

Segment Results and Other Financial Information
Ethyl Corporation and Subsidiaries

(In millions except per share amounts, unaudited)

	Fourth Quarter		Twelve Months	
	2002	2001	2002	2001
Net sales:				
Petroleum additives	\$ 165.4	\$ 158.5	\$ 648.5	\$ 691.1
Tetraethyl lead	1.1	1.0	7.9	16.5
Total	\$ 166.5	\$ 159.5	\$ 656.4	\$ 707.6
Segment operating profit (loss):				
Petroleum additives before nonrecurring items	\$ 6.9	\$ 10.3	\$ 52.4	\$ 32.7
Nonrecurring items (a)	-	(1.4)	(1.2)	(72.1)
Total petroleum additives	6.9	8.9	51.2	(39.4)
Tetraethyl lead	5.9	8.0	16.8	32.0
Nonrecurring items (a)	-	-	(1.6)	-
Total tetraethyl lead	5.9	8.0	15.2	32.0
Segment operating profit (loss)	12.8	16.9	66.4	(7.4)
Add back current year nonrecurring item to reconcile Segment Reporting to Consolidated Statements of Income (b)	-	-	3.1	-
Corporate unallocated expense	(4.8)	(4.8)	(14.9)	(19.5)
Interest expense	(5.6)	(7.0)	(25.6)	(32.8)
Pension settlement expense including second quarter 2001 excise tax provision (a)	-	-	-	(88.2)
Writedown investments and property (a)	-	-	(4.0)	-
Pension (expense) income	(1.1)	(1.0)	(4.5)	4.1
Other (expense), net (a)	(0.4)	(4.6)	(7.2)	(8.9)
Income (loss) from continuing operations before income taxes	\$ 0.9	\$ (0.5)	\$ 13.3	\$ (152.7)
Net income (loss):				
Earnings excluding discontinued operations and nonrecurring items	\$ 1.0	\$ 2.9	\$ 12.0	\$ 7.5
Discontinued operations (c)	0.7	0.6	2.9	2.3
Nonrecurring items (a)	1.4	(3.1)	(5.0)	(114.8)
Net income (loss):	\$ 3.1	\$ 0.4	\$ 9.9	(\$105.0)
Basic and diluted earnings (loss) per share: (d)				
Earnings excluding discontinued operations and nonrecurring items	\$ 0.06	\$ 0.17	\$ 0.72	\$ 0.45
Discontinued operations (c)	0.04	0.04	0.17	0.14
Nonrecurring items (a)	0.08	(0.19)	(0.30)	(6.88)
Net income (loss)	\$ 0.18	\$ 0.02	\$ 0.59	\$ (6.29)

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 engine oil additives rationalization and write-off of goodwill are included in segment operating profit. The gain (loss) on impairments and sale of nonoperating assets are reported in other (expense), net.

Gain (loss) on impairments and sale of nonoperating assets	1.4	(2.2)	(2.7)	(1.6)
Write-off of goodwill	-	-	(2.5)	-
Engine oil additives rationalization:				
Write-off assets	-	(0.1)	-	(25.9)
Severance, early retirement, and other costs	-	(0.8)	0.2	(21.8)
Gain on sale of assets	-	-	-	3.3
Pension settlement expense including second quarter 2001 excise tax provision	-	-	-	(68.8)
	\$ 1.4	\$ (3.1)	\$ (5.0)	\$ (114.8)

