

INNOSPEC INC.

FORM 10-K (Annual Report)

Filed 03/27/00 for the Period Ending 12/31/99

Address	8310 SOUTH VALLEY HIGHWAY SUITE 350 ENGLEWOOD, CO, 80112
Telephone	7203556451
CIK	0001054905
Symbol	IOSP
SIC Code	2800 - Chemicals and Allied Products
Industry	Specialty Chemicals
Sector	Basic Materials
Fiscal Year	12/31

OCTEL CORP

FORM 10-K (Annual Report)

Filed 3/27/2000 For Period Ending 12/31/1999

Address	GLOBAL HOUSE BAILEY LANE MANCHESTER UK, M90 4AA
Telephone	011-441-5135
CIK	0001054905
Industry	Chemical Manufacturing
Sector	Basic Materials
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1999
Commission file number 1-13879

OCTEL CORP.

(Exact name of registrant as specified in its charter)

DELAWARE	98-0181725
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
Global House Bailey Lane Manchester United Kingdom	M90 4AA
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 011-44-161-498-8889

Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
Common stock, \$0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12 (g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to the filing requirements for the past 90 days.

Yes X

No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of March 10, 2000, the aggregate market value of the voting stock held by non-affiliates of the registrant was \$130,712,166.

As of March 10, 2000, 13,406,376 shares of the registrant's stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 1999 Annual Report to Stockholders are incorporated by reference into Parts I, II, III and IV. Certain portions of Octel Corp.'s proxy statement to be mailed to stockholders on or about March 27, 2000 for the annual meeting of Stockholders to be held on May 9, 2000 are incorporated in Part III hereof by reference.

PART 1

Item 1 Business

General

Octel Corp., a Delaware corporation (the "Company") is a major manufacturer and distributor of fuel additives and other specialty chemicals. Its primary manufacturing operation is located at Ellesmere Port, South Wirral, United Kingdom. The Company's products are sold globally, primarily to oil refineries. Principal product lines are lead alkyl antiknock compound ("TEL"), other petroleum additives and performance chemicals.

Until May 22, 1998, the Company was a wholly owned subsidiary of Great Lakes Chemical Corporation, a Delaware corporation ("GLCC"). On May 22, 1998, GLCC consummated the spin-off of its petroleum additives business by distributing shares in the Company to the stockholders of GLCC in a ratio of one Company share for every four GLCC shares held. In connection with the spin-off the Company issued 14,762,417 shares of common stock on May 26, 1998. A further 969 shares were subsequently issued in respect of late notified changes in GLCC stockholders at the record date of the spin-off issue.

The term "Octel" as used herein means Octel Corp. and its subsidiaries unless the context indicates otherwise.

Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 14 through 21 of the 1999 Annual Report to Stockholders (the "Report") are incorporated herein by reference.

Segmental Information

The Company presently has one dominant industry segment, petroleum additives. Note 2 on the Financial Statements included in the Report (the "Financial Statements") on pages 31 and 32 of the Report, is incorporated herein by reference.

Description of the Business

Management's Discussion and Analysis of Financial Condition and Results of Operations, on pages 14 through 21 of the Report, is incorporated herein by reference.

Overview

The Associated Octel Company Limited was formed in 1938 to manufacture and market TEL as an antiknock additive for gasoline. The Company is an international chemical company specialising in the manufacture, distribution and marketing of fuel additives. The Company is organised into two Strategic Business Units - TEL and Specialty Chemicals. The TEL business, which accounted for approximately 77% of the Company's 1999 sales, is the world's leading producer of TEL that is used by oil refineries world-wide to boost the octane levels in gasoline which allows fuel to burn more efficiently and prevents engine knock during the fuel cycle. The Specialty Chemicals business, which accounted for approximately 23% of the Company's 1999 sales, provides a broad range of petroleum additives, including combustion improvers, fuel detergents and

functional performance products and manufactures and markets a range of chemicals including Octaquest(R) a biodegradable chelating agent developed for the detergent market.

