ALBEMARLE CORP
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March 17, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

(Amendment No.)

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

Check the appropriate box:

X Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

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ALBEMARLE CORPORATION

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that Albemarle Corporation's 2017 Annual Meeting (the "Meeting") of Shareholders will be held at Charlotte Marriott SouthPark, 2200 Rexford Road, Charlotte, North Carolina 28211, on Friday, May 12, 2017, at 7:00 a.m., Eastern Time, for the following purposes:

1.To consider and vote on a non-binding advisory resolution approving the compensation of our named executive officers;

2.To consider and vote on a non-binding advisory proposal as to the frequency (every one, two or three years) with which the non-binding shareholder vote to approve the compensation of our named executive officers should be conducted;

3.To elect the ten nominees named in the accompanying Proxy Statement to the Board of Directors to serve for the ensuing year or until their successors are duly elected and qualified;

4.To approve the Albemarle Corporation 2017 Incentive Plan;

5. To approve an amendment to our Amended and Restated Articles of Incorporation to remove the requirement that directors are elected by a plurality vote;

6.To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017; and

7.To conduct any other business which may properly come before the Meeting or any adjournments or postponements thereof.

Only shareholders of record at the close of business on Monday, March 13, 2017, are entitled to receive notice of and vote at the Meeting.

To ensure your vote is counted, you are requested to vote your shares promptly, regardless of whether you expect to attend the Meeting. Voting by the internet or telephone is fast and convenient, and your vote is immediately tabulated. In addition, by using the Internet or telephone, you help reduce our postage and proxy tabulation costs. You may also vote by completing, signing, dating and returning the proxy enclosed with paper copies of the materials in the postage-paid envelope provided.

This year, we are again electronically disseminating Annual Meeting materials to some of our shareholders, as permitted under the "Notice and Access" rules approved by the Securities and Exchange Commission. Shareholders for whom Notice and Access applies will receive a Notice of Internet Availability of Proxy Materials containing instructions on how to access Annual Meeting materials via the internet. The Notice also provides instructions on how to obtain paper copies if preferred.

If you are present at the Meeting, you may vote in person even if you already have voted your proxy by internet, telephone or mail. Seating at the Meeting will be on a first-come, first-served basis.

By Order of the Board of Directors

Karen G. Narwold, Secretary

March 30, 2017

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all information that you should consider, and you should read the entire Proxy Statement carefully before voting. Throughout the Proxy Statement, "we," "us," "our," "the Company" and "Albemarle" refer to Albemarle Corporation, a Virgin corporation.

Voting Matters

The following table summarizes the proposals to be considered at the Meeting and the Board's voting recommendation with respect to each proposal.

Proposal	Board Vote Recommendation
Advisory Vote to Approve the Compensation of our Named Executive Officers (Say-on-Pay)	FOR
Advisory Vote to Determine Frequency of Vote on Compensation of our Named Executive Officers (Say-on-Frequency)	FOR Annual Frequency of Vote
Election of Directors	FOR each Nominee
Approval of Albemarle Corporation 2017 Incentive Plan	FOR
Approval of an amendment to our Amended and Restated Articles of Incorporation to remove the requirement that directors are elected by a plurality vote	FOR
Ratification of Appointment of Independent Registered Public Accounting Firm for	FOR

Fiscal Year 2017

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Governance

We believe good governance is integral to achieving long-term shareholder value. We are committed to governance policies and practices that best serve the interest of our Company and its shareholders. Our Board of Directors (the "Board") monitors developments in governance best practices to ensure it continues to meet its commitment to thoughtful and independent representation of shareholder interests. The following table summarizes certain corporate governance practices and certain facts about the Board:

All Director Nominees other than our CEO, and all Committee Members, are Independent	Longstanding Commitment to Sustainability and Corporate Responsibility	Policies Prohibiting Hedging, Short Sale and Pledging Company Stock
Annual Election of all Directors	Board and Committee Authority to Retain Independent Advisors	Pay-for-Performance Philosophy
Resignation Policy for Directors Not Receiving Majority Approval	Regular Executive Sessions of Independent Directors	No Shareholder Rights Plan (Poison Pill)
Active Shareholder Engagement	Risk Oversight by Full Board and Committees	Stock ownership guidelines for Directors and Officers that align with the long term interest of shareholders
Annual Board and Committee Evaluation Process	Compensation Recovery Policy (Clawback Policy)	Average Director Tenure of 6 Years
Adoption of Proxy Access		

We adopted proxy access bylaw provisions in February 2017. These provisions permit a stockholder, or a group of up to 20 stockholders, who have owned at least 3% of our outstanding common stock for at least three years, to include the greater of two director nominees, or 20% of the then-current Board, whichever is greater, in our proxy for annual meetings of shareholders, beginning with our 2018 annual meeting of shareholders.

The amendments made to the Bylaws also address "advance notice" requirements. These require stockholders to notify us within a certain window each year of any stockholder proposals for any annual general meeting, and to provide additional information. For more information, please review the full text of our Bylaws as filed with the SEC.

CEO Compensation

Total Direct Compensation is below the median of the peer group.

Pay mix: 85% of CEO pay is performance based

50% of CEO equity is based on Relative Total Shareholder Return

CEO pay shows a strong correlation between 3 year total compensation and 3 year total shareholder return

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Company Performance

- Met or exceeded all key performance metrics
- Completed sales of Metal Sulfides and Minerals businesses in early 2016, and consummated the sale of the Chemetall® Surface Treatment business in December 2016, with gross proceeds from all three divestitures of approximately $3.4 billion. This divestiture continued our transformation into a high growth specialty chemical company and substantially strengthened our balance sheet.
- Continued to strengthen our industry-leading lithium business:
- Finalized expanded quota agreement with the Chilean government to allow us to increase our lithium carbonate production capacity to greater than 80,000 metric tons by 2020. The quota allows for production at that same annual rate of production through the end of 2043.
- Finalized the acquisition of the lithium salts production assets of Jiangli New Materials Science and Technology Company Ltd. These assets can already produce 15,000 tons of lithium carbonate or lithium hydroxide from spodumene concentrate, and can be expanded by another 20-25,000 tons. This acquisition makes Albemarle a leading integrated producer of lithium salts from spodumene concentrate, which is produced at our Talison joint venture in Australia.
- Gained exclusive exploration and acquisition rights to a lithium brine resource in Antofalla, in the Catamarca province of Argentina. We believe this resource could be certified as the largest in Argentina, and if proven viable, it would provide Albemarle with a new lithium resource that could be commercialized by the mid-2020s.
- Increased the regular quarterly dividend by 5% in February 2017 to $0.32 per share, $1.28 per year. Albemarle has now increased its quarterly dividend for twenty-three consecutive years -- every year since becoming a public company in 1994.

