

SEGMENT RESULTS AND OTHER FINANCIAL INFORMATION

(In millions except per share amounts, unaudited)

ETHYL CORPORATION AND SUBSIDIARIES

	Three Months Ended March 31	
	2003	2002
Net sales:		
Petroleum additives	\$ 171.8	\$ 144.5
Tetraethyl lead	1.7	1.7
Total	\$ 173.5	\$ 146.2
Segment operating profit:		
Petroleum additives before nonrecurring items	\$ 11.9	\$ 9.2
Nonrecurring items (a)	0.1	(1.5)
Total petroleum additives	12.0	7.7
Tetraethyl lead before nonrecurring items	1.5	4.5
Nonrecurring items (a)	2.4	(1.6)
Total tetraethyl lead	3.9	2.9
Segment operating profit	15.9	10.6
Add back current year nonrecurring item to reconcile Segment Reporting to Consolidated Statements of Income (b)	(2.5)	3.1
Corporate unallocated expense	(4.6)	(2.3)
Interest expense	(4.8)	(7.0)
Pension expense	(1.4)	(1.4)
Other (expense), net	(2.8)	(3.1)
Loss from continuing operations before income taxes	\$ (0.2)	\$ (0.1)
Net income (loss):		
Earnings excluding nonrecurring items and discontinued operations	\$ (0.1)	\$ -
Nonrecurring items (a)	1.6	(2.5)
Discontinued operations (c)	14.8	0.9
Net income (loss):	\$ 16.3	\$ (1.6)
Basic and diluted earnings (loss) per share: (d)		
Earnings excluding nonrecurring items and discontinued operations	\$ (0.01)	\$ -
Nonrecurring items (a)	0.10	(0.15)
Discontinued operations (c)	0.89	0.05
Net income (loss)	\$ 0.98	\$ (0.10)

Notes to Segment Results and Other Financial Information

Prior periods have been reclassified to conform to the current presentation.

- (a) Nonrecurring items after income taxes are shown below. The gain on the implementation of Statement of Financial Accounting Standards (SFAS) No. 143, as well as the impairment of goodwill are included in segment operating profit.

Gain on implementation of SFAS No. 143	\$ 1.6	\$ -
Impairment of goodwill	-	(2.5)
	\$ 1.6	\$ (2.5)

- (b) For segment reporting, the 2003 gain on the implementation of SFAS No. 143, as well as the 2002 impairment of goodwill, is shown in operating profit as nonrecurring items. In the Consolidated Statement of Income, these items are shown as cumulative effect of accounting changes in both years.
- (c) Discontinued operations reflect the phenolic antioxidant business, which was sold in January 2003. The first quarter 2003 amount is the gain on the disposal of the business (\$23.2 million before tax). The first quarter 2002 amount represents the earnings of the business.
- (d) Basic and diluted earnings (loss) per share have been adjusted for all periods presented to reflect the 1-for-5 reverse stock split.

CONSOLIDATED STATEMENTS OF INCOME
(In thousands except per share amounts, unaudited)

ETHYL CORPORATION AND SUBSIDIARIES

	Three Months Ended March 31	
	2003	2002
Net sales	\$ 173,466	\$ 146,176
Cost of goods sold	137,406	116,118
Gross profit	36,060	30,058
TEL marketing agreements services	3,001	5,716
Selling, general, and administrative expenses	20,588	16,130
Research, development, and testing expenses	13,682	12,006
Operating profit	4,791	7,638
Interest and financing expenses	4,802	7,038
Other expense, net (a)	(198)	(686)
Loss from continuing operations before income taxes	(209)	(86)
Income tax benefit	(72)	(96)
(Loss) income from continuing operations	(137)	10
Discontinued operations (b)		
Gain on disposal of business (net of tax)	14,805	-
Income from operations of discontinued business (net of tax)	-	873
Income before cumulative effect of accounting changes	14,668	883
Cumulative effect of accounting changes (net of tax) (c)	1,624	(2,505)
Net income (loss)	\$ 16,292	\$ (1,622)
Basic and diluted earnings (loss) per share (d):		
(Loss) earnings from continuing operations	\$ (0.01)	\$ -
Discontinued operations (net of tax) (b)	0.89	0.05
Cumulative effect of accounting changes (net of tax) (c)	0.10	(0.15)
	\$ 0.98	\$ (0.10)
Shares used to compute basic earnings (loss) per share (d)	16,689	16,689
Shares used to compute diluted earnings (loss) per share (d)	16,689	16,814

Notes to Consolidated Statements of Income

Prior periods have been reclassified to conform to the current presentation.