TEL

TEL, the most significant of the Company's products, accounted for approximately 77% of the Company's 1999 sales. TEL was first developed in 1928 and introduced into the European market for internal combustion engines to boost octane levels in gasoline, allowing it to burn more efficiently and eliminating engine knock. TEL remains the most cost-effective octane enhancer for motor gasoline and has the added benefit of acting as a lubricity aid, reducing engine wear. TEL is used as a gasoline additive in various concentrations depending on the intrinsic nature of the base fuel and the targeted octane number.

While TEL remains the most cost-effective and energy-efficient additive from an octane-boosting perspective, leaded gasoline undermines the effectiveness of catalytic converters, which are increasingly being used to reduce automobile exhaust emissions. There has also been increasing pressure from regulators and environmental groups regarding the alleged harmful effects on human health of leaded gasoline. Environmental agencies and the World Bank are advocating the elimination of TEL in automotive gasoline.

Worldwide use of TEL has declined since 1973 following the enactment of the US Clean Air Act of 1970 and similar legislation in other countries. The decline in TEL volumes since 1990 has been between 10% and 15% per annum, and management believes that volumes will continue to fall at the upper end of this range for the next two years.

While TEL business is declining, it will remain viable for a number of years. It is costly for refineries to switch their gasoline production process to unleaded gasoline and therefore upgrading some refineries may not be economically justifiable. These refineries may decide to continue operating until reduced demand for leaded gasoline forces their closure. There are also significant costs in converting automobiles and gasoline stations to accommodate the increased use of unleaded fuels. The transition to lead-free fuel is therefore unlikely to happen globally all at once.

The Company intends to manage the decline safely and effectively and to maximize the cash flow through the decline. Continuous cost improvement measures have been, and will continue to be, taken to respond to declining market demand.

Specialty Chemicals

The Specialty Chemicals Business Unit comprises two developing business areas - Petroleum Specialties and Performance Chemicals.

The Petroleum Specialties business develops, produces and markets a range of specialty products used as fuel additives built on the TEL operations. The Company has developed a range of products and customized blends to meet market demand for cleaner-burning and more efficient fuels. The Refinery Services unit supplies a growing list of products and services that improve operational efficiencies and product performance at the refinery. The addition of Octel Deutschland GmbH to Octel's group in December, 1998 opened new European marketing opportunities and an expanded product range including ferrocene, an iron based combustion improver. The Octel Starreon LLC joint venture in March, 1999 has developed the Company's marketing strength with end-users, fleets and oil-jobbers.

The Performance Chemicals focus going forward is to develop high performance and particularly environmentally friendly products from its technology base. The major current line is Octaquest(R), developed for the detergent market but now addressing new markets in personal care, textiles, photographic and household cleaning. Octaquest(R) technology is also the platform for the development of a family of products such as Octahib(R), a biodegradable corrosion inhibitor that protects metal.

Raw Materials

Raw material purchases account for a substantial portion of the Company's manufacturing costs. The major purchases are lead, sodium, ethyl chloride and dibromoethane. These materials are available readily from more than one source, and the Company uses long term contracts to manage the risk of price escalation.

Patents and Intellectual Property

The Company has a portfolio of trademarks and patents, granted and in the application stage, covering products and processes. These trademarks and patents relate primarily to the Petroleum Specialties and the Performance Chemicals businesses, in which intellectual property forms a significant part of the Company's competitive strengths. The majority of these patents were developed by the Company. Most patents have more than ten years life remaining. The Company also holds a license for the manufacture of fuel detergents. The Company has trademark registrations for the use of the name Octel(R) and for the Octagon device in Classes 1 and 4 of the "International Classification of Goods and Services for the Purposes of the Registration of Marks" in all countries in which it has a significant market presence except for the US in respect of which the appropriate applications have been made. Octel also has trademark registrations for Octaquest(R). The Company has application in progress for a number of other trademark registrations in several jurisdictions.