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COMPENSATION DISCUSSION AND ANALYSIS

The following pages describe Albemarle's executive compensation program and the compensation decisions made by the Executive Compensation Committee (the "Committee") for our NEOs, listed below.

NEO	Title
Luther C. Kissam IV	Chairman, President and Chief Executive Officer
Scott A. Tozier	Executive Vice President, Chief Financial Officer
Karen G. Narwold	Executive Vice President, Chief Administrative Officer and Corporate Secretary
Matthew K. Juneau	Executive Vice President, Corporate Strategy and Investor Relations
Donald J. LaBauve, Jr.	Vice President, Corporate Controller and Chief Accounting Officer
Susan M. Kelliher(1)	Former Senior Vice President, Human Resources

EXECUTIVE SUMMARY

Compensation Program Highlights

85% of CEO target total direct compensation (and 70% on average for the other NEOs) is incentive-based.

CEO long-term incentives make up 78% of incentive-based compensation. CEO compensation over a three-year period shows a strong correlation between realizable pay and total shareholder return relative to our Peer Group, with our performance rank higher than

our pay rank.
Performance metrics aligned with our Peer Group and our company goals: achieving Rockwood synergies, annual Adjusted EBITDA(2) and Adjusted Free Cash Flow(3) and Relative Total Shareholder Return ("TSR") measured over a 3-year performance period.(4)
Focused Peer Group of similarly-sized companies.

(1)Susan Kelliher resigned effective June 30, 2016.

(2)Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for non-recurring, non-operating and special items.

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(3)Adjusted Free Cash Flow is defined as cash flow from operating activities, as shown on the Statement of Cash Flows, adjusted to exclude pension contributions, exclude dividends from joint ventures and add back net income from joint ventures, and adjusted for non-recurring, non-operating and special items, minus capital expenditures.

(4)"TSR" is calculated by dividing the (a) sum of the value of reinvested dividends paid during the performance period and the difference between the twenty-day average daily closing price of the Company's shares at the end and the beginning of the measurement period, by (b) twenty-day average daily closing price of the Company's shares at the beginning of the performance period.

Aligning Our Incentives With Our Strategy and Shareholder Interests

We seek to align our executive compensation program with shareholder interests and our business strategy. This means keeping the foundation of our program focused on performance-based pay that supports our strategy and the related metrics of relative TSR, Adjusted EBITDA and Adjusted Free Cash Flow, with a variable ("at-risk") pay percentage higher than that of our peers.

Shareholder Alignment: In May 2016, the Company held our annual shareholder advisory vote to approve the compensation paid to our NEOs in 2015, which resulted in approximately 97.8% of the votes cast approving such compensation.

In the fall of 2016 we continued our multi-year engagement with our shareholders, through a series of discussions. These discussions gave us a basis for further evaluation of our practices in executive compensation and corporate governance. This initiative was led by a group of senior officers of the Company, acting on behalf, and at the request, of the Committee. We reached out to shareholders representing 62% of our outstanding shares, and were able to schedule and hold follow-up calls with shareholders representing 28% of our outstanding shares. This extensive outreach reflects our commitment to understand and address key issues of importance to our shareholders.

In considering investor feedback, our evolving business needs, and in furtherance of our desire to continue to link executive pay to performance, the Committee approved the following changes to our executive compensation program for fiscal 2017.

Shareholder Feedback	Changes to our Executive Compensation Program
Shareholders expressed their preference that we revise our equity program so that, in the event of a Change in Control, equity would only vest following a termination (commonly called "double trigger" vesting).	We included a "double trigger" in our 2017 equity plan submitted for approval by our shareholders. We also included the "double trigger" in the award agreements issued at the beginning of 2017 under the existing equity plan.
Shareholders asked us to explain any changes in the 2017 Peer Group, so that it is transparent why we are changing, and what criteria are used for selecting peer companies.	We adjusted the 2017 Peer Group to be more reflective of our size, given the sale of the Chemetall® Surface Treatment business. For further explanation of the changes in our peer group, see "Competitive Compensation – Peer Group."

Shareholders generally did not support the one-time working capital LTIP Award granted in 2014. They do not support special equity grants, but are more supportive of modest, special cash programs to achieve well-defined goals.

No special equity grants have been made since 2014. We do not anticipate making special equity grants in future years.

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Pay for Performance: 2016 Compensation Outcomes

For 2016, our executive compensation program resulted in rewards consistent with our business achievements and the contributions of our NEOs:

Our Annual Incentive Plan (AIP) performance was above target, with Company performance at 152.6%;

Our Synergy Bonus program resulted in performance at the superior level with recurring savings at $178 million, with payout at the maximum level; and

Our 2014-2016 TSR was 44.3%, positioning Albemarle at the 89th percentile relative to the 2016 Peer Group.

CEO Pay At-A-Glance: Realizable Pay Relative Degree of Alignment

We believe our CEO's total compensation reflects a pay opportunity commensurate with median levels among our Peer Group. It is important to the Committee that 50% of the value associated with LTIP awards is performance-based measured by relative Peer Group performance such that realizable values are reflective of the Company's performance.

Realizable Pay Relative Degree of Alignment ("RPRDA") is an important measure the Committee uses to assess whether the value associated with LTIP awards is based on relative Peer Group performance. This measure addresses the question: Is realizable pay commensurate with the total shareholder return achieved by shareholders, relative to our Peer Group?

The RPRDA compares the percentile ranks of the CEO's three-year realizable pay and the Company's three-year TSR performance, relative to the 2016 Peer Group. The RPRDA is equal to the difference between the combined performance rank minus the combined pay rank.

Realizable pay captures the following elements of compensation for the three-year period:

Base salary in the year it is earned;

Annual incentive compensation paid for the year it is earned; and

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“In-the-money” value of outstanding equity awards, calculated based on stock price at year-end 2016 rather than the grant date fair value. The use of an end-of-year stock price directly correlates the value of an executive’s equity with the return our shareholders receive from investing in our common stock over the same period.

For the three-year analysis we used the following data:

TSR based on the three year performance period 2014-2016.

Mr. Kissam’s Realizable Pay based on the period 2014-2016.

Peer Group CEO pay based on the period 2013-2015 (as more recent data was not available at the time this Proxy Statement was issued).

The following chart shows Mr. Kissam’s RPRDA of 8%, demonstrating a high degree of alignment between realizable pay and TSR over the three-year period.

THE EXECUTIVE COMPENSATION PROGRAM IN DETAIL

Compensation principles

The Committee designs and oversees the Company’s compensation policies and approves compensation for our NEOs. Our overarching goal is to create executive compensation plans that incent and are aligned with the creation of sustained shareholder value. To accomplish this, our plans are designed to:

Support our Business Strategy – We align our programs with business strategies focused on long-term growth and sustained shareholder value. Our plans provide incentives to our NEOs to overcome challenges and exceed our Company goals.

