executive's position.

**4. Compensation and Related Matters.**

(a) **Salary.** During the Term of Employment, the Company shall pay to the Executive a salary at a rate of not less than one million dollars (\$1,000,000.00) per annum. The Executive's salary shall be payable in substantially equal installments in accordance with the Company's normal payroll practices applicable to senior executives and subject to all applicable statutory deductions and authorized withholdings. Subject to the first sentence of this Section 4(a), the Executive's salary may be increased from time to time at the sole and absolute discretion of the Board.

(b) **Annual Incentive Program.** The Executive will be eligible for a target bonus under the Company's Annual Incentive Plan ("AIP") for 2020 equal to 125% of his annual base salary, which bonus will be pro-rated based upon the Executive's start date, i.e., multiplied by 8.3333/12 for the year 2020. The amount of the potential bonus will be based, with respect to 85% of the target bonus, on the Company's financial performance and achievement of metrics determined in the sole discretion of the Company, using a Company performance factor that can range from 0% to 200%. The remaining 15% of the potential bonus will be based on the Executive's contribution to the Company's performance, in the sole judgment and discretion of the Board, and will be measured using an individual performance factor ranging from 0% to 200%. It is understood that the Company determines eligibility for future awards and the terms of awards on an annual basis, and that information about awards in subsequent years will be communicated to the Executive in accordance with Company practice.

(c) **Expenses.** During the Term of Employment, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in

performing services hereunder, including, but not limited to, all reasonable expenses of travel and living while away from home, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Company.

(d) **Benefits.** The Executive will be eligible for the comprehensive benefits package typically made available to similarly situated employees of the Company. An overview of the package will be provided to the Executive separately, and notwithstanding anything in the overview materials, the terms of the plan documents will control. The Company's benefit plans and policies that shall be available shall include, but not be limited to, the following:

(i) The Albemarle Savings Plan ("401(k) Plan") which currently allows eligible employees to defer part of their salaries, provides a matching contribution, and provides an additional employer contribution based on participants' pay. Notwithstanding anything in this Agreement or any overview materials provided on the 401(k) Plan, the terms of the 401(k) Plan document will control;

(ii) The Albemarle Executive Deferred Compensation Plan ("EDCP") which allows participants to defer up to 50% of base salary and up to 100% of their annual bonus (net of FICA and Medicare taxes) each year. Deferrals are credited to one or more accounts which may be distributed either at retirement or at a specified future date (which may be while the participant is still employed), based on participants' elections. Notwithstanding anything in this Agreement or any overview materials provided on the EDCP, the terms of the EDCP document will control;

(iii) Albemarle's executive physical program beginning on the Effective Date;

(iv) Albemarle's executive financial planning program beginning on the Effective Date;

(v) Albemarle's U.S. Domestic Relocation Policy; and

(vi) Albemarle's Health and Welfare Program.

(e) **Initial Grant of RSUs.** The Executive will be eligible for a grant of Restricted Stock Units ("RSUs") with a value at the time of grant of three and one-half million dollars (\$3,500,000.00). The RSUs will be subject to a three-year vesting schedule with all of the RSUs vesting on April 19, 2023; provided, however, that, to the extent the Company appoints a new CEO for the Company prior to April 19, 2023, other than in connection with termination of the Executive's employment for Cause (as defined in Section 6(i) below), the RSUs granted pursuant to this paragraph (e) shall vest as of the date of such appointment. Once vested, the RSUs shall be payable in whole shares of the Company's common stock. The terms of the RSU grant will be

described in a separate Notice of Restricted Stock Unit Award that will be provided to the Executive after the RSUs are granted. Notwithstanding anything to the contrary in this Agreement, the terms of the LTIP Plan document and separate award agreement will control unless the special vesting provisions for the RSUs provided in this Agreement are more favorable to the Executive.

(f) **Future Long Term Incentive Awards.** Subject to the Company approving a long-term incentive (“**LTI**”) program for each year, the Executive will be eligible for LTI award grants under the Albemarle Long Term Incentive Plan (“**LTIP**”) for each of 2021, 2022 and 2023 which grants are normally made sometime during the first quarter of each year. Subject to any changes the Company determines to make to the LTI program for each year, the LTI grants are expected to consist of a combination of Performance Share Units (“**PSUs**”) which shall make up 50% of the Executive’s total LTI grant for a year, RSUs which shall make up 25% of the total LTI grant, and stock options which shall make up the remaining 25% of the total LTI grant. Subject to any changes the Company determines to make to the LTI program each year, the PSUs are expected to be granted as two awards as follows--one-half of the PSU award will be based on the Company’s total shareholder return measured against the Company’s peer group over the measurement period, and the other half of the PSU award will be based on the Company’s return on invested capital (“**ROIC**”) measured against target ROIC performance levels set by the Company for the measurement period. Except as provided in the following sentence regarding vesting of the Executive’s award grants made under this paragraph (f), the standard provisions governing all LTI award grants made by the Company shall apply to the Executive’s future LTI award grants, including but not limited to, provisions on exercisability of stock options, payment of RSUs, and earning and payment of PSUs. With regard to the vesting of the Executive’s LTI award grants, provided the Executive remains employed by the Company through December 31, 2023, he will become fully vested in his LTI grants made pursuant to this paragraph (f) on that date. Notwithstanding the preceding sentence, however, to the extent the Company appoints a new CEO for the Company prior to December 31, 2023, other than in connection with termination of the Executive’s employment for Cause (as defined in Section 6(i) below), the Executive’s outstanding LTI award grants made pursuant to this paragraph (f) shall vest as of the date of such appointment; provided, however, the accelerated vesting of the Executive’s LTI award grants pursuant to this sentence shall not change the exercisability, earning or payment dates of the Executive’s award grants, which shall remain as set forth in the applicable award agreement. The specific terms of the LTI award grants made pursuant to this paragraph (f) shall be described and governed by the separate Notices of Award the Executive will be provided after the grants are made. Notwithstanding anything to the contrary in this Agreement, the terms of the LTIP documents, including the LTIP Plan document and separate award agreements, will control unless the special vesting provisions for the LTI award grants in this Agreement are more favorable to the Executive.

(g) **Paid Time Off.** During the Term of Employment, the Executive shall be entitled to five (5) weeks of paid time off in each calendar year, determined in accordance with the Company’s Corporate Vacation Policy; provided, however, that from the Effective Date through December 31, 2020, the number of such days of paid time off shall be prorated; and further provided that the Executive’s use of paid time off shall not interfere with the performance of his duties under this Agreement, subject to applicable law.

## 5. Confidential Information and Intellectual Property.

(a) This Agreement is intended to supplement, and not to supersede, any rights the Company may have in law or equity with respect to the protection of trade secrets or confidential or proprietary information.

(b) For purposes of this Agreement, “Confidential Information” means any and all information regarding the Company and any of its subsidiaries, divisions and affiliates that is not generally known to the public or which the Company deems proprietary or confidential, including any information received from or concerning, directly or indirectly, the Company and its customers, vendors, suppliers or distributors, regardless of the form in which such information is maintained, whether in hard-copy or electronic form, and regardless of whether such information constitutes an original or a copy. Confidential Information shall include, without limitation: trade secrets, ideas, inventions, trademarks, business information, know-how, processes, techniques, improvements, designs, redesigns, creations, discoveries, research, technical plans, drawings, technical data, technologies or information, formulae and developments; information concerning customers, suppliers, vendors and distributors, including any lists thereof; pricing information, strategies, schemes and lists; market and technical research; financial, purchasing, and business planning information; methods of distribution or supply chain information; financial, business and sales projections, forecasts or plans; information concerning mergers, purchases, sales, acquisitions or other corporate transactions involving the Company or any of its affiliates or proposed affiliates, and proposed targets for merger, purchase, acquisition, merger or other corporate transaction; marketing and promotional information, ideas and strategies; marketing surveys and analyses; budgets; invoices; tax matters or other taxation-related information; actual and projected revenues, profits or losses; information relating to the Company’s personnel or any other personnel data or information; the content, terms or structure of the Company’s contracts and agreements, including contracts and agreements with customers, suppliers or vendors, including drafts thereof or term sheets; information relating to the Company’s products and services; and any and all other information relating to the Company and its products, services, performance or plans that the Executive acquired as a result of his employment or other association (as a Board member or otherwise) with the Company and that is not generally known or available to the public; provided, however, Confidential Information shall not include information relating to the Company or its subsidiaries, affiliates or divisions that (1) became or becomes a matter of public knowledge through sources independent of the Executive, (2) has been or is disclosed by the Company or its subsidiaries, affiliates or divisions without restriction on its use, or (3) has been or is required or specifically permitted to be disclosed by law or governmental order or regulation, provided that the disclosure does not exceed the extent of disclosure required by such law, order or regulation. It is understood that notwithstanding anything in this Agreement or any code of conduct or ethics or other policy of the Company to the contrary, nothing herein or therein shall restrict the Executive from reporting matters to the Securities and Exchange Commission, or communicating directly with its staff, about a possible securities law violation.

(c) The provisions of this Section 5 shall not preclude the Executive from disclosing such information to the Executive’s professional tax advisor or legal counsel solely to

the extent necessary for the rendering of their professional services to the Executive if such individuals agree to keep such information confidential.

(d) Notwithstanding any of the foregoing, it is understood that the U.S. Defend Trade Secrets Act of 2016 (“DTSA”) provides that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (iii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, DTSA provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

(e) The Executive agrees that upon leaving the Company’s employ the Executive will remain reasonably available upon request of the Company to answer questions and otherwise to provide all requested assistance to the Company regarding the any Company matters of which the Executive has knowledge or in which the Executive was involved, including without limitation the Executive’s former duties and responsibilities and the knowledge the Executive obtained in connection therewith.

(f) The Executive agrees that, following his separation from the Company for any reason and under any circumstance whatsoever, he will not communicate directly or indirectly with, or give statements to, any member of the media (including print, television, radio or social media) relating to any matter (including pending or threatened lawsuits or administrative investigations) about which the Executive has knowledge or information (other than knowledge or information that is not Confidential Information) as a result of employment with the Company. The Executive further agrees to notify the Board or its designee immediately after being contacted by any member of the media with respect to any matter covered under this Section.

(g) The Executive agrees that all information, inventions and discoveries, whether or not patented or patentable, protected by a copyright or copyrightable, or registered as a trademark or eligible to be registered as a trademark, made or conceived by the Executive or any Company employee or contractor, either alone or with others, at any time while employed by the Company, which arise out of such employment or is pertinent to any field of business or research in which, during such employment, the Company, its subsidiaries, affiliates or divisions is engaged or (if such is known to or ascertainable by the Executive) is considering engaging (“Intellectual Property.”) shall (i) be and remain the sole property of the Company and the Executive shall not seek a patent or copyright or trademark protection with respect to such Intellectual Property without the prior consent of an authorized representative of the Company and (ii) be disclosed promptly to an authorized representative of the Company along with all information the Executive possesses with regard to possible applications and uses. Further, at the request of the Company, and without expense or additional compensation to the Executive, the Executive agrees to, during and after his or her employment, execute such documents and perform such other acts as the Company deems

necessary to obtain, perfect, maintain, protect and enforce patents on such Intellectual Property in a jurisdiction or jurisdictions designated by the Company, and to assign and transfer to the Company or its designee all such Intellectual Property rights and all patent applications and patents relating thereto. The Executive hereby irrevocably grants the Company power of attorney to execute and deliver any such documents on the Executive's behalf in his or her name and to do all other lawfully permitted acts to transfer the work product to the Company and further the transfer, issuance, prosecution, and maintenance of all Intellectual Property rights therein, to the full extent permitted by law, if the Executive does not promptly cooperate with the Company's request (without limiting the rights the Company shall have in such circumstances by operation of law). The power of attorney is coupled with an interest and shall not be affected by the Executive's subsequent incapacity.