- (b) For segment reporting, the write-off of goodwill is shown in operating profit as a nonrecurring item in 2002. In the Consolidated Statement of Income, the write-off is shown as a cumulative effect of an accounting change.
- (c) Discontinued operations income reflects the earnings of the phenolic antioxidant business sold in January 2003.
- (d) Basic and diluted earnings (loss) per share have been restated 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 December 31		Twelve Months Ended December 31	
	2002	2001	2002	2001
Net sales	\$ 166,481	\$ 159,535	\$ 656,350	\$ 707,625
Cost of goods sold (a) (b)	135,456	129,033	518,031	619,530
Gross profit	31,025	30,502	138,319	88,095
TEL marketing agreements services	7,269	11,041	25,756	36,571
Selling, general, and administrative expenses	20,874	18,075	74,181	69,089
Research, development, and testing expenses (b)	13,360	12,830	50,504	57,170
Special items income (expense), net (b) (c)	-	(118)	-	(114,016)
Operating profit (loss)	4,060	10,520	39,390	(115,609)
Interest and financing expenses	5,622	7,039	25,574	32,808
Other income (expense), net (d)	2,483	(3,966)	(547)	(4,274)
Income (loss) from continuing operations before income taxes	921	(485)	13,269	(152,691)
Income tax (benefit) expense	(1,521)	(201)	3,756	(45,321)
Income (loss) from continuing operations	2,442	(284)	9,513	(107,370)
Discontinued operations (e) Income from operations of discontinued business (net of tax)	684	634	2,901	2,330
Income (loss) before cumulative effect of accounting change	3,126	350	12,414	(105,040)
Cumulative effect of accounting change for goodwill write-off (net of tax) (f)	-	-	(2,505)	-
Net income (loss)	\$ 3,126	\$ 350	\$ 9,909	\$ (105,040)
Basic and diluted earnings (loss) per share (g):				
Earnings (loss) from continuing operations	\$ 0.14	\$ (0.02)	\$ 0.57	\$ (6.43)
Earnings from operations of discontinued business	0.04	0.04	0.17	0.14
Cumulative effect of accounting change for goodwill write-off (net of tax) (f)	-	-	(0.15)	-
	\$ 0.18	\$ 0.02	\$ 0.59	\$ (6.29)
Shares used to compute basic earnings (loss) per share (g)	16,689	16,689	16,689	16,689
Shares used to compute diluted earnings (loss) per share (g)	16,737	16,689	16,732	16,689

Notes to Consolidated Statements of Income

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

(a) During first quarter 2001, certain TEL inventories were permanently reduced resulting in a liquidation of LIFO layers. This LIFO liquidation decreased cost of goods sold by \$1.2 million and increased net income by \$800 thousand or \$.05 per share.

(b) Asset writedowns, severance, early retirement, and other costs related to the rationalization of our engine oil additives product lines were \$1.4 million (\$924 thousand after tax or \$.06 per share) for fourth quarter 2001 and \$75.5 million (\$47.6 million after tax or \$2.86 per share) for twelve months 2001. These costs are included in the Consolidated Statements of Income as follows:

	2001	
	Fourth Quarter	Twelve Months
Cost of goods sold	\$ (1.0)	\$ (42.8)
Selling, general, and administrative expenses	(0.1)	(0.3)
Research, development, and testing expenses	(0.2)	(3.2)
Special items income (expense), net	(0.1)	(29.2)
	<u>\$ (1.4)</u>	<u>\$ (75.5)</u>

(c) In addition to the 2001 special items expense shown in Note (b), there was a recognition of a \$62 million noncash loss (\$42.6 million after tax or \$2.56 per share) on the settlement of pension liabilities related to the termination of our U.S. salaried pension plan and a \$26.2 million charge (\$26.2 after tax or \$1.57 per share) related to excise tax on the pension reversion, partially offset by a \$3.4 million gain (\$3.3 million after tax or \$.20 per share) on the sale of certain assets in Bracknell, England.

(d) Other income (expense), net for fourth quarter 2002 and twelve months includes \$2.4 million (\$1.6 million after tax or \$.09 per share) interest income from a lawsuit settlement. Twelve months 2002 also includes \$1.2 million (\$800 after tax or \$.05 per share) 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 or \$.16 per share) and expenses related to debt refinancing activities of \$1.3 million.

Other income (expense), net for the fourth quarter 2001 includes \$1 million of expenses related to debt refinancing activities, as well as \$3.6 million (\$2.2 million after tax or \$.13 per share) related to impairment losses of a nonoperating asset. Twelve months 2001 other income (expense), net includes \$2.6 million of expenses related to the refinancing of our debt. Also included in twelve months 2001 is a net charge related to nonoperating assets of \$2.7 million (\$1.6 million after tax or \$.09 per share) resulting from the impairment losses of \$3.6 million, partially offset by a gain on the sale of a nonoperating asset of \$900 thousand (\$600 thousand after tax or \$.04 per share).

