

Segment Results and Other Financial Information
(In millions except per share amounts, unaudited)

Ethyl Corporation and Subsidiaries

	Three Months Ended	
	March 31	
	2002	2001
Net sales: (a)		
Petroleum additives	\$ 148.9	\$ 205.9
Tetraethyl lead	1.7	11.4
Total	\$ 150.6	\$ 217.3
Segment operating profit (loss):		
Petroleum additives before nonrecurring items	\$ 10.6	\$ 8.2
Nonrecurring items (b)	(1.5)	(23.2)
Total petroleum additives	9.1	(15.0)
Tetraethyl lead	4.5	10.6
Nonrecurring items (b)	(1.6)	-
Total tetraethyl lead	2.9	10.6
Segment operating profit (loss)	12.0	(4.4)
Item to reconcile Segment Reporting to the Consolidated Statements of Income (c)		
Consolidated Statements of Income (c)	3.1	-
Corporate unallocated expense	(2.3)	(5.9)
Interest expense	(7.0)	(8.2)
Other (expense) income, net	(4.5)	0.7
Income (loss) before income taxes	\$ 1.3	\$ (17.8)
Net loss:		
Earnings excluding nonrecurring items	\$ 0.9	\$ 3.5
Nonrecurring items (b)	(2.5)	(14.8)
Net loss:	\$ (1.6)	\$ (11.3)
Basic and diluted earnings (loss) per share:		
Earnings excluding nonrecurring items	\$ 0.01	\$ 0.04
Nonrecurring items (b)	(0.03)	(0.18)
Net loss	\$ (0.02)	\$ (0.14)

(a) Certain amounts have been reclassified to conform to the current presentation.

(b) Nonrecurring items after income taxes are shown below. The engine oil additives rationalization and write-off of goodwill are included in segment operating profit.

Write-off of goodwill	\$ (2.5)	
Engine oil additives rationalization:		
Write-off assets		\$ (8.0)
Severance, early retirement, and other costs		(6.8)
	\$ (2.5)	\$ (14.8)

(c) For segment reporting, the write-off of goodwill is shown in operating profit as a nonrecurring item in 2002. In the Consolidated Statements of Income, the write-off is shown as a cumulative effect of an accounting change.

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

ETHYL CORPORATION AND SUBSIDIARIES

	Three Months Ended March 31	
	2002	2001
Net sales (a)	\$ 150,614	\$ 217,260
Cost of goods sold (a, b, c)	118,606	187,085
Gross profit	32,008	30,175
TEL marketing agreements services	5,716	8,082
Selling, general, and administrative expenses	16,469	18,470
Research, development, and testing expenses (c)	12,232	17,991
Special items expense (c)	-	(10,707)
Operating profit (loss)	9,023	(8,911)
Interest and financing expenses	7,038	8,194
Other expense, net (d)	(686)	(694)
Income (loss) before income taxes	1,299	(17,799)
Income tax expense (benefit)	416	(6,532)
Income (loss) before cumulative effect of accounting change	883	(11,267)
Cumulative effect of accounting change for goodwill impairments (net of tax) (e)	(2,505)	-
Net loss	\$ (1,622)	\$ (11,267)
Basic and diluted earnings (loss) per share:		
Income (loss) before cumulative effect of accounting change	\$ 0.01	\$ (0.14)
Cumulative effect of accounting change for goodwill impairments (net of tax) (e)	(0.03)	-
	\$ (0.02)	\$ (0.14)
Shares used to compute basic earnings (loss) per share	83,455	83,455
Shares used to compute diluted earnings (loss) per share	84,449	83,455

Notes to Consolidated Statements of Income

- (a) Certain amounts have been reclassified to conform to the current presentation.
- (b) During first quarter 2001, TEL inventories were permanently reduced resulting in a liquidation of LIFO layers. This LIFO liquidation decreased cost of goods sold by \$1.5 million and increased net income by \$1 million or \$.01 per share.
- (c) Asset writedowns, severance, early retirement, and other costs related to the rationalization of our engine oil additives product lines were \$23.2 million (\$14.8 million after tax or \$.18 per share) for first quarter 2001. These costs are included in the Consolidated Statements of Income as follows:

Cost of goods sold	\$ 10.7
Research, development, and testing expenses	1.8
Special items expense	10.7
	\$ 23.2

- (d) Other expense for the first quarter 2002 includes \$1.3 million of expenses related to debt refinancing activities.
- (e) In conformity with Statement of Financial Accounting Standards No. 142, during the first quarter 2002, we wrote-off goodwill of \$3.1 million (\$2.5 million after tax or \$.03 per share.)