(h) The Executive represents and warrants that, as of the Effective Date, there is no Intellectual Property that: (i) has been created by or on behalf of the Executive, and/or (ii) is owned exclusively by the Executive or jointly by the Executive with others or in which the Executive has an interest, and that relate in any way to any of the Company's actual or proposed businesses, products, services, or research and development, and which are not assigned to the Company under this Agreement.

(i) The Executive and the Company agree that the Executive intends all original works of authorship within the purview of the copyright laws of the United States authored or created by the Executive in the course of the Executive's employment with the Company will be works for hire within the meaning of such copyright law.

(j) Upon termination of the Executive's employment, or at any time upon request of the Company, the Executive will (i) promptly return to the Company all Confidential Information and Intellectual Property and all copies thereof (including without limitation books, handbooks, proposals, procedures, protocols, manuals, files, papers, memoranda, letters, facsimiles, photographs/images, audio recordings/files, electronically stored information) in any form whatsoever, and regardless of the format, medium or location in which such information has been stored, viewed or accessed (including without limitation any Company-maintained electronic system(s), personal computer or computer system(s), personal email account(s), and any external disk(s), flash drive(s), cloud storage services, or any other location, format or medium in which information can be stored, maintained or accessed), and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations, and media in the Executive's possession or control.

(k) The Executive acknowledges and agrees that the injury the Company will suffer in the event of the breach by the Executive of any of the provisions of this Section 5 will cause the Company irreparable injury that cannot be adequately ascertained or compensated by monetary damages alone. Therefore, the Executive agrees that the Company, without limiting any other legal or equitable remedies available to it, shall be entitled to obtain equitable relief by injunction or otherwise, without the posting of any bond, from any court of competent jurisdiction, including, without limitation, injunctive relief to prevent the Executive's failure to comply with the terms and conditions of this Section 5.

**6. Termination.** The Executive's employment with the Company shall terminate immediately upon the expiration of the Term of Employment. In addition, the Term of Employment and the Executive's employment with the Company may be terminated by the Company or the Executive for any reason at any time prior to the expiration of the Term of Employment. Upon termination of the Executive's employment during the Term of Employment, the Executive shall be entitled to the compensation and benefits described in the applicable provisions of this Section 6 and shall have no further rights to any compensation or any other benefits from the Company or any of its affiliates. Defined terms for purposes of this Section 6 shall have the meanings set forth in subparagraph (i) (following subparagraph (h)) hereof.

(a) **Termination by the Company without Cause (other than due to Death or Disability) Outside of a Change in Control Period.**

(i) If the Executive's employment is terminated by the Company without Cause (other than due to the Executive's death or disability) outside of a Change in Control Period, then, subject to Section 6(e), Section 20, and the Executive's continued compliance with all applicable restrictive covenants in this Agreement and any other agreement between the Executive and the Company, the Executive shall be entitled to receive the following benefits:

A. **Accrued Benefits.** The Company shall pay the Executive his full base salary and accrued vacation pay then in effect through the Date of Termination, at the rate in effect at the time Notice of Termination is given, plus any benefits or awards which have been earned or become payable but which have not yet been paid to the Executive.

B. **Severance Payment.** The Company shall pay as severance pay to the Executive an amount (the "Severance Payment") equal to 1.5 times the sum of (1) the Executive's annual base salary for the year of termination plus (2) the Executive's target bonus under the AIP for the year of termination. The Severance Payment will be paid to the Executive in a lump sum thirty (30) days following the Date of Termination or, if later, the Release Effective Date.

C. **Outplacement Counseling.** The Company shall make available to the Executive, at the Company's expense, outplacement counseling. The Executive may select the organization that will provide the outplacement counseling, however, the Company's obligation to provide benefits under this subsection shall be limited to \$12,500. This counseling must be used, if at all, no later than the first anniversary of the Date of Termination.

D. **Relocation Expense Reimbursement.** The Company shall reimburse the Executive for his expenses incurred in connection with relocating his residence back to Virginia after his Termination. Expenses covered under this paragraph shall not include any expenses incurred in connection with the Executive's sale of a residence purchased in Charlotte, North Carolina other than any real estate commission owed in connection with selling the Charlotte residence. For purposes of clarification only, the Company shall have no obligation to purchase the Executive's residence in Charlotte. Except as otherwise provided in this subparagraph D, the benefits provided for hereunder shall be in accordance with the Company's U.S. Domestic

Relocation Policy. The benefits described in this subparagraph D. must be used, if at all, no later than the end of the second year after the year that contains the Executive's Date of Termination, and the reimbursement of expenses must be paid to the Executive no later than the end of the third year after the year that contains the Date of Termination.

(b) **Termination due to Disability.** During any period prior to the Date of Termination and during the Term of Employment that the Executive is unable to perform his full time duties with the Company, whether as a result of Total Disability or as a result of a physical or mental disability that is not total or is not permanent and therefore is not a Total Disability, the Executive shall continue to receive his base salary at the rate in effect at the commencement of any such period, together with all other compensation and benefits that are payable or provided under the Company's benefit plans, including its disability plans. After the Date of Termination, the Executive's benefits shall be determined in accordance with the Company's benefits, insurance and other applicable programs. The compensation and benefits, other than salary, payable or provided pursuant to this Section 6(b) shall be the greater of (x) the amounts computed under the disability benefit plans, insurance and other applicable programs in effect immediately prior to a Change in Control (as defined in the Change in Control Agreement), if applicable, and (y) the amounts computed under the disability benefit plans, insurance and other applicable programs in effect at the time the compensation and benefits are paid.

(i) "**Total Disability**," means total physical or mental disability rendering the Executive unable to perform the duties of his employment for a continuous period of six (6) months. Any question as to the existence of Total Disability upon which the Executive and the Company cannot agree shall be determined by a qualified physician not employed by the Company and selected by the Executive (or, if the Executive is unable to make such selection, it shall be made by any adult member of the Executive's immediate family), and approved by the Company. The determination of such physician made in writing to the Company and to the Executive shall be final and conclusive for all purposes of this Agreement.

(c) **Termination by the Company for Cause or by the Executive Outside of a Change in Control Period.** If the Executive's employment is terminated by the Company for Cause, or by the Executive for any reason outside of a Change in Control Period, the Company shall pay the Executive his accrued but unpaid base salary and vacation pay through the Date of Termination, at the rate in effect at the time Notice of Termination is given. The Executive shall receive any payment due under this Section 6(c) on the Company's first regular payroll date following the Date of Termination. Thereafter, the Company shall have no further obligation to the Executive under this Agreement.

(d) **Termination due to Death Outside of a Change in Control Period.** If the Executive's employment is terminated due to the Executive's death other than during a Change in Control Period, the Executive's benefits shall be determined in accordance with the Company's benefits and insurance programs then in effect. If the Executive's employment is terminated due to the Executive's death during a Change in Control Period, the effects of such termination of employment shall be as described in the Change in Control Agreement.



(e) **Release of Claims.** In order to receive payment of the amounts set forth in Section 6 (unless otherwise prohibited by law), the Executive must execute and deliver to the Company a General Release in a form reasonably acceptable to the Executive and the Company (the “Release”). The Release must be executed within the ninety (90) day period following the Date of Termination; provided, however, that to the extent any amounts payable under Section 6 constitute deferred compensation for purposes of Section 409A, and such ninety (90) day period commences in one calendar year and ends in the subsequent calendar year, such amounts shall not be paid to the Executive until the later of the Release Effective Date and the Company’s first regular payroll date in such subsequent calendar year.

(f) **Notice of Termination.** Any termination of the Executive’s employment by the Company or the Executive shall be communicated to the other party in a written Notice of Termination. The Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated. The Notice of Termination shall be provided in accordance with the notice requirements of Section 12.

(g) **Termination without Cause upon Expiration of the Term of Employment.** If the Executive’s employment is terminated by the Company without Cause upon expiration of the Term of Employment outside of a Change in Control Period, then, subject to Section 6(e), Section 20, and the Executive’s continued compliance with all applicable restrictive covenants in this Agreement and any other agreement between the Executive and the Company, the Executive shall be entitled to receive the following benefits:

A. The Company shall pay the Executive his full base salary and accrued vacation pay then in effect through the Date of Termination.

B. If the Date of Termination is after the end of an AIP compensation year, but before the AIP bonuses for such AIP year have been paid, the Company shall pay the Executive an AIP bonus for such AIP year based upon the calculated company score and the Executive’s individual performance modifier set by the Company at the time the Company sets the AIP bonus amounts for such year for all other eligible employees of the Company.

C. The Executive’s outstanding equity awards under the LTIP shall be treated in accordance with the terms of Section 4(f) of this Agreement and the applicable Notices of Award for such awards.

D. The Company shall reimburse the Executive for his expenses incurred in connection with relocating his residence back to Virginia after his Termination. Expenses covered under this paragraph shall not include any expenses incurred in connection with the Executive’s sale of a residence purchased in Charlotte, North Carolina other than any real estate commission owed in connection with selling the Charlotte residence. For purposes of clarification only, the Company shall have no obligation to purchase the Executive’s residence in Charlotte. Except as otherwise provided in this subparagraph D, the benefits provided for hereunder shall be in accordance

with the Company's U.S. Domestic Relocation Policy. The benefits described in this subparagraph D. must be used, if at all, no later than the end of the second year after the year that contains the Date of Termination, and the reimbursement of expenses must be paid to the Executive no later than the end of the third year after the year that contains the Date of Termination.

(h) **Termination of Employment During a Change in Control Period.** Notwithstanding anything herein to the contrary, the effects of a termination of employment during a Change in Control Period shall be determined in accordance with the Change in Control Agreement.

(i) **Definitions.** For purposes of this Agreement:

A. "Cause" means:

(a) the Executive's willful failure to perform the Executive's duties (other than any such failure resulting from incapacity due to physical or mental illness);

(b) the Executive's willful failure to comply with any valid and legal directive of the Board, engagement in dishonesty, illegal conduct or other misconduct, which is, in each case, injurious to the Company or any of its affiliates;

(c) the Executive's embezzlement, misappropriation or fraud, whether or not related to the Executive's employment with the Company;

(d) the Executive's conviction of or plea of guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude;

(e) the Executive's intentional violation of the Company's Code of Conduct or a material policy of the Company; or

(f) the Executive's breach of any obligation under this Agreement or any other written agreement between the Executive and the Company.

B. "Change in Control Agreement" means that certain letter agreement by and between the Executive and the Company dated April 20, 2020 regarding the effects of certain terminations of employment during a Change in Control Period.