Pay for Performance – A large portion of our executive pay is dependent upon the achievement of specific corporate, business unit and individual performance goals. We pay higher compensation when goals are exceeded and lower compensation when goals are not met.

Pay Competitively – We set target compensation to be at or around the market median relative to the companies that make up our Peer Group.

Discourage Excessive Risk-taking – Our compensation programs are balanced and designed to discourage excessive risk-taking.

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Compensation principles are aligned with good governance practices and pay for performance

Below is a list of things that we do and don't do in order to ensure that our program reflects good governance practices and pay for performance.

What We Do

- √We make performance-based compensation a significant component of each NEO's total compensation, with the proportion of compensation allocated to performance-based compensation increasing with the level of responsibility.
- √We balance short-term and long-term compensation, designed to discourage short-term risk-taking at the expense of long-term results. 71% of our NEO total direct compensation is based on performance, compared to 67% of the NEOs in the 2016 Peer Group.

- √We employ longer than median vesting periods in our annual LTIP grants, which encourage executive retention and a long-term perspective.
- √We require meaningful stock ownership for our NEOs that increases with the level of responsibility.
- √The Committee uses an independent executive compensation consultant who reports directly to the Committee.
- √We have a clawback policy for the recovery of performance-based compensation in the event of NEO misconduct related to our financial results.
- √We have an annual frequency of our advisory vote on executive compensation (say-on-pay), which frequency allows for timely shareholder feedback.
- √We require, starting 2017, a double trigger for equity to vest following a Change in Control (CIC), which is included in all equity awards issued in 2017 and included in the 2017 equity plan submitted for shareholder approval.

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What We Don't Do

xNo excessive perquisites are provided to any NEO. We limit our perquisites to items that help put our NEOs in the best position to perform their job or that are directly associated with performing their job, and limit the amounts to only what is necessary to meet those objectives.

xNo hedging, short sale or pledging transactions in our stock by our NEOs is permitted.

xNo stock option re-pricings without shareholder approval or discounted stock options are permitted under our equity plan being proposed to shareholders.

xNo excise tax gross-ups for change of control payments are provided to any NEO.

The components of our executive compensation program

We provide our NEOs with the following components of compensation:

Annual	Annual base salary and annual cash incentive opportunities.
Long-Term	Long Term Incentive awards for our NEOs comprise a combination of 50% Performance Stock Units (PSUs), 25% Restricted Stock Units (RSUs), and 25% stock options.
Benefits	Various health and welfare benefits, including health and life insurance, retirement benefits and savings plan that are generally available to all our employees.
Post-Termination Benefits	Severance and change in control benefits.

For each NEO, the Committee reviews and approves annually each component of compensation and the resulting total compensation. The Committee refers to the individual components of compensation and total compensation to the Peer Group of companies the Committee selects. In setting the compensation for each NEO, the Committee also considers other factors, including the scope and complexity of his or her position, level of performance, skills and experience and contribution to the overall success of the Company. As a result, we do not set compensation for our NEOs in a formulaic manner.

Our compensation program is designed to focus our NEOs on long-term success

We design our compensation programs to keep our NEOs focused on the long-term success of our Company by making a substantial portion of their compensation subject to the achievement of specific performance measures, requiring NEOs to hold a significant amount of Company stock during the term of their employment and granting stock-based awards with multi-year vesting periods.

The performance period covered by our PSU grants is three years, with the vesting of any award earned occurring in two equal tranches – the first tranche after the end of the third year of the performance period and the second tranche on the following January 1. PSUs are earned based on relative TSR as compared to our Peer Group. The Committee chose this measure to provide an even stronger linkage between the rewards for our leaders and the returns experienced by our shareholders, and also because this measure was thought to be well aligned with the longer three-year performance period.

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RSUs typically have a minimum vesting period of three years and also vest in two equal tranches – the first tranche at the third anniversary of the Grant Date and the second tranche at the fourth anniversary of the Grant Date.

Our stock option grants cliff vest at the third anniversary of the Grant Date. These awards reinforce the focus of our NEOs on the long-term success of the Company by aligning their personal financial success with that of our shareholders.

Competitive Compensation – Peer Group

The Committee structures executive compensation so that target total cash compensation and LTIP compensation opportunities are competitive with comparable positions within comparable companies.

We use industry and revenue as our two main indicators for determining our peers. We believe that using an industry-specific group of similarly sized companies is appropriate because it provides us with the best comparisons for competitive compensation offered by publicly held companies with similar business challenges and the type of leadership talent needed to achieve success over the long-term.

Our selected 2016 Peer Group (the “2016 Peer Group”) consisted of 18 chemical companies of similar size to Albemarle:

2016 Peer Group

A. Schulman Inc.	Cytec Industries Inc.	Olin Corporation
Ashland Inc.	Eastman Chemical Company	PPG Industries, Inc.
Cabot Corporation	FMC Corporation	RPM International Inc.
Celanese Corporation	H. B. Fuller Company	The Mosaic Company
C.F. Industries Holdings, Inc.	Huntsman Corporation	Sigma-Aldrich Corporation
Chemtura Corporation	NewMarket Corporation	W.R. Grace & Co.

In setting base salaries, target total cash compensation and target total direct compensation, the Committee generally focused on the median of the last reported data from the 2016 Peer Group. The Committee also referred to survey information from nationally recognized compensation surveys.

For 2017, Albemarle updated its Peer Group given the sale of the Chemetall® Surface Treatment business and the fact that two companies from the 2016 Peer Group were acquired by other companies. For establishing the 2017 Peer Group (the “2017 Peer Group”) we used the following criteria:

Industry: Companies with the same eight-digit GICS code as Albemarle;

Revenue Size: Companies with a sales range of approximately 0.5-2.0 times that of Albemarle;

Market Value: Companies with a market value size range of approximately 0.25-4.0 times that of Albemarle. We consider market value as an important factor for peer selection, but believe that market value should be balanced with sales (which are less volatile and a better predictor of compensation levels).

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2017 Peer Group		
Ashland Inc.	H. B. Fuller Company	Minerals Technologies Inc.
Cabot Corporation	W. R. Grace & Co.	Olin Corporation
The Chemours Company	International Flavors & Fragrances, Inc.	PolyOne Corporation
Celanese Corporation	Koppers Holdings Inc.	RPM International Inc.
CF Industries Holdings, Inc.	The Mosaic Company	A. Schulman, Inc.
FMC Corporation		Scotts Miracle-Gro Company

The 2017 Peer Group includes eleven companies from the 2016 Peer Group.