(e) Discontinued operations income reflects the earnings of the phenolic antioxidant business sold in January 2003.

(f) 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 \$.15 per share.)

(g) 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

	December 31 2002 (unaudited)	December 31 2001
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,478	\$ 12,382
Restricted cash	683	996
Trade and other accounts receivable, less allowance for doubtful accounts (\$911 - 2002; \$889 - 2001)	124,430	121,261
Receivable - TEL marketing agreements services	7,418	16,935
Inventories	104,046	121,458
Deferred income taxes and prepaid expenses	16,571	11,742
Assets of discontinued operations (a)	4,323	-
Total current assets	272,949	284,774
Property, plant and equipment, at cost	746,237	760,649
Less accumulated depreciation and amortization	547,518	544,892
Net property, plant and equipment	198,719	215,757
Prepaid pension cost	24,995	25,731
Deferred income taxes	9,494	12,440
Other assets and deferred charges	80,756	102,007
Goodwill and other intangibles, net of amortization	69,338	78,916
Total assets	\$ 656,251	\$ 719,625
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 44,130	\$ 54,376
Accrued expenses	38,778	59,907
Long-term debt, current portion (b)	266,416	30,504
Income taxes payable	6,288	14,648
Total current liabilities	355,612	159,435
Long-term debt	23,651	305,453
Other noncurrent liabilities	123,910	109,444
Shareholders' equity		
Common stock (\$1 par value)		
Issued - 16,689,009 in 2002 and 83,454,650 in 2001 (c)	16,689	83,455
Additional paid in capital (c)	66,766	-
Accumulated other comprehensive loss	(29,294)	(27,170)
Retained earnings	98,917	89,008
Total liabilities and shareholders' equity	\$ 656,251	\$ 719,625

Notes to the Consolidated Balance Sheets

- (a) Assets of discontinued operations reflect the accounts of the phenolic antioxidant business sold in January 2003.
- (b) 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.
- (c) Common stock and additional paid in capital at December 31, 2002 have been adjusted to reflect the 1-for-5 reverse stock split.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, unaudited)

ETHYL CORPORATION AND SUBSIDIARIES

	Twelve Months Ended December 31	
	2002	2001
Cash and cash equivalents at beginning of year	\$ 12,382	\$ 4,470
Cash flows from operating activities:		
Net income (loss)	9,909	(105,040)
Adjustments to reconcile net income (loss) to cash flows from operating activities:		
Depreciation and amortization (a)	52,422	99,518
Write-off of goodwill	3,120	-
Prepaid pension cost	6,467	(2,412)
Net loss (gain) on impairments and sale of assets	4,033	(748)
TEL working capital advance	1,006	2,170
Pension reversion	-	130,801
Loss on pension contract settlements	-	62,000
Accrued severance, early retirement and other engine oil additives rationalization charges	-	25,145
Deferred income tax (benefit) expense	(3,434)	(91,998)
Working capital changes	4,012	8,979
Contract settlement	2,700	-
Other, net	2,438	(2,601)
Cash provided from operating activities	82,673	125,814
Cash flows from investing activities:		
Capital expenditures	(12,671)	(9,515)
Prepayment for TEL marketing agreements services	(19,200)	(2,500)
Equity investments	-	(1,250)
Proceeds from sale of certain assets	-	10,873
Other, net	166	896
Cash used in investing activities	(31,705)	(1,496)
Cash flows from financing activities:		
Repayment of debt	(77,426)	(127,677)
Net borrowings	32,040	20,832
Debt issuance costs	(1,982)	(11,680)
Other, net	(504)	2,119
Cash used in financing activities	(47,872)	(116,406)
Increase in cash and cash equivalents	3,096	7,912
Cash and cash equivalents at end of period	\$ 15,478	\$ 12,382

Notes to the Condensed Consolidated Statements of Cash Flows

(a) Twelve months 2001 includes \$41.3 million of accelerated depreciation for the engine oil additives facilities indefinitely idled in 2001.