C. "Change in Control Period" means the two-year period commencing on the date of a Change in Control (as defined in the Change in Control Agreement).

D. "Date of Termination" means:

(a) if the Executive's employment is terminated for Total Disability, thirty (30) days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive's duties during such thirty (30) day period), and

(b) in all other cases, the date specified in the Notice of Termination (which shall not be less than thirty (30) nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

E. “Notice of Termination” shall mean a written notice as provided in Section 6(f).

F. “Release Effective Date” means the date on which the Release (as defined in Section 6(e)) becomes effective and irrevocable.

7. **Cooperation.** The Executive and the Company agree that certain matters in which the Executive will be involved during the Term of Employment may necessitate the Executive’s cooperation in the future. Accordingly, following the termination of the Executive’s employment for any reason, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company in connection with matters arising out of the Executive’s service to the Company; provided that, the Company shall make reasonable efforts to minimize disruption of the Executive’s other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation and, to the extent that the Executive is required to spend substantial time on such matters, the Company shall compensate the Executive at a mutually agreed upon hourly rate.

#### 8. **Restrictive Covenants.**

(a) **Executive Acknowledgement.** The Company and the Executive acknowledge that (i) the Company has a special interest in and derives significant benefit from the unique skills and experience of the Executive; (ii) as a result of the Executive’s service with the Company, the Executive will use and have access to Confidential Information during the course of the Executive’s employment; (iii) the Confidential Information has been developed and created by the Company at substantial expense and constitutes valuable proprietary assets of the Company, and the Company will suffer substantial damage and irreparable harm which will be difficult to compute if, during the term of the Executive’s employment or thereafter, the Executive should disclose or improperly use such Confidential Information in violation of the provisions of this Agreement; (iv) the Company will suffer substantial damage and irreparable harm which will be difficult to compute if the Executive competes with the Company in violation of this Agreement; (v) the Company will suffer substantial damage which will be difficult to compute if the Executive solicits or interferes with the Company’s employees, clients, or customers; (vi) the provisions of this Agreement are reasonable and necessary for the protection of the business of the Company; and (vii) the provisions of this Agreement will not preclude the Executive from obtaining other gainful employment or service.

(b) **No Solicitation of Employees.** The Executives agrees that, both during the Term of Employment and for a period of two (2) years following the termination of the Executive’s employment with the Company, at any time and for any reason, the Executive will not, directly or indirectly, on his own behalf or on behalf of any other person or entity (regardless of who first initiates the communication), hire or solicit to hire for employment or consulting or other provision

of services, any person who is actively employed or engaged (or in the preceding six (6) months was actively employed or engaged) by the Company. This obligation includes, but is not limited to, inducing or attempting to induce, or influencing or attempting to influence, any person employed or engaged by the Company to terminate his or her relationship with the Company, assisting any other person or entity to identify or evaluate Company employees for recruitment away from the Company, and assisting any person or entity hire an employee away from the Company.

(c) **No Solicitation of Customers.** The Executive agrees that, both during the Term of Employment and for a period of two (2) years following the termination of the Executive's employment with the Company at any time and for any reason, the Executive will not directly or indirectly, on his own behalf or on behalf of any other person or entity:

(i) solicit the business of, or provide services or goods similar to, the services or goods provided by the Company to any customer of the Company or any other entity with which the Company has an agreement to perform services or provide goods during the twelve (12) month period prior to the Executive's separation from the Company;

(ii) contact any customer of the Company for the purpose of soliciting such customer to purchase a product or service that is the same as, similar to or in competition with those products and/or services offered, made, or rendered by the Company; or

(iii) induce or attempt to induce any customer, supplier or vendor of the Company to cease or limit the business it does or may plan to do with the Company or to otherwise interfere in the Company's business relationship with such customer, supplier or vendor.

(d) **Non-Competition.** During the Term of Employment and for a period of two (2) years following the termination of the Executive's employment with the Company at any time and for any reason, the Executive shall not, on his own behalf or on behalf of others, directly or indirectly, (whether as an employee, consultant, investor, partner, sole proprietor or otherwise) be employed by, perform any services for, or hold any ownership interest in any Competing Business. "Competing Business" means (i) any individual, corporation, partnership, business or other entity which operates or attempts to operate a business which provides, designs, develops, markets, engages, invests in, produces or sells any products, services or businesses which are the same or similar to those produced, marketed, invested in or sold by the Company and (ii) employment by any customer of the Company to which the Company sold or provided goods or services while the Executive was employed by the Company, if the purpose of such employment by such customer is to provide the same or similar services the Company provided to such customer while the Executive was employed by the Company. Notwithstanding the foregoing, the Executive's ownership, for investment purposes, of up to one percent (1%) of the total outstanding equity securities of a publicly traded company, shall not be considered a violation of this subparagraph (d).

(e) **Enforcement.**

(i) The Executive acknowledges that the restrictions contained in this Section 8 are necessary to protect the Company's confidential and proprietary information, trade

secrets, intellectual property and other legally protectable business information; and further acknowledges and agrees that each and every restriction in this Section 8 is reasonable in all respects, including duration, territory and scope of activity.

(ii) The Executive agrees that the restrictions contained in this Section 8 shall be construed as separate agreements independent of any other provision of this Agreement or any other agreement between the Executive and the Company. To the extent that any restriction of this Section 8 is determined by any court of competent jurisdiction to be unenforceable, the Executive and the Company expressly agree and intend that such restriction be reduced in scope to the extent permitted by law, and that such remaining restriction be enforced, and that the other restrictions of this Section 8 remain in full force and effect.

(iii) The Executive agrees that the existence of any claim or cause of action by the Executive against the Company, under this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and restrictions in this Section 8.

(iv) The Executive acknowledges and agrees that the injury the Company will suffer in the event of the breach by the Executive of any of the provisions of this Section 8 will cause the Company irreparable injury that cannot be adequately ascertained or compensated by monetary damages alone. Therefore, the Executive agrees that the Company, without limiting any other legal or equitable remedies available to it, shall be entitled to obtain equitable relief by injunction or otherwise, without the posting of any bond, from any court of competent jurisdiction, including, without limitation, injunctive relief to prevent the Executive's failure to comply with the terms and conditions of this Section 8. The periods of time referenced in each of subparagraphs (b), (c) and (d) above shall be tolled on a day-for-day basis for each day during which the Executive violates the provisions of subparagraphs (b), (c) or (d) in any respect, so that the Executive is restricted from engaging in the activities prohibited by subparagraphs (b), (c) and (d) for the full time period.

**9. Equity Awards Following Termination.** Except as otherwise provided herein, the effect of a termination of employment on the Executive's outstanding RSUs, PSUs, stock options and other equity compensation awards shall be determined in accordance with the terms and conditions of the applicable award agreement.

**10. Successors; Binding Agreement.** This Agreement and all rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts payable to the Executive under this Agreement have not yet been paid, all such amounts shall be paid in accordance with the terms of this Agreement and applicable law to the Executive's beneficiary pursuant to a valid written designation of beneficiary, as determined by the Company in its discretion, or, if there is no effective written designation of beneficiary by the Executive, to the Executive's estate.

**11. Insurance and Indemnity.** The Company shall, to the extent permitted by law, include the Executive during the Term of Employment under any directors and officers' liability

insurance policy maintained for its directors and officers, with coverage at least as favorable to the Executive in amount and each other material respect as the coverage of other officers covered thereby. The Company's obligation to provide insurance and indemnify the Executive shall survive expiration or termination of this Agreement with respect to proceedings or threatened proceedings based on acts or omissions of the Executive occurring during the Executive's employment with the Company. Such obligations shall be binding upon the Company's successors and assigns and shall inure to the benefit of the Executive's heirs and personal representatives.

**12. Notice.** For the purposes of this Agreement, notices, demands and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or (unless otherwise specified) mailed by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: To the Executive's most recent home address on file with the Company

If to the Company: Albemarle Corporation  
4250 Congress Street, Suite 900  
Charlotte, NC 28209  
Attention: General Counsel

or to such other address as any party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

**13. Complete Agreement; Modification, Waiver.** This Agreement, along with any compensation and benefits summary, RSU, PSU, stock option, or other equity compensation award agreements between the parties, as well as the Change in Control Agreement, represent the complete agreement of the parties with respect to the subject matter of this Agreement and supersede all prior and contemporaneous agreements, promises or representations of the parties, including any prior employment agreement or similar agreement between the parties. To the extent that the bonus payment provisions (i.e., post-termination bonus payments) provided in this Agreement differ from the provisions of the Company's incentive bonus plans, such bonus payments shall be paid pursuant to the provisions of this Agreement except to the extent expressly prohibited by law. Except as provided by Section 20, no provision of this Agreement may be amended or modified except in a document signed by the Executive and such person as may be designated by the Company. No waiver by the Executive or the Company of any breach of, or lack of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or the same condition or provision at another time. To the extent that this Agreement is in any way deemed to be inconsistent with any prior or contemporaneous compensation and benefits summary, RSU, PSU, stock option, or other equity compensation award agreements between the parties, or term sheet referencing such specific awards, the terms of this Agreement shall control. No agreements or representations, oral or otherwise, with respect to any subject matter of this Agreement have been made by either party which are not set forth expressly in this Agreement.

**14. Severability.** If any provision of this Agreement shall be held or deemed to be invalid, illegal, or unenforceable in any jurisdiction, for any reason, the invalidity of that provision shall not have the effect of rendering the provision in question unenforceable in any other jurisdiction or in any other case or of rendering any other provisions herein unenforceable, but the invalid provision shall be substituted with a valid provision which most closely approximates the intent and the economic effect of the invalid provision and which would be enforceable to the maximum extent permitted in such jurisdiction or in such case.

**15. No Duty to Mitigate.** The Executive shall not be required to mitigate the amount of any payment provided for Section 6 by seeking other employment or otherwise, nor shall the amount of any payment or benefit hereunder be reduced by any compensation earned by the Executive as the result of employment by another employer or by retirement benefits after the Date of Termination.

**16. Withholding.** All payments required to be made by the Company hereunder to the Executive or the Executive's estate or beneficiaries shall be subject to the withholding of such amounts as the Company may reasonably determine it should withhold pursuant to any applicable law. To the extent permitted by the Company in its sole discretion, the Executive may provide all or any part of any necessary withholding by contributing Company common stock with value, determined on the date such withholding is due, equal to the number of shares contributed multiplied by the closing price per share as reported on the securities exchange constituting the primary market for the Company's stock on the date preceding the date the withholding is determined.

**17. Jurisdiction and Venue.** The validity, interpretation, construction, performance, and enforcement of this Agreement shall be governed by the laws of the state of Virginia, without regard to conflicts of law principles. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in a state or federal court of competent jurisdiction sitting in the state of Virginia, and the parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue

**18. Attorney's Fees.** Except as otherwise provided herein, each party shall bear its own attorney's fees and costs incurred in any action or dispute arising out of this Agreement. Notwithstanding anything herein to the contrary, the Company shall pay all legal fees and related expenses incurred by the Executive: (i) as a result of the Executive's termination of employment by the Company without Cause, (ii) in seeking to obtain or enforce any right or benefit provided by this Agreement (including all fees and expenses, if any, incurred in contesting or disputing any such termination or incurred by the Executive in seeking advice in connection therewith), and (iii) contesting any claim by the Company that the Executive has breached the Executive's obligations under any restrictive covenant; provided that such fees are incurred no later than the end of the second calendar year after the year of the Date of Termination.