CONSOLIDATED BALANCE SHEETS
(In thousands)
ETHYL CORPORATION AND SUBSIDIARIES

	March 31 2002 (unaudited)	December 31 2001
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,707	\$ 12,382
Restricted cash	866	996
Trade and other accounts receivable, less allowance for doubtful accounts (\$888 - 2002; \$889 - 2001)	117,767	121,261
Receivable - TEL marketing agreements services	18,164	16,935
Inventories	113,654	121,458
Deferred income taxes and prepaid expenses	15,809	11,742
Total current assets	277,967	284,774
Property, plant and equipment, at cost	761,785	760,649
Less accumulated depreciation and amortization	551,922	544,892
Net property, plant and equipment	209,863	215,757
Prepaid pension cost	25,921	25,731
Deferred income taxes	14,095	12,440
Other assets and deferred charges	93,540	102,007
Goodwill and other intangibles, net of amortization	73,780	78,916
Total assets	\$ 695,166	\$ 719,625
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 44,859	\$ 54,376
Accrued expenses	51,551	59,907
Long-term debt, current portion (a)	310,970	30,504
Income taxes payable	15,351	14,648
Total current liabilities	422,731	159,435
Long-term debt	24,064	305,453
Other noncurrent liabilities	105,453	109,444
Shareholders' equity		
Common stock (\$1 par value)		
Issued - 83,454,650 in 2002 and 2001	83,455	83,455
Accumulated other comprehensive loss	(27,923)	(27,170)
Retained earnings	87,386	89,008
Total liabilities and shareholders' equity	142,918	145,293
Total liabilities and shareholders' equity	\$ 695,166	\$ 719,625

(a) The current maturity date of our bank loans is March 31, 2003. While it is our intent to extend these loans, the amounts outstanding are classified as current in accordance with generally accepted accounting principles.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, unaudited)

ETHYL CORPORATION AND SUBSIDIARIES

	Three Months Ended March 31	
	2002	2001
Cash and cash equivalents at beginning of year	\$ 12,382	\$ 4,470
Cash flows from operating activities:		
Net loss	(1,622)	(11,267)
Adjustments to reconcile net loss to cash flows from operating activities:		
Depreciation and amortization (a)	14,188	26,427
Write-off of goodwill	3,120	
Accrued severance, early retirement, and other engine oil additives rationalization charges	-	11,625
Deferred income tax benefit	(2,241)	(3,933)
Prepaid pension cost	1,477	(2,815)
TEL working capital advance	(322)	-
Working capital changes	(7,276)	(8,285)
Other, net	471	1,131
Cash provided from operating activities	7,795	12,883
Cash flows from investing activities:		
Capital expenditures	(2,358)	(2,287)
Prepayment for TEL marketing agreement services	(3,200)	-
Equity investments	-	(1,250)
Other, net	(6)	(16)
Cash used in investing activities	(5,564)	(3,553)
Cash flows from financing activities:		
Repayment on term loans	(38,640)	(40,000)
Net borrowings	37,840	40,000
Debt issuance costs	(3,483)	(2,446)
Other, net	1,377	(116)
Cash used in financing activities	(2,906)	(2,562)
(Decrease) increase in cash and cash equivalents	(675)	6,768
Cash and cash equivalents at end of period	\$ 11,707	\$ 11,238

Notes to the Condensed Consolidated Statements of Cash Flows

(a) First quarter 2001 includes \$11.6 million of accelerated depreciation of the engine oil additives facilities which were indefinitely idled in the second quarter of 2001.