Octel America Inc., a subsidiary of the Company, has trademarks for Stadis(R), an aviation and ground fuel conductivity improver, Ortholeum (R), a lube oil additive antioxidant and metal deactivator, Ocenol(R), an antifoam for refinery use, and Valvemaster(R), a valve seat recession additive. The Company does not consider its business as a whole to be dependent on any one trademark, patent or licence.

Customers

TEL sales are made principally to the retail refinery market. In 1999, 99% of Octel's sales volume was to the retail market, which comprises independent, state or major oil company-owned refineries located throughout the world. Within this market, refineries owned by British Petroleum, Mobil Oil and Texaco Oil are entitled to profit participation payments, based on their ongoing purchases from the Company, by virtue of their former partnership interest in Octel Associates, an Octel Corp. subsidiary. Selling prices to other refineries are principally negotiated under long-term supply agreements, with varying prices and terms of payment.

The customers of the Specialty Chemicals business are multinational oil companies and fuel retailers. Traditionally, a large portion of the total market was captive to oil companies which had fuel additives divisions providing supplies directly to their respective refinery customers. As a result of recent corporate restructurings and various mergers, joint ventures and other collaborative arrangements involving downstream refining and marketing operations, the tied supply arrangements between oil companies and their captive fuel additive divisions have been weakened and many refineries are increasingly looking to purchase their fuel

additive requirements on the open market. This trend is creating new opportunities for independent additive marketers such as the Company.

Competition

The world-wide market for the Company's primary product, TEL, is highly competitive. In this market Octel competes not only with other sellers of TEL but with marketers of products and processes providing alternative ways of enhancing octane performance in automotive gasoline. Approximately 98% of all TEL sold is used to improve the antiknock characteristics of gasoline for automobiles. Other products and processes that are used to enhance octane performance in automotive gasoline include oxygenates (primarily methyl tertiary butyl ether ("MTBE") and ethanol) or aromatics (such as benzene and toluene) as gasoline blending components, as well as the installation of additional reforming capacity through refinery upgrades. In addition, non-lead metallic based antiknock additives are currently under development by several companies including Octel. Government regulations have restricted or eliminated the use of TEL as an automotive gasoline additive in many of the largest and developed markets such as the US. As a result, worldwide demand for TEL is progressively shrinking as the use of unleaded gasoline becomes more widespread. On a worldwide basis Octel remains the largest TEL marketer.

The Company's Specialty Chemicals business operates in a competitive environment, with its main competitors being large oil and chemical companies. No one company holds a dominant market share. The Company considers its competitive strengths are its strong technical development capacity, independence from major oil companies and its strong long-term relationships with refinery customers in the TEL market which provide synergies with the petroleum additives business.

The Company is seeking to expand its Specialty Chemicals business. Growth will be sought from a combination of internal and external sources, including the in-house development of new products through research and development, exploitation of current products into new markets, licensing agreements, custom synthesis of specialty products and acquisitions of products and/or businesses.

Ethyl Agreements

The Company supplies Ethyl on a wholesale basis with TEL for resale to customers under two separate long-term supply agreements at prices adjusted annually through agreed formulas. Under one of these agreements (the "US TEL Supply Agreement"), effective January 1, 1998, Ethyl purchases from the Company its TEL requirements for resale to its customers in the United States. In the other agreement, dated December 22, 1993, Ethyl purchases TEL from the Company for resale to customers located outside the United States. The maximum quantities of TEL Ethyl can purchase under the non-US agreement are set at a fixed percentage of the Company's annual production capacity. Pursuant to a Bulk Transportation Agreement, dated March 25, 1994, Ethyl supplies the Company with all of its bulk transportation requirements for TEL. The Company, Ethyl and GLCC reached an agreement with the Federal Trade Commission on June 24, 1998 with respect to the terms of a consent decree governing sales of TEL by the Company to Ethyl for resale in the US market. The Company and Ethyl complied with the provisions of the consent decree by negotiating and putting into effect a new long-term contract governing the supply of TEL to Ethyl for resale in the US market. It should be noted that the entire US TEL market is relatively small and therefore only a very minor portion of the Company's sales to Ethyl are for resale in the US market. Neither the terms of the consent decree nor the execution of the US TEL contract with Ethyl is expected to have a material adverse effect on the Company's business, results of operation or financial condition.