**19. Miscellaneous.** No right or interest to, or in, any payments shall be assignable by the Executive; provided, however, that the Executive shall not be precluded from designating in writing one or more beneficiaries to receive any amount that may be payable after the Executive's

death and the legal representative of the Executive's estate shall not be precluded from assigning any right hereunder to the person or persons entitled thereto. This Agreement shall be binding upon and shall inure to the benefit of the Executive, the Executive's heirs and legal representatives and, the Company and its successors.

**20. Compliance with Section 409A.** Notwithstanding any other provision of this Agreement to the contrary, the provision, time and manner of payment or distribution of all compensation and benefits provided by this Agreement that constitute nonqualified deferred compensation subject to and not exempted from the requirements of Section 409A ("Section 409A Deferred Compensation") of the Internal Revenue Code of 1986, as amended (the "Code"), shall be subject to, limited by and construed in accordance with the requirements of Code Section 409A and all regulations and other guidance promulgated by the Secretary of the Treasury pursuant to such Section (such Section, regulations and other guidance being referred to herein as "Section 409A"), including the following:

(a) **Separation from Service.** Payments and benefits constituting Section 409A Deferred Compensation otherwise payable or provided pursuant to Section 6 upon the Executive's termination of employment shall be paid or provided only at the time of a termination of the Executive's employment that constitutes a Separation from Service. For the purposes of this Agreement, a "Separation from Service" is a separation from service within the meaning of Treasury Regulation Section 1.409A-1(h).

(b) **Six-Month Delay Applicable to Specified Employees.** If, at the time of a Separation from Service of the Executive, the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) (a "Specified Employee"), then any payments and benefits constituting Section 409A Deferred Compensation to be paid or provided pursuant to Section 6 upon the Separation from Service of the Executive shall be paid or provided commencing on the later of (i) the date that is six months after the date of such Separation from Service or, if earlier, the date of death of the Executive (in either case, the "Delayed Payment Date"), or (ii) the date or dates on which such Section 409A Deferred Compensation would otherwise be paid or provided in accordance with Section 6. All such amounts that would, but for this Section 20(b), become payable prior to the Delayed Payment Date shall be accumulated and paid on the Delayed Payment Date.

(c) **Health Care Benefits.** In the event that all or any of the health care benefits to be provided pursuant to this Agreement as a result of a Participant's Separation from Service constitute Section 409A Deferred Compensation, the Company shall provide for such benefits constituting Section 409A Deferred Compensation in a manner that complies with Section 409A. To the extent necessary to comply with Section 409A, the Company shall determine the health care premium cost necessary to provide such benefits constituting Section 409A Deferred Compensation for the applicable coverage period and shall pay such premium cost which becomes due and payable during the applicable coverage period on the applicable due date for such premiums; provided, however, that if the Executive is a Specified Employee, the Company shall not pay any such premium cost until the Delayed Payment Date. If the Company's payment pursuant to the previous sentence is subject to a Delayed Payment Date, the Executive shall pay the premium cost otherwise payable



by the Company prior to the Delayed Payment Date, and on the Delayed Payment Date the Company shall reimburse the Executive for such Company premium cost paid by the Executive and shall pay the balance of the Company's premium cost necessary to provide such benefit coverage for the remainder of the applicable coverage period as and when it becomes due and payable over the applicable period.

(d) **Stock-Based Awards.** The vesting of any stock-based compensation awards which constitute Section 409A Deferred Compensation and are held by the Executive, if the Executive is a Specified Employee, shall be accelerated in accordance with this Agreement to the extent applicable; provided, however, that the payment in settlement of any such awards shall occur on the Delayed Payment Date to the extent required by Section 409A.

(e) **Installments.** Executive's right to receive any installment payments payable hereunder shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment for purposes of Section 409A.

(f) **Reimbursements.** To the extent that any reimbursements payable to Executive pursuant to this Agreement are subject to the provisions of Section 409A, such reimbursements shall be paid to Executive no later than December 31 of the year following the year in which the cost was incurred; the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year; and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(g) **Rights of the Company; Release of Liability.** It is the mutual intention of the Executive and the Company that the provision of all payments and benefits pursuant to this Agreement be made in compliance with the requirements of Section 409A. To the extent that the provision of any such payment or benefit pursuant to the terms and conditions of this Agreement would fail to comply with the applicable requirements of Section 409A, the Company may, in its sole and absolute discretion and without the consent of the Executive, make such modifications to the timing or manner of providing such payment and/or benefit to the extent it determines necessary or advisable to comply with the requirements of Section 409A; provided, however, that the Company shall not be obligated to make any such modifications. Any such modifications made by the Company shall, to the maximum extent permitted in compliance with the requirements of Section 409A, preserve the aggregate monetary face value of such payments and/or benefits provided by this Agreement in the absence of such modification; provided, however, that the Company shall in no event be obligated to pay any interest or other compensation in respect of any delay in the provision of such payments or benefits in order to comply with the requirements of Section 409A. The Executive acknowledges that (i) the provisions of this Section 20 may result in a delay in the time at which payments would otherwise be made pursuant to this Agreement and (ii) the Company is authorized to amend this Agreement, to void or amend any election made by the Executive under this Agreement and/or to delay the payment of any monies and/or provision of any benefits in such manner as may be determined by the Company, in its discretion, to be necessary or appropriate to comply with Section 409A (including any transition or grandfather rules thereunder) without prior notice to or consent of the Executive. The Executive hereby releases and holds harmless the

Company, its directors, officers and stockholders from any and all claims that may arise from or relate to any tax liability, penalties, interest, costs, fees or other liability incurred by the Executive as a result of the application of Section 409A.

IN WITNESS WHEREOF, the parties have executed this Executive Employment Agreement effective as of the date and year first above written.

**ALBEMARLE CORPORATION**            **J. KENT MASTERS, Jr.**

/s/ Karen G. Narwold            /s/ J. Kent Masters

By: Karen G. Narwold

Its EVP, CAO & General Counsel

**Albemarle Corporation**  
4250 Congress Street, Suite 900  
Charlotte, NC 28209

April 20, 2020

J. Kent Masters, Jr.

Dear Kent:

The Board of Directors (the "Board") of Albemarle Corporation (the "Corporation") recognizes that the possibility of a Change in Control of the Corporation exists, and the uncertainty and questions which it may raise among management may result in the departure or distraction of management personnel to the detriment of the Corporation.

The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Corporation's management, including yourself, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from a possible Change in Control of the Corporation.

In order to induce you to remain in the employ of the Corporation and in consideration of your continued service to the Corporation, the Corporation agrees that you shall receive certain benefits in the event of a Change in Control and certain severance benefits in the event your employment with the Corporation is terminated subsequent to a Change in Control, as set forth in this Severance Compensation Agreement ("Agreement").

1. Definitions.

a. "Cause" means

- (i) your willful failure to perform your duties (other than any such failure resulting from incapacity due to physical or mental illness);
- (ii) your willful failure to comply with any valid and legal directive of the Board, engagement in dishonesty, illegal conduct or other misconduct, which is, in each case, injurious to the Corporation or any of its affiliates;
- (iii) your embezzlement, misappropriation or fraud, whether or not related to your employment with the Corporation;
- (iv) your conviction of or plea of guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude;
- (v) your intentional violation of the Corporation's Code of Conduct or a material policy of the Corporation; or

(vi) your breach of any obligation under this Agreement or any other written agreement between you and the Corporation.

b. "Change in Control" means the occurrence of any of the following events:

- (i) any Person, or "group" as defined in section 13(d)(3) of the Securities Exchange Act of 1934, becomes, directly or indirectly, the Beneficial Owner of 20% or more of the combined voting power of the then outstanding securities of the Corporation that are entitled to vote generally for the election of the Corporation's directors (the "Voting Securities") (other than as a result of an issuance of securities by the Corporation approved by Continuing Directors, or open market purchases approved by Continuing Directors at the time the purchases are made). However, if any such Person or "group" becomes the Beneficial Owner of 20% or more, and less than 30%, of the Voting Securities, the Continuing Directors may determine, by a vote of at least two-thirds of the Continuing Directors, that the same does not constitute a Change in Control;
- (ii) as the direct or indirect result of, or in connection with, a reorganization, merger, share exchange or consolidation (a "Business Combination"), a contested election of directors, or any combination of these transactions, Continuing Directors cease to constitute a majority of the Corporation's board of directors, or any successor's board of directors, within two years of the last of such transactions;
- (iii) the shareholders of the Corporation approve a Business Combination, unless immediately following such Business Combination, (1) all or substantially all of the Persons who were the Beneficial Owners of the Voting Securities outstanding immediately prior to such Business Combination Beneficially Own more than 60% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Corporation resulting from such Business Combination (including, without limitation, a company which as a result of such transaction owns the Corporation through one or more Subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Voting Securities, (2) no Person (excluding any employee benefit plan or related trust of the Corporation or the Corporation resulting from such Business Combination) Beneficially Owns 30% or more of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Corporation resulting from such Business Combination, and (3) at least a majority of the members of the board of directors of the Corporation resulting from such Business Combination are Continuing Directors.

(iv) For purposes of Paragraph 1.b. and other provisions of this Agreement, the following terms shall have the meanings set forth below:

- (A) “Affiliate and Associate” shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended and as in effect on the date of this Agreement (the “Exchange Act”).
- (B) “Beneficial Owner” means that a Person shall be deemed the “Beneficial Owner” and shall be deemed to “beneficially own,” any securities:
  - (i) that such Person or any of such Person’s Affiliates or Associates owns, directly or indirectly;
  - (ii) that such Person or any of such Person’s Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that, a Person shall not be deemed to be the “Beneficial Owner” of, or to “beneficially own,” securities tendered pursuant to a tender or exchange offer made by such Person or any such Person’s Affiliates or Associates until such tendered securities are accepted for purchase or exchange;
  - (iii) that such Person or any of such Person’s Affiliates or Associates, directly or indirectly, has the right to vote, including pursuant to any agreement, arrangement or understanding, whether or not in writing; provided, however, that a Person shall not be deemed the “Beneficial Owner” of, or to “beneficially own,” any security under this subparagraph as a result of an agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding: (1) arises solely from a revocable proxy given in response to a public proxy solicitation made pursuant to, and in accordance with the applicable provisions of the General Rules and Regulations under the Exchange Act and (2) is not

also then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or

- (iv) that are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associates thereof) with which such Person (or any of such Person's Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing), for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in 'the proviso to subparagraph (iii) of this definition) or disposing of any voting securities of the Corporation provided, however, that notwithstanding any provision of this definition, any Person engaged in business as an underwriter of securities who acquires any securities of the Corporation through such Person's participation in good faith in a firm commitment underwriting registered under the Securities Act of 1933, shall not be deemed the "Beneficial Owner" of, or to "beneficially own," such securities until the expiration of forty days after the date of acquisition; and provided, further, that in no case shall an officer or director of the Corporation be deemed (1) the beneficial owner of any securities beneficially owned by another officer or director of the Corporation solely by reason of actions undertaken by such persons in their capacity as officers or directors of the Corporation; or (2) the beneficial owner of securities held of record by the trustee of any employee benefit plan of the Corporation or any Subsidiary of the Corporation for the benefit of any employee of the Corporation or any Subsidiary of the Corporation, other than the officer or director, by reason of any influences that such officer or director may have over the voting of the securities held in the trust.
- (C) "Continuing Directors" means any member of the Corporation's Board, while a member of that Board, and (i) who was a member of the Corporation's Board prior to April 20, 2020, or (ii) whose subsequent nomination for election or election to the Corporation's Board was recommended or approved by a majority of the Continuing Directors.