No longer included:

oCytec Industries Inc. and Sigma-Aldrich Corporation were acquired, while Chemtura Corporation entered into an agreement to be acquired by Lanxess Aktiengesellschaft.

oPPG Industries, Inc., Huntsman Corporation and Eastman Chemical Company are no longer included as their projected sales are more than 300% of Albemarle's projected sales.

New to the 2017 Peer Group:

oThe Chemours Company, PolyOne Corporation, Scotts Miracle-Gro Company, International Flavors & Flagrances, Inc., Minerals Technologies Inc., and Koppers Holdings Inc.

NEO Compensation

The Committee does not rely exclusively on the Peer Group data or survey data in establishing target levels of compensation, or employ a rigid or formulaic process to set pay levels. The Committee does utilize the Peer Group data and survey data as one of many tools. In setting compensation levels, the Committee considers the following factors:

The competitive data (Peer Group and other survey data), focusing on the median data as a starting point;

Each NEO’s performance;

Each NEO’s scope of responsibility and impact on the Company’s performance;

Internal equity – an NEO’s compensation relative to his or her peers, direct reports and supervisors;

The recommendations of the Board’s independent executive compensation consultant, Pearl Meyer, with respect to the NEOs; and

The CEO’s recommendations for his direct reports.

The Committee evaluates the performance of each NEO in light of our overall financial performance (as described in greater detail below) and non-financial performance goals and strategic objectives approved by the Committee and the Board of Directors. For 2016, as in past years, the Committee structured a compensation package for our NEOs comprising base salary and benefits coupled with annual and long-term incentives, which we believe provides an appropriate mix of financial security, risk and reward.

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2016 Base Salaries

Base salary provides our NEOs with a basic level of financial security and supports the Committee's objectives in attracting and retaining top talent. Base salaries for our NEOs other than the CEO are recommended by our CEO and are reviewed and approved by the Committee. Base salary for our CEO is recommended and approved by the Committee.

Executive Officer	2015 Year-End Base Salary	2016 Increase in Annual Base Salary	2016 Annual Base Salary
Luther C. Kissam IV Chairman, President and Chief Executive Officer	$ 840,000	$ 42,000	$ 882,000
Scott A. Tozier Executive Vice President, Chief Financial Officer	$ 505,000	$ 0	$ 505,000
Karen G. Narwold Executive Vice President, Chief Administrative Officer and Corporate Secretary	$ 440,000	$ 20,000	$ 460,000
Matthew K. Juneau Executive Vice President, Corporate Strategy and Investor Relations	$ 400,000	$ 15,000	$ 415,000
Donald J. LaBauve, Jr. Vice President, Corporate Controller and Chief Accounting Officer	$ 262,438	$ 23,277	$ 285,715
Susan M. Kelliher (1) Former Senior Vice President, Human Resources	$ 395,000	$ 0	$ 395,000

(1)Susan Kelliher resigned effective June 30, 2016.

2016 base salaries for each of the NEOs were determined in recognition of the responsibilities of their positions, their contributions to the success of the Company and their relative position to the market. Salary increases went into effect on April 1, 2016. The Committee believes that each NEO's salary was reasonable and appropriate. Mr. Kissam's base salary was increased to bring him closer to, but still well below, the competitive market median base salary of approximately $1,000,000.

Purpose and key features of the 2016 Annual Incentive Program (AIP)

The Committee designed the AIP to provide both an incentive to achieve, and a reward for achieving, our annual goals and objectives. Each year, the Committee and the Board approve the performance goals under the AIP. These performance goals are intended to ensure that our NEOs execute on short-term financial and strategic initiatives that drive our business strategy and long-term shareholder value.

Key features of the 2016 AIP included the following:

A primary emphasis on sustained Company financial performance as measured by Adjusted EBITDA and Adjusted Free Cash Flow;

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A quantitative assessment of our strategic achievements in areas of stewardship (occupational safety, process safety and environmental responsibility); and

The recognition of individual achievements, leadership and the overall contribution of participants by making the award subject to an individual performance modifier (which can result in either an increase or a reduction in the award earned).

For 2016, the Committee established the following Company performance measures and weightings for the AIP:

Metrics	Weight
Adjusted EBITDA	60 %
Adjusted Free Cash Flow	30 %
Stewardship	10 %
Total	100 %

Rationale behind the performance metrics

The Committee chose these performance metrics to align the AIP with our 2016 goals and objectives. The Committee chose the relative weights of the performance measures based on the desire to emphasize financial results while maintaining a focus on non-financial objectives.

The Committee chose Adjusted EBITDA and Adjusted Free Cash Flow as the 2016 AIP metrics because they were considered the key measures of financial performance in the Company's 2016 annual operating plan.

The level of Adjusted EBITDA aligned with the Target payout level was the 2016 operating plan amount, and represented growth over 2015 Adjusted EBITDA. Adjusted EBITDA is defined as total Albemarle earnings before interest, tax, depreciation and amortization, as adjusted for non-recurring, non-operating and special items.

The Committee focuses on Adjusted Free Cash Flow as a performance measure aligned with our objectives of generating cash for debt reduction and growth and reducing our investment in working capital. The target payout level represented significant growth over 2015 Adjusted Free Cash Flow. Adjusted Free Cash Flow is defined as cash flow from operating activities, as shown on the Statement of Cash Flows, adjusted to exclude pension contributions, exclude dividends from joint ventures and add back net income from joint ventures, and adjusted for non-recurring, non-operating and special items.

The superior performance levels for both of these goals were set at levels by the Committee that were believed to be realistic, but only as the result of exceptional performance.

Stewardship metrics were included because they are critical to our license to operate and consistent with our values. These objectives were challenging, as the Committee set quantitative target and superior levels of performance for each of these metrics at levels that required year-over-year improvement, with no payout earned for any one individual Stewardship metric if target performance for that metric was not achieved.

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The Committee may take into account extraordinary, unusual or infrequently occurring events or significant corporate transactions in deciding to adjust the results used to determine whether or not the AIP objectives have been met. The Committee retains the right to exercise discretion in determining the final level of the awards paid in order to ensure that the AIP remains consistent with its stated objectives.

Individual performance modifiers

At the beginning of 2016, individual objectives were set for each NEO. Individual performance was evaluated both by comparing actual performance to the pre-established leadership objectives and considering individual accomplishments not contemplated in the setting of the pre-established objectives. The Committee assessed the performance of the CEO, and the CEO presented his assessment of each other NEO to the Committee.

Performance goals typically include both leadership objectives and strategic business objectives. At the end of each fiscal year, an individual performance modifier is determined for each participant, and a judgment is then made as to the final bonus amount that takes into account both Company results and individual performance.

