

SEGMENT RESULTS AND OTHER FINANCIAL INFORMATION
ETHYL CORPORATION AND SUBSIDIARIES

(In millions except per share amounts, unaudited)

	Third Quarter		Nine Months	
	2003	2002	2003	2002
Net sales:				
Petroleum additives	\$ 194.1	\$ 170.7	\$ 544.7	\$ 483.1
Tetraethyl lead	3.0	2.1	6.4	6.8
Total	\$ 197.1	\$ 172.8	\$ 551.1	\$ 489.9
Segment operating profit:				
Petroleum additives before nonrecurring items	\$ 19.2	\$ 23.9	\$ 47.6	\$ 45.5
Nonrecurring items (a)	-	-	0.1	(1.2)
Total petroleum additives	19.2	23.9	47.7	44.3
Tetraethyl lead	9.4	3.1	17.2	10.9
Nonrecurring items (a)	-	-	2.4	(1.6)
Total tetraethyl lead	9.4	3.1	19.6	9.3
Segment operating profit	28.6	27.0	67.3	53.6
(Deduct) add back nonrecurring items to reconcile Segment Reporting to Consolidated Statements of Income (b)	-	-	(2.5)	3.1
Corporate unallocated expense	(4.3)	(3.9)	(13.4)	(10.2)
Interest expense	(5.2)	(6.4)	(16.4)	(20.0)
Loss on impairments of nonoperating assets (a)	-	-	-	(4.1)
Pension expense	(1.6)	(0.5)	(4.4)	(3.4)
Other expense, net	(2.4)	(1.1)	(7.0)	(6.7)
Income from continuing operations before income taxes	\$ 15.1	\$ 15.1	\$ 23.6	\$ 12.3
Net income:				
Earnings excluding discontinued operations and nonrecurring items	\$ 10.3	\$ 10.2	\$ 15.9	\$ 11.0
Discontinued operations (c)	-	0.7	14.8	2.2
Nonrecurring items (a)	-	-	1.6	(6.4)
Net income:	\$ 10.3	\$ 10.9	\$ 32.3	\$ 6.8
Basic earnings per share:				
Earnings excluding discontinued operations and nonrecurring items	\$ 0.61	\$ 0.61	\$ 0.95	\$ 0.66
Discontinued operations (c)	-	0.04	0.88	0.13
Nonrecurring items (a)	-	-	0.10	(0.38)
Net income	\$ 0.61	\$ 0.65	\$ 1.93	\$ 0.41
Diluted earnings per share:				
Earnings excluding discontinued operations and nonrecurring items	\$ 0.61	\$ 0.61	\$ 0.94	\$ 0.66
Discontinued operations (c)	-	0.04	0.88	0.13
Nonrecurring items (a)	-	-	0.09	(0.38)
Net income	\$ 0.61	\$ 0.65	\$ 1.91	\$ 0.41

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 and engine oil additives rationalization, are included in segment operating profit.

Gain on implementation of SFAS No. 143	\$ -	\$ -	\$ 1.6	\$ -
Impairment of goodwill	-	-	-	(2.5)
Loss on impairments of nonoperating assets	-	-	-	(4.1)
Engine oil additives rationalization	-	-	-	0.2
	\$ -	\$ -	\$ 1.6	\$ (6.4)

- (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 Statements 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 nine months 2003 amount is the gain on the disposal of the business (\$23.2 million before tax). The third quarter and nine months 2002 amount represents the earnings of the business.

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

ETHYL CORPORATION AND SUBSIDIARIES

	Three Months Ended September 30		Nine Months Ended September 30	
	2003	2002	2003	2002
Net sales	\$ 197,095	\$ 172,750	\$ 551,135	\$ 489,869
Cost of goods sold	151,839	130,792	425,821	382,575
Gross profit	45,256	41,958	125,314	107,294
TEL marketing agreements services	9,712	8,325	20,644	18,487
Selling, general, and administrative expenses	20,864	18,199	63,356	53,307
Research, development, and testing expenses	13,801	11,978	42,504	37,144
Operating profit	20,303	20,106	40,098	35,330
Interest and financing expenses	5,205	6,352	16,409	19,952
Other income (expense), net (a)	37	1,390	(105)	(3,030)
Income from continuing operations before income taxes	15,135	15,144	23,584	12,348
Income tax expense	4,838	4,999	7,679	5,277
Income from continuing operations	10,297	10,145	15,905	7,071
Discontinued operations (b)				
Gain on disposal of business (net of tax)	-	-	14,805	-
Income from operations of discontinued business (net of tax)	-	722	-	2,217
Income before cumulative effect of accounting changes	10,297	10,867	30,710	9,288
Cumulative effect of accounting changes (net of tax) (c)	-	-	1,624	(2,505)
Net income	\$ 10,297	\$ 10,867	\$ 32,334	\$ 6,783
Basic earnings per share:				
Income from continuing operations	\$ 0.61	\$ 0.61	\$ 0.95	\$ 0.43
Discontinued operations (net of tax) (b)	-	0.04	0.88	0.13
Cumulative effect of accounting changes (net of tax) (c)	-	-	0.10	(0.15)
	\$ 0.61	\$ 0.65	\$ 1.93	\$ 0.41
Diluted earnings per share:				
Income from continuing operations	\$ 0.61	\$ 0.61	\$ 0.94	\$ 0.43
Discontinued operations (net of tax) (b)	-	0.04	0.88	0.13
Cumulative effect of accounting changes (net of tax) (c)	-	-	0.09	(0.15)
	\$ 0.61	\$ 0.65	\$ 1.91	\$ 0.41
Shares used to compute basic earnings per share	16,753	16,689	16,722	16,689
Shares used to compute diluted earnings per share	17,020	16,689	16,893	16,728