- (D) “Person” means any individual, firm, company, partnership or other entity.
  - (E) “Subsidiary” means, with references to any Person, any company or other entity of which an amount of voting securities sufficient to elect a majority of the directors or Persons having similar authority of such company or other entity is beneficially owned, directly or indirectly, by such Person, or otherwise controlled by such Person.
- c. “Code” shall mean the Internal Revenue Code of 1986, as amended.
- d. “Date of Termination” shall mean:
- (i) in case your employment is terminated for Total Disability, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such thirty (30) day period), and
  - (ii) in all other cases, the date specified in the Notice of Termination (which shall not be less than thirty (30) nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).
- e. “Good Reason for Resignation” shall mean, without your express written consent, any of the following:
- (i) a change in your position with the Corporation which in your reasonable judgment does not represent a promotion from your status or position immediately prior to the Change in Control or the assignment to you of any duties or responsibilities or diminution of duties or responsibilities which in your reasonable judgment are inconsistent with your position with the Corporation in effect immediately prior to the Change in Control, it being understood that any of the foregoing in connection with termination of your employment for Cause or Total Disability shall not constitute Good Reason for Resignation;
  - (ii) a reduction by the Corporation in the annual rate of your base salary as in effect immediately prior to the date of a Change in Control;
  - (iii) the Corporation’s requiring your office nearest to your principal residence in Charlotte to be located at a different place which is more than thirty-five (35) miles from where such office is located immediately prior to a Change in Control;
  - (iv) the failure by the Corporation to continue in effect compensation or benefit plans in which you participate, which in the aggregate provide

you compensation and benefits substantially equivalent to those prior to a Change in Control;

(v) the failure of the Corporation to obtain a satisfactory agreement from any Successor (as defined in Paragraph 5a hereof) to assume and agree to perform this Agreement, as contemplated in Paragraph 5a hereof;

(vi) any purported termination of your employment which is not effected pursuant to a Notice of Termination satisfying the requirements hereof; for purposes of this Agreement, no such purported termination shall be effective for any purpose except to constitute a Good Reason for Resignation.

Any of the foregoing events shall constitute Good Reason for Resignation only if, and to the extent, there exists “good reason” as such term is defined under Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations issued thereunder (“Section 409A”).

f. “Incentive Compensation Award” shall mean payment or payments under Incentive Compensation Plans.

g. “Incentive Compensation Plans” shall mean any variable compensation or other incentive compensation plans maintained by the Corporation, in which awards are paid in cash, stock or other property including, but not limited to: (i) the Albemarle Corporation 2017 Incentive Plan, as amended; (ii) any variable compensation plan; or (iii) any successor plan thereto.

h. “Normal Retirement Date” shall mean the first day of the calendar month next following the date on which a Participant attains the age of 65.

i. “Notice of Termination” shall mean a written notice as provided in Paragraph 14 hereof.

j. “Total Disability” shall mean total physical or mental disability rendering you unable to perform the duties of your employment for a continuous period of six (6) months. Any question as to the existence of your Total Disability upon which you and the Corporation cannot agree shall be determined by a qualified physician not employed by the Corporation and selected by you (or, if you are unable to make such selection, it shall be made by any adult member of your immediate family), and approved by the Corporation. The determination of such physician made in writing to the Corporation and to you shall be final and conclusive for all purposes of this Agreement.

2. Compensation Upon Termination. Following a Change in Control, you shall be entitled to the following benefits:

a. Termination Benefits. If your employment by the Corporation shall be terminated subsequent to the Change in Control and during the term of this Agreement, and under circumstances that would qualify as a “separation from service” under Section 409A, (a) by reason



of your death after you have received a Notice of Termination, (b) by the Corporation other than (1) for Cause or (2) upon the expiration of the Term of Employment as defined in your employment agreement with the Corporation (the "Employment Agreement"), or (c) by you for Good Reason for Resignation, then you shall be entitled to the benefits provided below, without regard to any contrary provision of any plan:

- (i) Accrued Salary. The Corporation shall pay you, not later than the fifth (5<sup>th</sup>) day following the Date of Termination, your full base salary and vacation pay accrued through the Date of Termination at the rate in effect at the time the Notice of Termination is given (or at the rate in effect immediately prior to a Change in Control, if such amounts were higher).
- (ii) Accrued Annual Incentive Compensation. The Corporation shall pay you, not later than five (5) days following your Date of Termination, the amount of your accrued annual Incentive Compensation which consists of the annual cash bonus. If the Date of Termination is after the end of a Variable Compensation Year, but before such Incentive Compensation for said Variable Compensation Year has been paid, the Corporation shall pay you Incentive Compensation for that Variable Compensation Year based upon the calculated company score and your individual performance modifier. If an individual performance modifier has not been determined as of the Date of Termination, it will be set at one hundred percent (100%).

In addition, if the Date of Termination is other than the first day of a Variable Compensation Year, the Corporation shall pay you annual Incentive Compensation for the Variable Compensation Year in which the Date of Termination occurs, equal to the target variable compensation for the year in which the Change in Control occurs, multiplied by a fraction, the numerator of which is the total number of days which have elapsed in the current Variable Compensation Year to the Date of Termination, and the denominator of which is three hundred sixty-five (365).

If there is more than one annual Incentive Compensation Program, your accrued annual Incentive Compensation shall be calculated separately for each Program.

For the purpose of this Paragraph 2.a.(ii), "Incentive Compensation Program" means any of the Incentive Compensation Plans defined in Paragraph 1.g. and any other plan or program for the payment of annual incentive compensation, variable compensation, bonus, benefits or awards for which you were, or your position was, eligible to participate other than long term incentive equity awards that are addressed under Paragraph 3 of this Agreement; "Incentive Compensation" means any compensation, variable compensation, bonus, benefit or award paid or payable under an annual Incentive Compensation Program; and "Variable Compensation Year" means a calendar or fiscal plan year of an Incentive Compensation Program.

- (iii) Insurance Coverage. If you timely elect COBRA coverage for yourself or your eligible dependents under the Corporation's group medical, dental or vision plans, the Corporation shall pay 100% of the premiums for such coverage at no cost to you for eighteen (18) months following your loss of medical, dental, and vision coverage, as applicable.
- (iv) Retirement Benefits. The Supplemental Pension Benefit Credits made on your behalf under the Albemarle Corporation Executive Deferred Compensation Plan ("EDCP") as well as all earnings accrued on such amounts, shall be immediately vested and non-forfeitable and shall be paid in accordance with the terms of the EDCP.
- (v) Outplacement Counseling. The Corporation shall make available to you, at the Corporation's expense, outplacement counseling. You may select the organization that will provide the outplacement counseling, however, the Corporation's obligation to provide you benefits under this subparagraph (v) shall be limited to \$25,000. This counseling must be used, if at all, no later than the end of the second calendar year after the year of your Date of Termination.
- (vi) Financial Counseling. Following your Date of Termination, the Corporation shall make available to you, two years (plus the remaining unexpired portion of the year in which your Date of Termination falls) of financial counseling services which may include tax counseling services. You may select the organization that will provide you with the financial and tax counseling services, however, the Corporation's obligation to provide you benefits under this subparagraph (vi) shall be limited to \$25,000. To be eligible for reimbursement, the financial counseling must begin in the calendar year of your Date of Termination, unless such Date of Termination is less than 60 days before the end of such calendar year, in which case the financial counseling must begin no later than during the following calendar year.
- (vii) Severance Payment. The Corporation shall pay as severance pay to you, not later than the fifth (5<sup>th</sup>) day following the Date of Termination, a lump sum severance payment (the "Severance Payment") equal to two (2) times the following:
  - (a) the greater of your annual base compensation which was payable to you by the Corporation immediately prior to the Date of Termination and your annual base compensation which was payable to you by the Corporation immediately prior to a Change in Control, whether or not such annual base compensation was includible in your gross income for federal income tax purposes; plus
  - (b) the greater of your target annual variable compensation that was in place immediately prior to a Change in Control, or your target annual

variable compensation that was in place immediately prior to the Date of Termination (whether or not such award was includible in your gross income for federal income tax purposes).

The Severance Payment shall be reduced by the amount paid to you under Paragraph 7.e below.

(viii) Reduction of Payments.

If the payments or benefits to which you will be entitled under this Agreement (referred to in this Paragraph as the “Payments”) would cause you to be liable for the federal excise tax levied on certain “excess parachute payments” under Code Section 4999 (“Excise Tax”), then the Payments shall be reduced (or repaid to the Corporation, if previously paid or provided) as provided below. In no event shall you be entitled to receive any kind of gross-up payment or Excise Tax reimbursement from the Corporation. For purposes of this Paragraph (viii), the terms “excess parachute payment” and “parachute payment” will have the meanings assigned to them by Section 280G of the Code.

If your Payments exceed 2.99 times your “Base Amount” ( as defined in Code Section 280G), a “reduced payment amount” shall be calculated by reducing the Payments to the minimum extent necessary so that no portion of any Payment, as so reduced or repaid, constitutes an “excess parachute payment.” If it is determined that any Excise Tax is payable by you, you shall receive either (i) all Payments otherwise due to you or (ii) the reduced payment amount described in the preceding sentence, whichever will provide you with the greater after-tax economic benefit taking into account for these purposes any applicable Excise Tax.

Whether Payments to you are to be reduced, pursuant to this Paragraph, and the extent to which they are to be so reduced, will be determined by the Corporation in good faith and the Corporation will notify you in writing of its determination. Any such notice shall describe in reasonable detail the basis of the Corporation’s determination. If you accept the Corporation’s determination, you shall so advise the Corporation of your determination within thirty (30) days of receipt of notice from the Corporation. If you object to such determination within thirty (30) days of receipt of notice from the Corporation, the Corporation will retain, at its expense, a nationally recognized public accounting firm, employment consulting firm or law firm selected by the Corporation and reasonably acceptable to you to review the matter. Such firm shall meet with you and your representatives and the Corporation and its representatives and thereafter render its written opinion as to the extent, if any, that in such firm’s reasonable judgment the payments and benefits otherwise due to you hereunder must be reduced hereunder. The decision of such firm

concerning the extent of any required reduction in such payments and benefits shall be final and binding on both you and the Corporation.