Performance against our 2016 AIP Metrics

The following table summarizes the threshold, target and superior performance levels set by the Committee and actual results for the Adjusted EBITDA and Adjusted Free Cash Flow metrics for 2016.

Performance at the threshold level paid out 0%, performance at the target level paid out 100% and performance at the superior (maximum) level paid out 200%. We used linear interpolation to determine awards for performance between the identified points. Target and actual results exclude the Chemetall® Surface Treatment business, the sale of which closed mid December 2016.

2016 Annual Incentive Plan (AIP) Metrics

AIP Metric	Weight	Threshold	Target	Superior	2016 Results	Achievement Against Target
Adjusted EBITDA	60 %	$ 646MM	$ 718MM	$ 790MM	$ 740MM	78.6 %
Adjusted Free Cash Flow	30 %	$ 382MM	$ 424MM	$ 466MM	$ 500MM	60 %
Stewardship		Score based on 3 Quantitative Stewardship Metrics:				14 %
	4 %	Occupational Safety				
	3 %	Process Safety				
	3 %	Environment	6 %			
						152.6 %

Target and actual financial results including the Chemetall® Surface Treatment business are shown in the table below.

	Target	Actual
Adjusted EBITDA	$938 MM	$951 MM
Adjusted Free Cash Flow	$610 MM	$694 MM

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The performance for the stewardship metrics (occupational safety, process safety and environmental responsibility) was determined by the Committee's quantitative assessment of the level of achievement for the three different stewardship objectives. For each of the three stewardship metrics, we have set a target and superior performance level. Performance below target does not pay out. Occupational safety was measured by comparing employee time lost due to work-related injury or illness to total employee hours worked; process safety was measured in terms of the severity of the number of our operational incidents; and environment was measured by the number of our environmental incidents.

The following table illustrates the 2016 AIP payout against payout levels over the 4 previous years. The chart illustrates that payout results ranged from as low as 10% to as high as 153%, with an average payout over the 5-year period of 76%. We believe the fluctuations in payout confirm the correlation of pay to performance at Albemarle.

AIP earning opportunity for our NEOs

Each of our current NEOs can earn a bonus under the AIP targeted at a certain percentage of his or her base salary. For 2016, our NEOs' target bonus percentages were 125% (Mr. Kissam), 75% (Messrs. Tozier and Juneau and Ms. Narwold and Kelliher) and 40% (Mr. LaBauve) for achieving the target performance levels for the AIP Company metrics.

Mr. Kissam's pay mix for 2016 included a base salary below market median, and a target bonus percentage above market median at 125%. This combination of base salary and target bonus percentage positions Mr. Kissam's target total cash at the 87th percentile of the 2016 Peer Group.

For Company performance that does not reach threshold level for any of the metrics, the NEOs will not earn their AIP. For performance at the target level for any of the metrics, the NEOs may earn the target level AIP. For Company performance at the Superior level, up to two times a target level award may be earned. For Company performance between threshold, target and superior, earned bonuses will

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be interpolated, with the exception of the Stewardship metrics that do not pay out for performance below the target level.

2016 Annual Incentive Plan (AIP) Payout

AIP Metric	Weight	Threshold	Target	Superior
Adjusted EBITDA	60 %	0 %	100%	200 %
Adjusted Free Cash Flow	30 %	0 %	100%	200 %
Stewardship	10 %	0 %	100%	200 %

Individual performance can be used to modify the bonus amount up or down. The individual multiplier ranges from 0% to 150%, although higher modifiers may be awarded to recognize outstanding individual achievement. Under the AIP, the maximum annual incentive payments (the combination of company performance and individual multiplier) are set in the first quarter of the calendar year and are capped to a payout of 200% for each of the NEOs. The AIP is designed to be compliant with Internal Revenue Code ("Code") Section 162(m) and therefore allow for the full tax deduction of the annual incentive payments.

Actual earnings for our NEOs under the 2016 AIP

The Committee reviewed the Company's 2016 performance and determined that the potential awards for the NEOs were funded consistent with the plan metrics set during the first quarter of the year in accordance with Code Section 162(m). After this determination was made, Mr. Kissam engaged the Committee in a further discussion of the Company's performance and of each NEO's individual performance compared to their objectives. In light of the significant accomplishments by each NEO that were cited by Mr. Kissam to the Committee, it was recommended by Mr. Kissam and approved by the Committee that the individual performance modifier for each NEO be set as follows: Mr. Tozier – 121%, Ms. Narwold – 123%, Mr. Juneau – 131% and Mr. LaBauve – 100%. When applied to and combined with the Company score, this yielded actual bonus payouts for each NEO shown in the table below. Ms. Kelliher's employment ended mid-2016, as a result of which she did not receive a performance based bonus payout.

In the case of Mr. Kissam, in early 2017 the Board assessed his performance against both quantitative metrics and qualitative objectives and determined that an individual modifier of 100% was appropriate. When applied to and combined with the Company score, this yielded an actual bonus payout for Mr. Kissam at 152.6% of his target bonus amount.

2016 AIP Payouts

Name	Base Salary	X	Target Bonus %	=	Target Bonus Amount	X	Company Performance	X	Individual Performance	=	Actual Bonus Amount
Luther C. Kissam IV	$ 882,000	x	125 %	=	$ 1,102,500	x	152.6 %	x	100 %	=	1,682,415
Scott A. Tozier	$ 505,000	x	75 %	=	$ 378,750	x	152.6	x	121	=	700,000
Karen G. Narwold	$ 460,000	x	75 %	=	$ 345,000	x	152.6	x	123	=	650,000
Matthew K. Juneau	$ 415,000	x	75 %	=	$ 311,250	x	152.6	x	131	=	620,000
	$ 285,715	x	40 %	=	$ 114,286	x	152.6	x	100	=	174,400

Donald J.
LaBauve, Jr.

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Actual earnings for our NEOs under the 2015 Synergy Bonus Plan

On May 4, 2015, the Committee established targets for the Synergy Bonus Plan for the achievement of at least $100 million in annual cost synergies during fiscal year 2016 that were also determined to be recurring at the end of 2016, related to the integration of our acquisition of Rockwood. The CEO was not eligible to participate in this plan.

The maximum aggregate amount of the Synergy Bonus payable to all participants is $7 million. This amount was to be paid if an annual cost synergy of $120 million was achieved during fiscal year 2016 and a recurring cost synergy of $160 million was identified. The Synergy Bonus performance and payout levels, based on the fiscal year 2016 achieved cost savings and validated recurring cost savings, are set forth in the following table:

		Annual Recurring Run Rate - Validated Synergies as of Fiscal Year End 2016			
		<100 million	$100 - $120 million	$140 million	$160 million
2016 Profit and Loss	$ 120 million	0 %	75 %	87.5 %	100 %
(P&L) Impact of	$ 110 million	0 %	62.5 %	75 %	87.5 %
Validated Synergies	$ 100 million	0 %	50 %	62.5 %	75 %
	<$ 100 million	0 %	0 %	0 %	0 %

In addition, for every $1 million of recurring cost savings expected to be achieved in fiscal year 2017 above $120 million, 2 percentage points will be added to the percentage of the Synergy Bonus earned pursuant to the table above, subject to the $7 million Synergy Bonus cap. Synergy Bonus for cost savings results between the levels indicated in the table above will be interpolated to determine the percentage of the Synergy Bonus earned.