- (a) Other expense for the first quarter 2002 includes \$1.3 million of expenses related to debt refinancing activities.
- (b) Discontinued operations reflect the phenolic antioxidant business, which was sold in January 2003. The gain on the disposal of this business was \$23.2 million (\$14.8 million after tax or \$.89 per share.)
- (c) The cumulative effect of accounting change in the first quarter 2003 reflects the gain of \$2.5 million (\$1.6 million after tax or \$.10 per share) recognized upon the adoption of Statement of Financial Accounting Standard (SFAS) No. 143 on January 1, 2003. The first quarter 2002 amount reflects the impairment of goodwill of \$3.1 million (\$2.5 million after tax or \$.15 per share) resulting from the January 1, 2002 adoption of SFAS No. 142.
- (d) The number of shares, as well as basic and diluted earnings (loss) per share, have been adjusted to reflect the 1-for-5 reverse stock split.

CONSOLIDATED BALANCE SHEETS
(In thousands)
ETHYL CORPORATION AND SUBSIDIARIES

	March 31 2003 (unaudited)	December 31 2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,603	\$ 15,478
Restricted cash	500	683
Trade and other accounts receivable, less allowance for doubtful accounts (\$1,109 - 2003; \$911 - 2002)	130,856	124,430
Receivable - TEL marketing agreements services	4,486	7,418
Inventories	103,675	104,046
Deferred income taxes and prepaid expenses	20,573	16,571
Assets of discontinued operations (a)	-	4,323
Total current assets	275,693	272,949
Property, plant and equipment, at cost	751,209	746,237
Less accumulated depreciation and amortization	557,773	547,518
Net property, plant and equipment	193,436	198,719
Prepaid pension cost	23,844	24,995
Deferred income taxes	9,735	9,494
Other assets and deferred charges	77,615	80,756
Intangibles, net of amortization	68,039	69,338
Total assets	\$ 648,362	\$ 656,251
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 49,609	\$ 44,130
Accrued expenses	42,601	38,778
Long-term debt, current portion	9,163	40,537
Income taxes payable	15,008	6,288
Total current liabilities	116,381	129,733
Long-term debt	238,883	249,530
Other noncurrent liabilities	122,984	123,910
Shareholders' equity		
Common stock (\$1 par value)		
Issued - 16,689,009 in 2003 and 2002	16,689	16,689
Additional paid in capital	66,766	66,766
Accumulated other comprehensive loss	(28,550)	(29,294)
Retained earnings	115,209	98,917
Total liabilities and shareholders' equity	\$ 648,362	\$ 656,251

Notes to the Consolidated Balance Sheets

(a) Assets of discontinued operations reflect the accounts of the phenolic antioxidant business sold in January 2003.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, unaudited)

ETHYL CORPORATION AND SUBSIDIARIES

	Three Months Ended	
	March 31	
	2003	2002
Cash and cash equivalents at beginning of year	\$ 15,478	\$ 12,382
Cash flows from operating activities:		
Net income (loss)	16,292	(1,622)
Adjustments to reconcile net income (loss) to cash flows from operating activities:		
Depreciation and amortization	12,589	14,188
Prepaid pension cost	1,389	1,477
Cumulative effect of accounting changes	(2,549)	3,120
Gain on sale of phenolic antioxidant business	(23,196)	-
TEL working capital advance	779	(322)
Deferred income tax expense (benefit)	2,029	(2,241)
Working capital changes	3,366	(7,276)
Legal settlement	4,825	-
Other, net	3,173	471
Cash provided from operating activities	18,697	7,795
Cash flows from investing activities:		
Capital expenditures	(1,818)	(2,358)
Proceeds from sale of phenolic antioxidant business	27,020	-
Prepayment for TEL marketing agreements services	-	(3,200)
Other, net	3	(6)
Cash provided from (used in) investing activities	25,205	(5,564)
Cash flows from financing activities:		
Repayment of debt	(41,890)	(38,640)
Net borrowings	-	37,840
Debt issuance costs	(1,756)	(1,982)
Other, net	(131)	(124)
Cash used in financing activities	(43,777)	(2,906)
Increase (decrease) in cash and cash equivalents	125	(675)
Cash and cash equivalents at end of period	\$ 15,603	\$ 11,707