- (ix) No Duty to Mitigate. You shall not be required to mitigate the amount of any payment provided for in this Paragraph 2 by seeking other employment or otherwise, nor shall the amount of any payment or benefit hereunder be reduced by any compensation earned by you as the result of employment by another employer or by retirement benefits after the Date of Termination.
  - (x) Six Month Delay. If, as of the Date of Termination, you are considered a Specified Employee (as such term is defined in Section 409A), any payments or benefits due upon, or within the six month period following and due to, a termination of your employment that constitutes a “deferral of compensation” within the meaning of Section 409A and which do not otherwise qualify under the exemptions under Treas. Reg. Section 1.409A-1, shall be paid or provided to you in a lump sum on the earlier of (i) the first day of the month following the six month anniversary of your separation from service (as such term is defined in Section 409A) for any reason other than death, and (ii) the date of your death, and any remaining payments and benefits shall be paid or provided in accordance with the normal payment dates specified for such payment or benefit.
  - (xi) Relocation. The Corporation shall reimburse you for your expenses incurred in connection with relocating your residence back to Virginia after your termination of employment, provided such relocation occurs by the end of the second year after the year that contains your Date of Termination. Expenses covered under this paragraph shall not include any expenses incurred in connection with the sale of your residence purchased in Charlotte, North Carolina other than any real estate commission owed in connection with selling the Charlotte residence. For purposes of clarification only, the Corporation shall have no obligation to purchase your residence in Charlotte. Except as otherwise provided in this subparagraph (xi), the benefits provided for hereunder shall be in accordance with the Corporation’s U.S. Domestic Relocation Policy. The benefits described in this subparagraph (xi) must be used, if at all, no later than the end of the second year after the year that contains your Date of Termination, and the reimbursement of expenses must be paid to you no later than the end of the third year after the year that contains the Date of Termination.
- b. Payments While Disabled. During any period prior to the Date of Termination and during the term of this Agreement that you are unable to perform your full-time duties with the Corporation, whether as a result of your Total Disability or as a result of a physical or mental disability that is not total or is not permanent and therefore is not a Total Disability, you shall continue to receive your base salary at the rate in effect at the commencement of any such period, together with all other compensation and benefits that are payable or provided under the Corporation’s benefit plans, including its disability plans. After the Date of Termination, your benefits shall be

determined in accordance with the Corporation's benefits, insurance and other applicable programs. The compensation and benefits, other than salary, payable or provided pursuant to this Paragraph 2.b shall be the greater of (x) the amounts computed under the disability benefit plans, insurance and other applicable programs in effect immediately prior to a Change in Control and (y) the amounts computed under the disability benefit plans, insurance and other applicable programs in effect at the time the compensation and benefits are paid.

c. Payments if Termination by the Corporation for Cause, or by You Other Than With Good Reason for Resignation. If your employment is terminated by the Corporation for Cause or by you other than with Good Reason for Resignation, the Corporation shall pay you your accrued but unpaid base salary and vacation pay through the Date of Termination, at the rate in effect at the time Notice of Termination is given. You shall receive any payment due under this Paragraph 2.c on the Corporation's first regular payroll date following the Date of Termination. Thereafter the Corporation shall have no further obligation to you under this Agreement.

d. After Death. If your employment shall be terminated by reason of your death, your benefits shall be determined in accordance with the Corporation's benefits and insurance programs then in effect except that if your death occurs after the execution of a definitive agreement which results in a Change in Control, then your beneficiary shall be entitled to the benefits under this Agreement as if the Corporation issued you a Notice of Termination terminating your employment thirty (30) days after a Change in Control.

e. Termination by the Corporation without Cause upon Expiration of the Term of Employment. If, subsequent to a Change in Control and during the term of this Agreement, your employment is terminated by the Corporation without Cause upon expiration of the Term of Employment, then you shall be entitled to the benefits provided below:

- (i) The Corporation shall pay you your full base salary and accrued vacation pay then in effect through the Date of Termination.
- (ii) If the Date of Termination is after the end of a compensation year under the AIP (as defined in your Employment Agreement), but before the AIP bonuses for such AIP year have been paid, the Corporation shall pay you an AIP bonus for such AIP year based upon the calculated company score and your individual performance modifier set by the Corporation at the time the Corporation sets the AIP bonus amounts for such year for all other eligible employees of the Corporation.
- (iii) Your outstanding equity awards under the LTIP (as defined in your Employment Agreement) shall be treated in accordance with the terms of Section 4(f) of your Employment Agreement and the applicable Notices of Award for such awards.
- (iv) The Corporation shall reimburse you for your expenses incurred in connection with relocating your residence back to Virginia after your termination. Expenses covered under this subparagraph (iv) shall not include

any expenses incurred in connection with your sale of a residence purchased in Charlotte, North Carolina other than any real estate commission owed in connection with selling the Charlotte residence. For purposes of clarification only, the Corporation shall have no obligation to purchase your residence in Charlotte. Except as otherwise provided in this subparagraph (iv), the benefits provided for hereunder shall be in accordance with the Corporation's U.S. Domestic Relocation Policy. The benefits described in this subparagraph (iv) must be used, if at all, no later than the end of the second year after the year that contains the Date of Termination, and the reimbursement of expenses must be paid to you no later than the end of the third year after the year that contains the Date of Termination.

3. Treatment of Long Term Incentive Plan Awards Upon a Change in Control. Upon a Change in Control, any outstanding long term awards granted under one or more of the Incentive Compensation Plans shall be treated in accordance with the terms of the Notices granting such awards and the vesting provisions with regard to such awards set forth in your Employment Agreement. In the event a Notice of Award does not provide for how the award will be treated upon a Change in Control, the provisions of the applicable Plan shall govern.

4. Term of Agreement. This Agreement shall commence on the date hereof and shall continue in effect through December 31, 2023; provided, however, that commencing on January 1, 2024 and each January 1 thereafter, the term of this Agreement shall automatically be extended for one additional year unless, not later than September 30 of the preceding year, the Corporation or you shall have given notice that it or you do not wish to extend this Agreement. Notwithstanding any such notice by the Corporation or you not to extend the Agreement, if a Change in Control shall have occurred prior to such termination of this Agreement, the attempted termination of this Agreement shall be deemed ineffective and this Agreement shall continue in full force and effect. In any event, the term of this Agreement shall expire on the second (2nd) anniversary of the date of the Change in Control. In addition, this Agreement shall terminate if your employment is terminated by you or the Corporation prior to a Change in Control.

5. Successors; Binding Agreement.

a. Successors of the Corporation. The Corporation will require any Successor to all or substantially all of the business and/or assets of the Corporation to expressly assume and agree, by an agreement in form and substance satisfactory to you, to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform it if no such succession had taken place. Failure of the Corporation to obtain such assent at least five business days prior to the time a person becomes a Successor (or where the Corporation does not have at least five business days advance notice that a person may become a Successor, within three business days after having notice that such person may become or has become a Successor) shall constitute Good Reason for Resignation by you and, if a Change in Control has occurred or thereafter occurs, shall entitle you immediately to the benefits provided in Paragraph 2.a hereof upon delivery by you of a Notice of Termination which the Corporation, by executing this Agreement, hereby assents to. For purposes of this Agreement, "Successor" shall mean any person that purchases all or substantially all of the assets of the Corporation or the Surviving Corporation (and Parent

Corporation, if applicable) or obtains or succeeds to, or has the practical ability to control (either immediately or with the passage of time), the Corporation's business directly, by merger or consolidation, or indirectly, by purchase of voting securities of the Corporation or by acquisition of rights to vote voting securities of the Corporation or otherwise, including but not limited to any person or group that acquires the beneficial ownership or voting rights described in Paragraph 1.b.(ii).

b. Your Successor. This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die following your Date of Termination while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

6. Confidentiality.

a. This Agreement is intended to supplement, and not to supersede, any rights the Corporation may have in law or equity with respect to the protection of trade secrets or confidential or proprietary information.

b. For purposes of this Agreement, "Confidential Information" means any and all information regarding the Corporation and any of its subsidiaries, divisions and affiliates that is not generally known to the public or which the Corporation deems proprietary or confidential, including any information received from or concerning, directly or indirectly, the Corporation and its customers, vendors, suppliers or distributors, regardless of the form in which such information is maintained, whether in hard-copy or electronic form, and regardless of whether such information constitutes an original or a copy. Confidential Information shall include, without limitation: trade secrets, ideas, inventions, trademarks, business information, know-how, processes, techniques, improvements, designs, redesigns, creations, discoveries, research, technical plans, drawings, technical data, technologies or information, formulae and developments; information concerning customers, suppliers, vendors and distributors, including any lists thereof; pricing information, strategies, schemes and lists; market and technical research; financial, purchasing, and business planning information; methods of distribution or supply chain information; financial, business and sales projections, forecasts or plans; information concerning mergers, purchases, sales, acquisitions or other corporate transactions involving the Corporation or any of its affiliates or proposed affiliates, and proposed targets for merger, purchase, acquisition or other corporate transaction; marketing and promotional information, ideas and strategies; marketing surveys and analyses; budgets; invoices; tax matters or other taxation-related information; actual and projected revenues, profits or losses; information relating to the Corporation's personnel or any other personnel data or information; the content, terms or structure of the Corporation's contracts and agreements, including contracts and agreements with customers, suppliers or vendors, including drafts thereof or term sheets; information relating to the Corporation's products and services; and any and all other information relating to the Corporation and its products, services, performance or plans that you acquired as a result of your employment or other association (as a Board member or otherwise) with the Corporation and that is not generally known or available to the public; provided, however, Confidential Information shall not include information relating to the Corporation or its subsidiaries,

affiliates or divisions that (1) became or becomes a matter of public knowledge through sources independent of you, (2) has been or is disclosed by the Corporation or its subsidiaries, affiliates or divisions without restriction on its use, or (3) has been or is required or specifically permitted to be disclosed by law or governmental order or regulation, provided that the disclosure does not exceed the extent of disclosure required by such law, order or regulation. It is understood that notwithstanding anything in this Agreement or any code of conduct or ethics or other policy of the Corporation to the contrary, nothing herein or therein shall restrict you from reporting matters to the Securities and Exchange Commission, or communicating directly with its staff, about a possible securities law violation.

c. The provisions of this Paragraph 6 shall not preclude you from disclosing such information to your professional tax advisor or legal counsel solely to the extent necessary to the rendering of their professional services to you if such individuals agree to keep such information confidential.

d. Notwithstanding any of the foregoing, it is understood that the U.S. Defend Trade Secrets Act of 2016 ("DTSA") provides that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (iii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, DTSA provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

e. Upon termination of your employment, or at any time upon request of the Corporation, you will (i) promptly return to the Corporation all Confidential Information and Intellectual Property and all copies thereof (including without limitation books, handbooks, proposals, procedures, protocols, manuals, files, papers, memoranda, letters, facsimiles, photographs/images, audio recordings/files, electronically stored information) in any form whatsoever, and regardless of the format, medium or location in which such information has been stored, viewed or accessed (including without limitation any Company-maintained electronic system(s), personal computer or computer system(s), personal email account(s), and any external disk(s), flash drive(s), cloud storage services, or any other location, format or medium in which information can be stored, maintained or accessed), and (ii) delete or destroy all copies of any such documents and materials not returned to the Corporation that remain in your possession or control, including those stored on any non-Company devices, networks, storage locations, and media in your possession or control.

f. You acknowledge and agree that the injury the Corporation will suffer in the event of the breach by you of any of the provisions of this Paragraph 6 will cause the Corporation irreparable injury that cannot be adequately ascertained or compensated by monetary damages alone. Therefore, you agree that the Corporation, without limiting any other legal or equitable remedies available to it, shall be entitled to obtain equitable relief by injunction or otherwise, without



the posting of any bond, from any court of competent jurisdiction, including, without limitation, injunctive relief to prevent your failure to comply with the terms and conditions of this Paragraph 6.