Upon validation of the synergies achieved, the Committee determined that the Synergy Bonus program resulted in $156 million cost savings during fiscal year 2016 and recurring cost savings of $178 million. The Chief Executive Officer determined and the Board agreed that the costs incurred to achieve synergy results were not excessive and below the original estimated cost for achieving cost savings. Based on the results, the Committee determined that the Synergy Bonus pays out at the maximum level of 100%.

In February 2017, the Committee approved Synergy Bonuses for our NEOs as follows: Mr. Tozier ($400,000); Ms. Narwold ($300,000); Mr. Juneau ($200,000); Mr. LaBauve ($100,000); and Ms. Kelliher ($300,000).

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Purpose and key features of the Long Term Incentive Plan (LTIP)

We believe it is important to provide a long-term incentive opportunity to our NEOs charged with driving sustainable growth and long-term value creation for Albemarle, further aligning their interests with those of our shareholders. We do this through a balanced annual LTIP grant, in 2016 comprising PSUs, RSUs and stock options, designed to ensure an equity mix that is performance-based and retentive in nature.

The Committee considers grant values and grant terms from both our Peer Group and survey information when establishing long-term incentives for management. While the Committee generally believes that median values and typical terms are competitive and provide an appropriate balance of opportunity and reward to management without heightened compensation-related risk, the Committee will authorize values above or below the median and different terms where it believes it is in the interest of the Company and its shareholders to do so in light of the factors mentioned above.

Our PSU grant performance measure is relative TSR as compared to our Peer Group for the three-year performance period. The relative TSR performance metric was selected to emphasize the linkage between our pay-for-performance philosophy and our shareholders' interests, and is intended to focus Company leadership on superior value creation during the three-year performance period and beyond. Earned PSU grants vest ratably at the beginning of year four, after the end of the performance period, and the beginning of year five.

The Committee believes that the PSU grant, when viewed in conjunction with annual grants of stock options and RSUs that vest over a longer schedule than is typical in the marketplace, results in an LTIP approach that aligns the pay for performance of our executives with the investment returns experienced by our long-term shareholders.

PSU results for the 2014-2016 performance period

Payouts under the 2014 PSU grants are earned based on the achievement of a TSR performance relative to the 2014 Peer Group over a three year measurement period. The 2014 Peer Group included all companies in the Dow Jones Chemical Index. Our relative TSR for the period was outstanding with

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performance at the 84th percentile relative to the 2014 Peer Group. TSR is calculated using the following formula:

$$\text{The 2014-2016 TSR Result} = 44.25\% = \frac{(\$88.69 + \$5.05) - \$64.98}{\$64.98}$$

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The following table illustrates threshold, target and superior relative performance levels and the percentage of the target grant earned for each performance level. Results between threshold and target, and target and superior performance, will be interpolated. The table also includes the relative performance result and the percentage of grants earned as determined by the Committee.

	2016 PSU Grant Metrics			
	Threshold	Target	Superior	Metric Result
Percentile performance relative to the 2014 Peer Group	25th	50th	75th	84th
% of Grants Earned	25 %	100 %	200 %	200 %

The following table shows the grants approved in February 2014 by the Committee for the NEOs. The table also includes the grant values approved by the Committee in February 2017 after it determined the 2014-2016 relative performance results.

	2014 PSU Grants Number of Units at Threshold	Number of Units at Target	Number of Units at Superior	2014 Earned PSUs
	25%	100%	200%	
Luther C. Kissam IV	9,399	37,594	75,188	75,188
Scott A. Tozier	2,115	8,460	16,920	16,920
Karen G. Narwold	1,410	5,640	11,280	11,280
Matthew K. Juneau	1,410	5,640	11,280	11,280
Donald J. LaBauve, Jr.	353	1,410	2,820	2,820
Susan M. Kelliher	1,175	4,700	9,400	6,268 (1)

1As Ms. Kelliher’s employment terminated June 30, 2016, only 6,268 grants were earned.

Half of the shares earned vested on February 23, 2017, when the Committee certified performance. The other half will vest on January 1, 2018.

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2016 LTIP grants

In February 2016, the Committee approved a total grant value for the NEOs under the LTIP. The values granted to each NEO are set forth below, as well as the approximate percentage apportioned in the form of PSUs, RSUs and Stock Options. Mr. Kissam's equity grant reflects our emphasis on long-term incentives in our pay mix, with base salary below market median, target total cash below market median and equity above market median for a total direct compensation at target approximating the market median.

	2016 Grants Value Granted	Stock Options	RSUs	PSUs
Luther C. Kissam IV	$ 4,000,000	25 %	25%	50 %
Scott A. Tozier	$ 900,000	25 %	25%	50 %
Karen G. Narwold	$ 700,000	25 %	25%	50 %
Matthew K. Juneau	$ 600,000	25 %	25%	50 %
Donald J. LaBauve, Jr.	$ 150,000	0 %	50%	50 %
Susan M. Kelliher	$ 500,000	25 %	25%	50 %

The number of units for the PSUs and RSUs was based on the stock closing price at the grant date. The number of stock options was determined using the Black Scholes value of the options.

PSU Grants

In February 2016, the Committee approved a grant of PSUs, based on the grant date closing stock price, to our NEOs, as follows:

	2016 PSU Grants Number of Units at Threshold 25%	Number of Units at Target 100%	Number of Units at Superior 200%
Luther C. Kissam IV	8,841	35,361	70,722
Scott A. Tozier	1,990	7,957	15,914
Karen G. Narwold	1,548	6,189	12,378
Matthew K. Juneau	1,327	5,305	10,610
Donald J. LaBauve, Jr.	332	1,327	2,654
Susan M. Kelliher	1,106	4,421	8,842

Consistent with the approach adopted in 2014, the 2016 PSU grant is based on the Company's TSR relative to the Peer Group as measured over a three-year performance period.

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The following table illustrates threshold, target and superior relative performance levels and the percentage of the target grant earned for each performance level. Results between threshold and target and target and superior performance will be interpolated.

Performance and payout opportunities as shown in the table reflect the dual character of the PSU grant:

The grant is performance-based to ensure payout opportunities are aligned with shareholder interests.