Notes to Consolidated Statements of Income

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

- (a) Other income (expense), net for third quarter 2002 and nine months 2002 includes \$1.2 million (\$800 thousand after tax) interest income from a settlement with the IRS. Nine months 2002 includes a loss on the impairment of nonoperating assets of \$4.1 million (\$4.1 million after tax), as well as expenses related to debt refinancing activities of \$300 thousand for nine months 2003 and \$1.1 million for nine months 2002.
- (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 \$.88 per share).
- (c) The cumulative effect of accounting change for nine months 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 nine months 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.

CONSOLIDATED BALANCE SHEETS
(In thousands)
ETHYL CORPORATION AND SUBSIDIARIES

	September 30 2003 (unaudited)	December 31 2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 22,061	\$ 15,478
Restricted cash	880	683
Trade and other accounts receivable, less allowance for doubtful accounts (\$2,060 - 2003; \$911 - 2002)	121,770	124,430
Receivable - TEL marketing agreements services	12,646	7,418
Inventories	125,226	104,046
Prepaid expenses	5,842	2,232
Deferred income taxes	11,960	14,339
Assets of discontinued operations (a)	-	4,323
Total current assets	300,385	272,949
Property, plant and equipment, at cost	741,869	746,237
Less accumulated depreciation and amortization	566,187	547,518
Net property, plant and equipment	175,682	198,719
Prepaid pension cost	26,636	24,995
Deferred income taxes	9,441	9,494
Other assets and deferred charges	77,155	80,756
Intangibles, net of amortization	65,155	69,338
Total assets	\$ 654,454	\$ 656,251
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 51,763	\$ 44,130
Accrued expenses	49,264	38,778
Long-term debt, current portion	7,503	40,537
Income taxes payable	15,958	6,288
Total current liabilities	124,488	129,733
Long-term debt	214,520	249,530
Other noncurrent liabilities	124,248	123,910
Shareholders' equity		
Common stock (\$1 par value)		
Issued - 16,761,009 in 2003 and 16,689,009 in 2002	16,761	16,689
Additional paid in capital	67,007	66,766
Accumulated other comprehensive loss	(23,821)	(29,294)
Retained earnings	131,251	98,917
Total liabilities and shareholders' equity	\$ 654,454	\$ 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

	Nine Months Ended September 30	
	2003	2002
Cash and cash equivalents at beginning of year	\$ 15,478	\$ 12,382
Cash flows from operating activities:		
Net income	32,334	6,783
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	34,714	35,615
Amortization of deferred financing costs	3,685	4,148
Gain on sale of phenolic antioxidant business	(23,196)	-
Cumulative effect of accounting changes	(2,549)	3,120
Noncash pension expense	6,673	4,888
TEL working capital advance	3,097	772
Deferred income tax expense (benefit)	18	(7,710)
Net loss on impairments	-	4,033
Working capital changes	3,373	(950)
Proceeds from legal settlement	4,825	-
Cash pension contributions	(7,802)	(2,431)
Proceeds from contract settlement	-	2,700
Other, net	2,357	4,373
Cash provided from operating activities	57,529	55,341
Cash flows from investing activities:		
Capital expenditures	(7,236)	(10,290)
Proceeds from sale of phenolic antioxidant business	27,770	-
Proceeds from sale of certain assets	12,576	-
Prepayment for TEL marketing agreements services	(3,200)	(12,800)
Other, net	174	25
Cash provided from (used in) investing activities	30,084	(23,065)
Cash flows from financing activities:		
Repayment of debt - old agreements	(284,519)	(58,640)
Net borrowings-old agreements	-	31,840
Issuance of senior notes and term loan	265,000	-
Repayments on term loan	(48,124)	-
Debt issuance costs	(13,299)	(1,982)
Other, net	(88)	(368)
Cash used in financing activities	(81,030)	(29,150)
Increase in cash and cash equivalents	6,583	3,126
Cash and cash equivalents at end of period	\$ 22,061	\$ 15,508