7. Restrictive Covenants; Consideration.

a. The Corporation and you acknowledge that (i) the Corporation has a special interest in and derives significant benefit from your unique skills and experience; (ii) as a result of your service with the Corporation, you will use and have access to Confidential Information during the course of your employment; (iii) the Confidential Information has been developed and created by the Corporation at substantial expense and constitutes valuable proprietary assets of the Corporation, and the Corporation will suffer substantial damage and irreparable harm which will be difficult to compute if, during the term of your employment or thereafter, you should disclose or improperly use such Confidential Information in violation of the provisions of this Agreement; (iv) the Corporation will suffer substantial damage and irreparable harm which will be difficult to compute if you compete with the Corporation in violation of this Agreement; (v) the Corporation will suffer substantial damage which will be difficult to compute if you solicit or interfere with the Corporation's employees, clients, or customers; (vi) the provisions of this Agreement are reasonable and necessary for the protection of the business of the Corporation; and (vii) the provisions of this Agreement will not preclude you from obtaining other gainful employment or service.

b. No Solicitation of Employees. You agree that for a period of two (2) years following the termination of your employment with the Corporation, at any time and for any reason, you will not, directly or indirectly, on your own behalf or on behalf of any other person or entity (regardless of who first initiates the communication), hire or solicit to hire for employment or consulting or other provision of services, any person who is actively employed or engaged (or in the preceding six (6) months was actively employed or engaged) by the Corporation. This obligation includes, but is not limited to, inducing or attempting to induce, or influencing or attempting to influence, any person employed or engaged by the Corporation to terminate his or her relationship with the Corporation, assisting any other person or entity to identify or evaluate Company employees for recruitment away from the Corporation, and assisting any person or entity in hiring an employee away from the Corporation.

c. No Solicitation of Customers. You agree that for a period of two (2) years following the termination of your employment with the Corporation at any time and for any reason, you will not directly or indirectly, on your own behalf or on behalf of any other person or entity:

- (i) solicit the business of, or provide services or goods similar to, the services or goods provided by the Corporation to any customer of the Corporation or any other entity with which the Corporation has an agreement to perform services or provide goods during the twelve (12) month period prior to your separation from the Corporation;
- (ii) contact any customer of the Corporation for the purpose of soliciting such customer to purchase a product or service that is the same as, similar to or in

competition with those products and/or services offered, made, or rendered by the Corporation; or

- (iii) induce or attempt to induce any customer, supplier or vendor of the Corporation to cease or limit the business it does or may plan to do with the Corporation or to otherwise interfere in the Corporation's business relationship with such customer, supplier or vendor.

d. Non-Competition. For a period of two (2) years following the termination of your employment with the Corporation at any time and for any reason, you shall not, on your own behalf or on behalf of others, directly or indirectly, (whether as an employee, consultant, investor, partner, sole proprietor or otherwise) be employed by, perform any services for, or hold any ownership interest in any Competing Business. "Competing Business" means (i) any individual, corporation, partnership, business or other entity which operates or attempts to operate a business which provides, designs, develops, markets, engages, invests in, produces or sells any products, services or businesses which are the same or similar to those produced, marketed, invested in or sold by the Corporation and (ii) employment by any customer of the Corporation to which the Corporation sold or provided goods or services while you were employed by the Corporation, if the purpose of such employment by such customer is to provide the same or similar services the Corporation provided to such customer while you were employed by the Corporation. Notwithstanding the foregoing, your ownership, for investment purposes, of up to one percent (1%) of the total outstanding equity securities of a publicly traded company, shall not be considered a violation of this Paragraph 7.d.

e. In consideration for your agreement to the provisions of Paragraph 7.d, the Corporation shall pay you, not later than the fifth (5th) day following the Determination Date (as defined below) the amount determined to be the value of your agreement to the provisions of this Paragraph 7 during the Non-Competition Period (the "Non-Competition Payment"). The value of your Non-Competition Payment for these purposes shall be determined by an unrelated third party in the business of valuing non-competition payments (the "Valuation Firm"). All costs for obtaining and defending the valuation shall be borne by the Corporation. The date the Valuation Firm finalizes the Non-Competition Payment amount will be the Determination Date.

The payment made to you pursuant to this Paragraph 7 is intended to constitute reasonable compensation for purposes of the Code. You shall notify the Corporation in writing of any written claim, objection, litigation, assessment, etc. by any federal, state, or local taxing authority regarding the Non-Competition Payment and its treatment as reasonable compensation under the Code. The notification shall apprise the Corporation of the nature of such claim and shall include a copy of any written correspondence from the relevant taxing authority. Such notification shall be given as soon as practicable but no later than thirty (30) business days after you actually receive notice in writing of such claim. The Corporation shall be responsible for hiring qualified legal counsel and other professionals acceptable to you to defend any challenge and pursue litigation regarding the Non-Competition Payment's status as reasonable compensation under the Code until the matter is concluded. Any expenditure by the Corporation in any year to defend against the claim shall not have any impact on the expenses the Corporation may incur in defending against the claim in any subsequent year. The Corporation shall pay any expenses related

to defense of the claim no later than the year after the year the expense was incurred. The Corporation's obligations under this Paragraph 7.e shall exist until the date of your death. The obligation of the Corporation to defend against any claim may not be subject to liquidation or exchanged for any other benefit. The Corporation's obligations under this Paragraph shall be performed by the Corporation in good faith.

#### 8. Remedies.

a. You acknowledge that the restrictions contained in Paragraphs 6 and 7 above are necessary to protect the Corporation's confidential and proprietary information, trade secrets, intellectual property and other legally protectable business information; and you further acknowledge and agree that each and every restriction in Paragraphs 6 and 7 is reasonable in all respects, including duration, territory and scope of activity.

b. You agree that the restrictions contained in Paragraphs 6 and 7 above shall be construed as separate agreements independent of any other provision of this Agreement or any other agreement between you and the Corporation. To the extent that any restriction of Paragraphs 6 and 7 is determined by any court of competent jurisdiction to be unenforceable, you and the Corporation expressly agree and intend that such restriction be reduced in scope to the extent permitted by law, and that such remaining restriction be enforced, and that the other restrictions of this Paragraph 8 remain in full force and effect.

c. You agree that the existence of any claim or cause of action by you against the Corporation, under this Agreement or otherwise, shall not constitute a defense to the enforcement by the Corporation of the covenants and restrictions in Paragraphs 6 and 7 above.

d. You acknowledge and agree that the injury the Corporation will suffer in the event of the breach by you of any of the provisions of Paragraphs 6 and 7 above will cause the Corporation irreparable injury that cannot be adequately ascertained or compensated by monetary damages alone. Therefore, you agree that the Corporation, without limiting any other legal or equitable remedies available to it, shall be entitled to obtain equitable relief by injunction or otherwise, without the posting of any bond, from any court of competent jurisdiction, including, without limitation, injunctive relief to prevent your failure to comply with the terms and conditions of Paragraphs 6 and 7 above. The periods of time referenced in each of subparagraphs b, c and d of Paragraph 7 shall be tolled on a day-for-day basis for each day during which you violate the provisions of subparagraphs b, c or d of Paragraph 7 in any respect, so that you are restricted from engaging in the activities prohibited by subparagraphs b, c and d of Paragraph 7 for the full time period.

9. Notice to Corporation to Cure. In the event that you believe that you have a Good Reason for Resignation, you shall notify the Corporation in writing of such fact and the reasons therefore no later than 90 days after the relevant event has occurred. The Corporation may within thirty (30) days after your notice, elect to take such steps that would be necessary so that you would no longer have a Good Reason for Resignation. Failure to satisfy the requirements of this Paragraph 9 will result in there not being any Good Reason for Resignation for purposes of this Agreement.

10. Relationship to Other Agreements. To the extent that any provision of any other agreement between the Corporation and you shall limit, qualify or be inconsistent with any provision of this Agreement, then for purposes of this Agreement, while the same shall remain in force, the provision of this Agreement shall control and such provision of such other agreement shall be deemed to have been superseded, and to be of no force or effect, as if such other agreement had been formally amended to the extent necessary to accomplish such purpose. Notwithstanding the foregoing, nothing in this Agreement shall supersede any provision of the Employment Agreement except as expressly provided in the Employment Agreement.

11. Nature of Payments. All payments to you under this Agreement shall be considered severance payments in consideration of your past service to the Corporation.

12. Validity. If any provision or term (or part thereof) of this Agreement shall be, or be found by any authority or court of competent jurisdiction to be, invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision or term (or part thereof) in that jurisdiction or the whole of the Agreement in any other jurisdiction, all of which shall remain in full force and effect.

13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

14. Notice. Any purported termination of your employment by the Corporation or by you following a Change in Control shall be communicated to the other party by a Notice of Termination. A Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Corporation shall be directed to the attention of the Board of the Corporation with a copy to the Secretary and General Counsel of the Corporation or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

15. Fees and Expenses. The Corporation shall pay all legal fees and related expenses incurred by you: (i) as a result of your termination following a Change in Control, (ii) in seeking to obtain or enforce any right or benefit provided by this Agreement (including all fees and expenses, if any, incurred in contesting or disputing any such termination or incurred by you in seeking advice in connection therewith), (iii) in making the determinations under Paragraph 2.a(viii), (iv) in seeking advice to determine whether you have a Good Reason for Resignation and providing the notice to the Corporation under Paragraph 9, (v) and contesting any claim by the Corporation under Paragraph 8; provided that such fees are incurred no later than the end of the second calendar year after the year of your Date of Termination.

16. Release. In order to receive payment of the amounts under Paragraph 2.a.(i), (ii), (iii), (iv), (v), (vi) and (vii) and Paragraph 2.g(ii) and (iv), you shall execute and deliver to the Corporation a General Release which shall be in a form reasonably acceptable to you and the Corporation. Such General Release must be executed within the ninety (90) day period following your termination, *provided, however*, that to the extent any amounts payable under Paragraph 2.a.(i), (ii), (iii), (iv), (v), (vi) or (vii) or Paragraph 2.g.(ii) or (iv) constitute deferred compensation for purposes of Section 409A, and the ninety (90) day period referred to herein shall commence in one tax year and end in the subsequent tax year, the payments described in this Paragraph 16 shall be made solely in the subsequent tax year.

17. Survival. The respective obligations of, and benefits afforded to, the Corporation and you as provided in Paragraphs 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15 and 16 of this Agreement shall survive termination of this Agreement.

18. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

19. Governing Law.

a. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Virginia.

b. Notwithstanding anything herein to the contrary, this Agreement shall be interpreted and applied so that the payments and benefits set forth herein shall either be exempt from or shall comply with the requirements of Section 409A.