The grant is also competitive in nature and as such reflects performance and payout opportunities aligned with the Peer Group and the broader market in which we compete for talent. This includes payout opportunities for performance below the median.

	2016 PSU Grant Metrics		
	Threshold	Target	Superior
Percentile performance relative to the 2016 Peer Group	25th	50th	75th
% of Grants Earned	25 %	100 %	200 %

Half of any shares earned will vest in early 2019 at the time the Committee evaluates the three-year relative TSR performance against the performance of the Company's 2016 Peer Group. The other half will vest on January 1, 2020.

RSU Grants

In February 2016, the Committee approved RSU awards to our NEOs, as follows:

	2016 Restricted Stock Units
Luther C. Kissam IV	17,682
Scott A. Tozier	3,980
Karen G. Narwold	3,096
Matthew K. Juneau	2,654
Donald J. LaBauve, Jr.	1,328
Susan M. Kelliher	2,212

Half of the RSUs will vest on each of the third and fourth anniversary of the grant date in 2019 and 2020.

In May 2016, the Committee approved an additional RSU grant for Ms. Narwold of $500,000 in recognition of her new and expanded role as Executive Vice President, Chief Administrative Officer and Corporate Secretary (her responsibilities include Legal, Government and Regulatory Affairs, Corporate Communications, Information Technology, and Human Resources). Ms. Narwold received 6,591 RSUs based on the stock closing price of the grant date. The RSUs will vest on the third anniversary of the grant date in 2019.

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Stock Option Grants

In February 2016, the Committee approved a grant of stock options to our NEOs, as follows:

	2016 Stock Options
Luther C. Kissam IV	62,267
Scott A. Tozier	14,010
Karen G. Narwold	10,897
Matthew K. Juneau	9,340
Donald J. LaBauve, Jr.	N/A
Susan M. Kelliher	7,784

The options vest on the third anniversary of the grant date and expire ten years from the date of the grant.

Other benefits the Company provides to NEOs

The Company provides NEOs with the same benefits provided to other Albemarle employees, including:

Health and dental insurance (Company pays a portion of costs);

Basic life insurance;

Long-term disability insurance;

Participation in the Albemarle Corporation Savings Plan (the "Savings Plan"), including Company matching and defined contribution pension contributions;

Participation in the EDCP (see below for definition);

Participation in Albemarle Corporation Pension Plan ("Pension Plan") for those executives hired prior to 2004 (Messrs. Kissam, Juneau and LaBauve only); and

Matching charitable contributions.

Executive Deferred Compensation Plan ("EDCP")

We maintain a deferred compensation plan that covers executives, including the NEOs, who are limited in how much they can contribute to tax-qualified deferred compensation plans (such as our Savings Plan). We maintain this plan in order to be competitive and because we want to encourage executives to save for their retirement. A participant in the EDCP may defer up to 50% of base salary and/or up to 100% of cash incentive awards. We also provide for employer contributions in the EDCP to provide executives with the same proportional benefits as are provided to all other employees, but that cannot be provided under our tax-qualified plan because of statutory limitations that apply under that plan.

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Defined Benefit Plan

Until April 1, 2004, we maintained a traditional tax-qualified defined benefit pension plan. In 2004, we implemented a new defined contribution pension benefit in our tax-qualified Savings Plan for all non-represented employees hired on or after April 1, 2004, and limited participation in the defined benefit pension plan to then-current participants. Mr. Kissam, Mr. Juneau and Mr. LaBauve joined the Company prior to April 1, 2004, and, as such, participated in the defined benefit pension plan. We also maintain a supplemental executive retirement plan ("SERP") to provide participants with the difference between (i) the benefits they would actually accrue under the qualified defined benefit pension plan but for the maximum compensation and benefit limitations under the Internal Revenue Code, and (ii) the benefits actually accrued under the qualified plan, which are subject to the Code's compensation and benefit limits. Certain provisions of the SERP also permit the Committee to award key executives additional pension credits related to offset reduction in the qualified defined benefit pension plan as a mid-career hire. This provision was also limited to then-current participants in 2004 concurrent with the qualified plan changes. The Company froze accruals in the above-referenced tax-qualified and non-qualified (SERP) defined benefit plans effective December 31, 2014.

Beginning on January 1, 2013, all our NEOs, regardless of hire date, participate in the same tax- qualified Savings Plan and non-qualified defined contribution plan (EDCP). The new defined contribution plan design has provided all participating employees the opportunity to receive a Company contribution of 11% of their base and bonus earnings for the calendar year if they contribute at least 9% of their base and bonus earnings to the Savings Plan. Such Company contributions go into the tax-qualified Savings Plan up to the compensation and benefit limitations under the Code, and after that are credited to an EDCP account.

Perquisites

Our perquisites are intended to be limited in nature, and are focused in areas directly related to a business purpose, or in helping to foster the health, security and well-being of our senior executives for the benefit of the Company.

In some cases, we have determined it is appropriate for executives, including our NEOs, to belong to a golf or social club, so they have a venue in which to entertain customers, and to interact with members of their communities.

When an NEO is required to geographically relocate in order to join the Company, or is asked to relocate due to a change in their work location after joining the Company, we provide them with the same relocation package that is also offered to management and senior professional employees. Certain relocation expenses are grossed-up for taxes, as is the competitive practice within our Peer Group, and more broadly, in the general marketplace.

We also offer limited reimbursement for executive physical exams and financial planning. Our policy is to not provide tax gross-ups on such amounts to NEOs.

Post-termination payments

We believe that providing our executives, including our NEOs, with reasonable severance benefits aligns their interests with shareholders' interests in the context of potential change in control transactions, and also believe that such benefits help facilitate our recruitment and retention of senior executive talent.

Consistent with this philosophy, we maintain a Severance Pay Plan (“SPP”), which provides severance payments to certain of our employees if we (a) terminate their employment without cause (or request that they relocate and they elect not to do so) after a change in control, or (b) eliminate their position (or a change in our organizational structure has a similar effect) outside of a change in control. The SPP provides our NEOs with severance payments only in the absence of a change in control.

Between 2006 and 2016, we entered into severance compensation agreements (and related amendments) with each of our NEOs, providing for severance payments for a change in control-related termination. On December 7, 2016, we agreed to amend severance compensation agreements previously entered into with each of Luther C. Kissam (Chairman, President and Chief Executive Officer), Scott A. Tozier (Executive Vice President and Chief Financial Officer), Karen G. Narwold (Executive Vice President and Chief Administrative Officer) and Matthew K. Juneau (Executive Vice President of Corporate Strategy and Investor Relations) to provide for an extension of the non-competition period described in the agreements from one to two years in exchange for a lump sum payment equal to the value of the executives’ agreement to the covenant not to compete for such two-year period, as determined by a third party at the time of the termination of employment. The executives’ severance compensation agreements were also amended to provide for (i) relocation benefits under the Company’s U.S. Domestic Executive Relocation Policy in certain instances, and (ii) Company-paid continued dental and vision coverage for 18 months (24 months for Mr. Kissam) from the termination of employment.

