

ETHYL CORPORATION AND SUBSIDIARIES
SEGMENT RESULTS AND OTHER FINANCIAL INFORMATION
(In millions except per share amounts, unaudited)

	Fourth Quarter		Twelve Months	
	2003	2002	2003	2002
Net sales:				
Petroleum additives	\$ 202.1	\$ 165.4	\$ 746.8	\$ 648.5
Tetraethyl lead	3.1	1.1	9.5	7.9
Total	\$ 205.2	\$ 166.5	\$ 756.3	\$ 656.4
Segment operating profit:				
Petroleum additives before nonrecurring items	\$ 11.8	\$ 6.9	\$ 59.4	\$ 52.4
Nonrecurring items (a)	-	-	0.1	(1.2)
Total petroleum additives	11.8	6.9	59.5	51.2
Tetraethyl lead	7.5	5.9	24.7	16.8
Nonrecurring items (a)	-	-	2.4	(1.6)
Total tetraethyl lead	7.5	5.9	27.1	15.2
Segment operating profit	19.3	12.8	86.6	66.4
(Deduct) add back nonrecurring items to reconcile Segment Reporting to Consolidated Statements of Income (b)	-	-	(2.5)	3.1
Corporate unallocated expense	(5.2)	(4.8)	(18.6)	(14.9)
Interest expense	(4.8)	(5.6)	(21.2)	(25.6)
Loss on impairments of nonoperating assets (a)	-	-	-	(4.0)
Domestic pension expense	(1.5)	(1.1)	(5.9)	(4.5)
Other expense, net	(2.0)	(0.4)	(9.1)	(7.2)
Income from continuing operations before income taxes	\$ 5.8	\$ 0.9	\$ 29.3	\$ 13.3
Net income:				
Earnings excluding discontinued operations and nonrecurring items	\$ 4.7	\$ 1.0	\$ 20.7	\$ 12.0
Discontinued operations (c)	-	0.7	14.8	2.9
Nonrecurring items (a)	-	1.4	1.6	(5.0)
Net income:	\$ 4.7	\$ 3.1	\$ 37.1	\$ 9.9
Basic earnings per share:				
Earnings excluding discontinued operations and nonrecurring items	\$ 0.28	\$ 0.06	\$ 1.23	\$ 0.72
Discontinued operations (c)	-	0.04	0.88	0.17
Nonrecurring items (a)	-	0.08	0.10	(0.30)
Net income	\$ 0.28	\$ 0.18	\$ 2.21	\$ 0.59
Diluted earnings per share:				
Earnings excluding discontinued operations and nonrecurring items	\$ 0.28	\$ 0.06	\$ 1.22	\$ 0.72
Discontinued operations (c)	-	0.04	0.88	0.17
Nonrecurring items (a)	-	0.08	0.09	(0.30)
Net income	\$ 0.28	\$ 0.18	\$ 2.19	\$ 0.59

Notes to Segment Results and Other Financial Information

- (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)
Gain (loss) on impairments of nonoperating assets	-	1.4	-	(2.7)
Engine oil additives rationalization	-	-	-	0.2
	\$ -	\$ 1.4	\$ 1.6	\$ (5.0)

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

ETHYL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands except per share amounts, unaudited)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2003	2002	2003	2002
Net sales	\$ 205,206	\$ 166,481	\$ 756,341	\$ 656,350
Cost of goods sold	164,609	135,456	590,430	518,031
Gross profit	40,597	31,025	165,911	138,319
TEL marketing agreements services	8,959	7,269	29,603	25,756
Selling, general, and administrative expenses	25,645	20,874	89,001	74,181
Research, development, and testing expenses	14,450	13,360	56,954	50,504
Operating profit	9,461	4,060	49,559	39,390
Interest and financing expenses	4,719	5,622	21,128	25,574
Other income (expense), net (a)	1,016	2,483	911	(547)
Income from continuing operations before income taxes	5,758	921	29,342	13,269
Income tax expense (benefit)	1,039	(1,521)	8,718	3,756
Income from continuing operations	4,719	2,442	20,624	9,513
Discontinued operations (b)				
Gain on disposal of business (net of tax)	-	-	14,805	-
Income from operations of discontinued business (net of tax)	-	684	-	2,901
Income before cumulative effect of accounting changes	4,719	3,126	35,429	12,414
Cumulative effect of accounting changes (net of tax) (c)	-	-	1,624	(2,505)
Net income	\$ 4,719	\$ 3,126	\$ 37,053	\$ 9,909
Basic earnings per share:				
Income from continuing operations	\$ 0.28	\$ 0.14	\$ 1.23	\$ 0.57
Discontinued operations (net of tax) (b)	-	0.04	0.88	0.17
Cumulative effect of accounting changes (net of tax) (c)	-	-	0.10	(0.15)
	\$ 0.28	\$ 0.18	\$ 2.21	\$ 0.59
Diluted earnings per share:				
Income from continuing operations	\$ 0.28	\$ 0.14	\$ 1.22	\$ 0.57
Discontinued operations (net of tax) (b)	-	0.04	0.88	0.17
Cumulative effect of accounting changes (net of tax) (c)	-	-	0.09	(0.15)
	\$ 0.28	\$ 0.18	\$ 2.19	\$ 0.59
Shares used to compute basic earnings per share	16,768	16,689	16,733	16,689
Shares used to compute diluted earnings per share	17,082	16,737	16,940	16,732