To the extent that the Corporation determines that any provision of this Agreement would cause you to incur any additional tax or interest under Section 409A, the Corporation shall be entitled to reform such provision to attempt to comply with or be exempt from Section 409A. To the extent that any provision hereof is modified in order to comply with Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to you and the Corporation without violating the provisions of Section 409A.

In no event may you, directly or indirectly, designate the calendar year of any payment to be made under this Agreement or otherwise which constitutes a "deferral of compensation" within the meaning of Section 409A.

20. Amendment. No amendment to this Agreement shall be effective unless in writing and signed by both you and the Corporation.

21. Headings; Construction. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof. Any Attachments to this Agreement are incorporated herein by reference and shall be deemed a part of it.

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Corporation the enclosed copy of this letter which will then constitute our agreement on this subject.

Sincerely,

ALBEMARLE CORPORATION

By: /s/ Karen G. Narwold

Name: Karen G. Narwold

Title: EVP, CAO & General Counsel

Agreed to this 20th day  
of April, 2020

/s/ J. Kent Masters

J. Kent Masters, Jr.

**NOTICE OF RESTRICTED STOCK UNIT AWARD**

under the

**ALBEMARLE CORPORATION 2017 INCENTIVE PLAN**

This AWARD, made as of the 8<sup>th</sup> day of May, 2020, by Albemarle Corporation, a Virginia corporation (the "Company"), to J. Kent Masters ("Participant"), is made pursuant to and subject to the provisions of the Company's 2017 Incentive Plan (the "Plan"). All terms that are used herein that are defined in the Plan shall have the same meanings given them in the Plan.

**Contingent Restricted Stock Units**

1. **Grant Date.** Pursuant to the Plan, the Company, on May 8, 2020 (the "Grant Date"), granted Participant an incentive award ("Award") in the form of **54,475 Restricted Stock Units**, subject to the terms and conditions of the Plan, the vesting provisions of Participant's employment agreement with the Company, dated April 20, 2020, and any successor agreements thereto (the "Employment Agreement"), and the terms and conditions set forth herein.
2. **Accounts.** Restricted Stock Units granted to Participant shall be credited to an account (the "Account") established and maintained for Participant. A Participant's Account shall be the record of Restricted Stock Units granted to the Participant under the Plan, is solely for accounting purposes and shall not require a segregation of any Company assets.
3. **Terms and Conditions.** Except as otherwise provided herein, the Restricted Stock Units shall remain nonvested and subject to substantial risk of forfeiture.

**Valuation of Restricted Stock Units**

4. **Value of Units.** The value of each Restricted Stock Unit on any date shall be equal to the value of one share of the Company's Common Stock on such date.
5. **Value of Stock.** For purposes of this Award, the value of the Company's Common Stock is the Fair Market Value of the Stock (as defined in the Plan) on the relevant date.

**Vesting of Restricted Stock Units**

6. **Vesting.** Subject to paragraphs 7, 18 and 19(e) below, Participant's interest in the Restricted Stock Units shall become vested and non-forfeitable on the earlier of (i) April 19, 2023 and (ii) the date the Company appoints someone other than the Participant as the Company's Chief Executive Officer (the "Vesting Date").



### **Termination of Employment During the Vesting Period**

7. **Upon a Qualifying Termination Event.** Notwithstanding anything in this Notice of Award to the contrary, but subject to subparagraph 19(e), if prior to the earlier of the Vesting Date and the forfeiture of the Restricted Stock Units under paragraph 8 Participant experiences a Qualifying Termination Event (as defined below), all Restricted Stock Units that are forfeitable shall become non-forfeitable as of the date of the Qualifying Termination Event.
8. **Forfeiture.** Except as provided in paragraphs 7 and 18, all Restricted Stock Units that are forfeitable shall be forfeited if Participant's employment with the Company or an Affiliate terminates for any reason.

### **Payment of Awards**

9. **Time of Payment.** Payment of Participant's Restricted Stock Units shall be made as soon as practicable after the Units have vested, but in no event later than March 15<sup>th</sup> of the calendar year after the year in which the Units vest.
10. **Form of Payment.** The vested Restricted Stock Units shall be paid in whole shares of the Company's Common Stock.
11. **Death of Participant.** If Participant dies prior to the payment of his or her non-forfeitable Restricted Stock Units, such Units shall be paid to his or her Beneficiary. Participant shall have the right to designate a Beneficiary in accordance with procedures established under the Plan for such purpose. If Participant fails to designate a Beneficiary, or if at the time of the Participant's death there is no surviving Beneficiary, any amounts payable will be paid to the Participant's estate.
12. **Taxes.** The Company will withhold from the Award the number of shares of Common Stock necessary to satisfy Federal tax-withholding requirements and state and local tax-withholding requirements with respect to the state and locality designated by the Participant as their place of residence in the Company's system of record at the time the Award becomes taxable, except to the extent otherwise determined to be required by the Company. It is the Participant's responsibility to properly report all income and remit all Federal, state, and local taxes that may be due to the relevant taxing authorities as the result of receiving this Award.

### **General Provisions**

13. **No Right to Continued Employment.** Neither this Award nor the granting or vesting of Restricted Stock Units shall confer upon Participant any right with respect to continuance of employment by the Company or an Affiliate, nor shall it interfere in any way with the right of the Company or an Affiliate to terminate the Participant's employment at any time.
14. **Change in Capital Structure.** In accordance with the terms of the Plan, the terms of this Award shall be adjusted as the Committee determines is equitable in the event the

Company effects one or more stock dividends, stock split-ups, subdivisions or consolidations of shares or other similar changes in capitalization.

15. **Governing Law.** This Award shall be governed by the laws of the Commonwealth of Virginia and applicable Federal law. All disputes arising under this Award shall be adjudicated solely within the state or Federal courts located within the Commonwealth of Virginia.

16. **Conflicts.**

(a) Subject to subparagraph 16(c), in the event of any conflict between the provisions of the Plan as in effect on the Grant Date and the provisions of this Award, the provisions of the Plan shall govern. All references herein to the Plan shall mean the Plan as in effect on the Grant Date.

(b) Subject to subparagraph 16(c), in the event of any conflict between the provisions of this Award and the provisions of any separate Agreement between the Company and the Participant, including, but not limited to, any Severance Compensation Agreement entered between the Participant and the Company, the provisions of this Award shall govern.

(c) Notwithstanding anything herein to the contrary, but subject to subparagraph 19(e), in the event of any conflict between the provisions of the Plan or this Award and the provisions of the Employment Agreement, the provisions of the Plan or this Award shall govern unless the provisions of the Employment Agreement governing vesting of this Award are more favorable to the Participant, in which case the Employment Agreement shall govern.

17. **Binding Effect.** Subject to the limitations stated above and in the Plan, this Award shall be binding upon and inure to the benefit of the legatees, distributees, and personal representatives of Participant and the successors of the Company.

18. **Change in Control.** In the event of a Change in Control (as defined in the Plan) prior to the forfeiture of the Restricted Stock Units under paragraph 8, the provisions of this paragraph 18 shall apply in addition to the provisions of Article 17 (and related provisions) of the Plan.

(a) Any Replacement Award made to the Participant shall provide that if the Participant is terminated by the Company other than for Cause or voluntarily resigns for Good Reason (as defined in paragraph 19) concurrent with or within two (2) years after the date of the Change in Control, the unvested Replacement Award shall become immediately vested and payable at the time of the termination or resignation. The Committee shall have the discretion to determine the terms of any Replacement Award in compliance with the Plan and applicable law. For purposes of paragraphs 7 and 19, references to the Company or an Affiliate shall also include any successor entity.

(b) Notwithstanding the provisions of subparagraph (a) hereof, in connection with a Change in Control where the Company's shares continue to be traded on the New York Stock Exchange or another established securities market, and this Award remains in effect, if the Participant is terminated by the Company other than for Cause or voluntarily resigns for Good Reason (as defined in paragraph 19) concurrent with or within two (2) years after the date of the Change in Control, the unvested Award shall become immediately vested

and payable at the time of the termination or resignation.

**19. Qualifying Termination Event and Other Terms.**

(a) For purposes of this Award and subject to subparagraph 19(e), "Qualifying Termination Event" shall mean a Participant's death or Disability while in the employ of the Company or an Affiliate, or termination by the Company or an Affiliate other than for Cause.

(b) "Disability" shall mean a Participant's permanent and total disability within the meaning of Section 22(e)(3) of the Code.

(c) "Cause" shall have the meaning assigned under the Employment Agreement.

(d) "Good Reason" for purposes of paragraph 18 shall mean:

(i) a change in the Participant's position which in the Participant's reasonable judgment does not represent a promotion of the Participant's status or position immediately prior to the Change in Control or the assignment to the Participant of any duties or responsibilities, or diminution of duties or responsibilities, which in the Participant's reasonable judgment are inconsistent with the Participant's position in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the annual rate of the Participant's base salary as in effect immediately prior to the date of a Change in Control;

(iii) the Company's requiring the Participant's office nearest to the Participant's principal residence in Charlotte, North Carolina to be located at a different place which is more than thirty-five (35) miles from where such office is located immediately prior to a Change in Control;

(iv) the failure by the Company to continue in effect compensation or benefit plans in which the Participant participates, which in the aggregate provide the Participant compensation and benefits substantially equivalent to those prior to a Change in Control; or

(v) the failure of the Company to obtain a satisfactory agreement from any applicable successor entity to assume and agree to perform under any Severance Compensation Agreement.

In order for one of the foregoing events to constitute Good Reason, (i) Participant must notify the Company in writing no later than 90 days after the relevant event stating which Good Reason event has occurred, and (ii) the Company shall not have corrected the Good Reason event within thirty (30) days after Participant's notice.

(e) If the Vesting Date, Qualifying Termination Event, or the events described in paragraph 18 occur after the date that the Participant is advised that his employment is being, or will be, terminated for Cause, vesting shall not occur and all rights under this Award shall terminate, and this Award shall expire on the date of Participant's termination of employment.

20. **Recoupment.** In addition to any other applicable provision of the Plan, this Award is subject to the terms of the separate Albemarle Corporation Recoupment Policy, as such Policy may be amended from time to time.

IN WITNESS WHEREOF, the Company has caused this Award to be signed on its behalf.

**ALBEMARLE CORPORATION**

By: /s/ Martin Ratelband  
Martin Ratelband  
Vice President of Total Rewards

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, J. Kent Masters, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Albemarle Corporation for the period ended March 31, 2020;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2020

/s/ J. KENT MASTERS

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J. Kent Masters

Chairman, President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Scott A. Tozier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Albemarle Corporation for the period ended March 31, 2020;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2020

/s/ SCOTT A. TOZIER

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Scott A. Tozier

Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Albemarle Corporation (the "Company") for the period ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Kent Masters, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ J. KENT MASTERS

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J. Kent Masters

Chairman, President and Chief Executive Officer

May 11, 2020

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Albemarle Corporation (the "Company") for the period ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott A. Tozier, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SCOTT A. TOZIER

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Scott A. Tozier

Executive Vice President and Chief Financial Officer

May 11, 2020