In 2015, each severance agreement was amended to provide that on a change in control, any outstanding awards granted under our incentive plans will be treated in accordance with the terms of the notices granting such awards. None of the severance compensation agreements in effect include an excise tax gross-up.

The Committee periodically reviews our post-employment compensation arrangements taking best practices into consideration, and believes that these arrangements are generally consistent with arrangements currently being offered by our Peer Group. The Committee has determined that both the terms and payout levels are appropriate to accomplish our stated objectives. The Committee also considered the non-competition agreement that we would receive from the NEO in exchange for any post-employment termination benefits. Based on these considerations, the Committee believes that such arrangements are appropriate and reasonable.

For additional information with respect to change in control arrangements, please see “Agreements with Executive Officers and Other Potential Payments upon Termination or a Change in Control”on page 46.

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ADDITIONAL INFORMATION

We believe this additional information may assist you in better understanding our compensation practices and principles.

Role of the Committee and the CEO

The Committee, consisting entirely of independent Directors, is responsible for executive compensation. As part of the compensation-setting process each year, the Committee meets periodically with the CEO to review a list of corporate performance goals and receives comments from members of the Board of Directors. The CEO recommends to the Committee the compensation amounts for each of our NEOs, other than himself. The Committee has retained an independent compensation consultant, Pearl Meyer, to provide advice on best practices and market developments. The CEO, the Executive Vice President and Chief Administrative Officer, Human Resources staff members and the Committee's consultant attend Committee meetings and make recommendations regarding plan design and levels of compensation.

While the Committee will ask for advice and recommendations from management and Pearl Meyer, the Committee is responsible for executive compensation and as such:

Sets NEO base salaries;

Reviews financial and operational goals, performance measures and strategic and operating plans for the Company;

Establishes specific goals, objectives and potential awards for the AIP and LTIP;

Reviews annual and long-term performance against goals and objectives and approves payment of any incentive earned;

Reviews contractual agreements and benefits, including supplemental retirement and any payments that may be earned upon termination, and makes changes as appropriate;

Reviews incentive plan designs and makes changes as appropriate; and

Reviews total compensation to ensure compensation earned by NEOs is fair and reasonable relative to corporate and individual performance.

Total compensation actions, annual and long-term performance goals and objectives, contractual agreements and benefits are discussed with and approved by the Board. The Incentive Plan governing short and long term incentives is approved by the Board and subject to shareholder approval (see Proposal 4).

Role of Compensation Consultant

The Committee retained Pearl Meyer to provide independent advice to the Committee. Pearl Meyer gathers and analyzes data at the direction of the Committee, advises the Committee on compensation standards and trends, and assists in the development of policies and programs. The Committee directs, approves and evaluates Pearl Meyer's work in relation to all executive compensation

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matters. The Committee considers Pearl Meyer to be independent from our management pursuant to SEC standards. Please see "Independence of the Executive Compensation Consultant" on page 60.

The Committee regularly meets with Pearl Meyer without management present. Pearl Meyer participates in Committee meetings throughout the year, reviews materials in advance, consults with the Chairperson of the Committee, provides to the Committee data on market trends and compensation design, assesses recommendations for base salary and annual incentive awards for our NEOs and periodically meets with management. Pearl Meyer may provide consulting advice to management outside the scope of executive compensation with the approval of the Committee. In 2016, Pearl Meyer did not provide consulting advice to management outside the scope of executive compensation. The Committee does not delegate authority to Pearl Meyer.

Deductibility of Compensation

In determining the total compensation of each NEO, the Committee considers the tax deductibility of compensation. The Committee believes it is in our best interest and that of our shareholders to provide compensation that is tax deductible by the Company. While the Committee intends that all compensation be deductible, there may be instances where potentially non-deductible compensation is provided to reward executives consistent with our compensation philosophy for each compensation element.

Clawbacks

The 2008 Incentive Plan contains a forfeiture and recoupment policy provision for cash and equity awards paid to an awardee (including NEOs and other recipients) in the event of a restatement of financial results due to the misconduct of the awardee or the failure of the awardee to prevent such misconduct. Awards may also provide for cancellation, forfeiture , reduction, or recoupment upon the occurrence of certain specified events, such as termination of employment for cause, violation of Company policies, breach of noncompetition or confidentiality covenants, or other conduct by an employee that is detrimental to the business or reputation of the Company.

EXECUTIVE COMPENSATION COMMITTEE REPORT

The Executive Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section of this Proxy Statement with management and, based on such review and discussion, recommended to the Board of Directors that it be included in this Proxy Statement.

EXECUTIVE COMPENSATION COMMITTEE
John Sherman Jr., Chair
J. Kent Masters
Harriett Tee Taggart

March 30, 2017

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COMPENSATION OF EXECUTIVE OFFICERS

Total Compensation of Our Named Executive Officers

The following table presents information for the fiscal years ended December 31, 2016, 2015 and 2014 relating to total compensation of our CEO, CFO, and the three other highest paid executive officers as well as one former executive officer who left the Company on June 30, 2016 (the “NEOs”).

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SUMMARY COMPENSATION TABLE

mpensation Table

ncipal Position	Year	Salary(1)	Bonus	Stock Awards(2)	Option Awards(2)	Non-Equity Incentive Plan Compensation	Change in Pension Value and NQDC Earnings(4)	All Other Compensation(5)	T
sam IV	2016	$ 871,500	$ —	$ 3,695,834 (3)	$ 1,000,008	$ 1,682,415	$ 595,260	$ 589,133	$
esident and	2015	830,000	—	2,368,441	1,600,015	850,000	(582,528)	196,094	
ve Officer	2014	800,000	—	5,005,028	1,600,028	677,600	2,092,661	132,141	
er	2016	505,000	—	831,705 (3)	225,001	700,000	—	215,035	
ce President,	2015	500,000	—	532,924	360,022	330,000	—	143,728	
al Officer	2014	457,596	—	1,069,366	360,002	425,000	—	75,738	
wold	2016	455,000	—	1,123,254 (3)	175,006	650,000	—	1,316,665	
ce President,	2015	435,000	—	414,497	280,033	320,000	—	127,690	
strative Officer	2014	415,000	—	750,874	240,001	375,000	—	78,002	
e Secretary									
uneau	2016	411,250	—	554,532 (3)	150,000	620,000	172,700	117,155	
ce President,	2015	396,250	—	355,283	240,014	410,000	(398,098)	79,513	
ategy and									
tions									