Notes to Consolidated Statements of Income

- (a) Other income (expense), net for fourth quarter 2002 and twelve months 2002 includes \$2.4 million (\$1.6 million after tax) interest income from a lawsuit settlement. Twelve months 2002 also includes \$1.2 million (\$800 thousand after tax) interest income from a settlement with the IRS, as well as a loss on the impairment of nonoperating assets of \$4.1 million (\$2.7 million after tax) and expenses related to debt refinancing activities of \$1.3 million.
- (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 twelve 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 twelve 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.

ETHYL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31 2003 (unaudited)	December 31 2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 29,052	\$ 15,478
Restricted cash	1,903	683
Trade and other accounts receivable, less allowance for doubtful accounts (\$2,382 - 2003; \$911 - 2002)	132,542	124,430
Receivable - TEL marketing agreements services	2,456	7,418
Inventories	124,428	104,046
Prepaid expenses	3,810	2,232
Deferred income taxes	11,296	14,339
Assets of discontinued operations (a)	-	4,323
Total current assets	305,487	272,949
Property, plant and equipment, at cost	751,919	746,237
Less accumulated depreciation and amortization	577,686	547,518
Net property, plant and equipment	174,233	198,719
Prepaid pension cost	21,829	24,995
Deferred income taxes	5,471	9,494
Other assets and deferred charges	75,564	80,756
Intangibles, net of amortization	62,849	69,338
Total assets	\$ 645,433	\$ 656,251
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 53,589	\$ 44,130
Accrued expenses	50,691	38,778
Long-term debt, current portion	6,978	40,537
Income taxes payable	10,055	6,288
Total current liabilities	121,313	129,733
Long-term debt	201,839	249,530
Other noncurrent liabilities	122,598	123,910
Shareholders' equity		
Common stock (\$1 par value)		
Issued - 16,786,009 in 2003 and 16,689,009 in 2002	16,786	16,689
Additional paid in capital	67,091	66,766
Accumulated other comprehensive loss	(20,164)	(29,294)
Retained earnings	135,970	98,917
Total liabilities and shareholders' equity	199,683	153,078
Total liabilities and shareholders' equity	\$ 645,433	\$ 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.

ETHYL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Twelve Months Ended December 31	
	2003	2002
Cash and cash equivalents at beginning of year	\$ 15,478	\$ 12,382
Cash flows from operating activities:		
Net income	37,053	9,909
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	46,256	47,054
Amortization of deferred financing costs	4,135	5,368
Gain on sale of phenolic antioxidant business	(23,196)	-
Cumulative effect of accounting changes	(2,549)	3,120
Noncash pension expense	9,389	6,490
TEL working capital advance	1,693	1,006
Deferred income tax expense (benefit)	3,057	(3,434)
Net loss on impairments	-	4,033
Working capital changes	7,654	4,012
Proceeds from legal settlement	4,825	-
Cash pension contributions	(8,888)	(3,004)
Proceeds from contract settlement	-	2,700
Other, net	2,297	5,419
Cash provided from operating activities	81,726	82,673
Cash flows from investing activities:		
Capital expenditures	(11,617)	(12,671)
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)	(19,200)
Other, net	446	166
Cash provided from (used in) investing activities	25,975	(31,705)
Cash flows from financing activities:		
Repayment of debt - old agreements	(284,519)	(77,426)
Net borrowings-old agreements	-	32,040
Issuance of senior notes and term loan	265,000	-
Repayments on term loan	(61,193)	-
Debt issuance costs	(13,299)	(1,982)
Other, net	(116)	(504)
Cash used in financing activities	(94,127)	(47,872)
Increase in cash and cash equivalents	13,574	3,096
Cash and cash equivalents at end of period	\$ 29,052	\$ 15,478

Notes to the Condensed Consolidated Statements of Cash Flows

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