Effective October 1, 1998 the Company's UK subsidiary The Associated Octel Company Limited ("Associated Octel") signed agreements with Ethyl to market and sell TEL in areas of the world excluding North America and European Union. Under the agreements, all marketing and sales efforts made to customers are managed by and made in the name of Associated Octel. Ethyl provides bulk transportation services in support of the agreements while Octel continues to produce all TEL marketed under these agreements. Depending upon cost, performance and flexibility, one or both companies provide other TEL services.

Technology

The Company's research and development facilities are located at Ellesmere Port, UK, while its advanced fuel testing facility to support the TEL and Petroleum Specialties businesses is located at Bletchley, UK. The Company's research and development activity has been, and will continue to be, focused on the development of new products and formulations for the Petroleum Specialties and the Performance Chemicals businesses. Technical customer support is also provided for the TEL business. Expenditures to support research, product/application development and technical support services to customers were \$3.9 million, \$3.1 million and \$3.8 million in 1999, 1998 and 1997, respectively. The Company considers that its strong technical capability provides it with a significant competitive advantage. In the last three years, the Petroleum Specialties business has developed new detergent, lubricity and combustion improver products, in addition to the introduction of several new cost effective fuel additive packages. A patented process for manufacturing Octaquest(R) has enabled the Company to enter into a new market in the performance chemicals area.

Health, Safety and Environmental Matters

The Company is subject to Environmental Laws in all of the countries in which it does business. The principal Environmental Laws to which the Company is subject in the UK are the Environmental Protection Act 1990, the Water Resources Act 1991, the Health and Safety at Work Act 1974 and regulations and amendments thereto. Management believes that the Company is in material compliance with all applicable Environmental Laws, and has made appropriate provision for the continued costs of compliance with Environmental Laws. Nevertheless, there can be no assurance that changes in existing Environmental Laws, or the discovery of additional liabilities associated with the Company's current or former operations, will not have a material adverse effect on the Company's business, results of operations or financial condition.

Human Resources

The Company's workforce at December 31, 1999 consisted of 1,184 employees, of which 883 were in the UK. Approximately 60% of the Company's employees in the UK are represented by unions, including the Transport and General Workers Union and the Amalgamated Engineering and Electrical Union.

The Company has a major employee communication program to help its employees understand the business issues surrounding the Company, the TEL business and the corporate downsizing program that has been implemented to respond to declining TEL demand. Regular briefings are conducted by line managers where Company-wide and departmental issues are discussed. More formal communication takes place with the trade unions which the Company recognizes for negotiating and consultative purposes.

Management believes that the communication program has been highly successful and has contributed to achieving a significant reduction in the Company's UK workforce since January 1, 1996. The Company has implemented an extensive retraining program which will enable further improvements in the productivity and flexibility of the Company's UK workforce.

The Company closed one of its three TEL buildings at year-end 1998. Following the agreement of a further voluntary severance program in November 1999, 330 employees based in the United Kingdom will leave the Company during 2000. By mid 2000, the total UK workforce will be reduced by 70% from that employed in June 1996. This has all been achieved through voluntary severance programs.

Item 2 Properties

A summary of the Company's principal facilities is shown in the following table. Each of these properties is owned by the Company, except where otherwise noted:-

Location -----	Principal Operations -----
Newark, Delaware, US/(1)/	Octel Corp. Headquarters; Petroleum Specialties regional office
London, UK/(1)/	Sales and Marketing
Manchester, (UK)/(1)/	Octel Corp. European Headquarters
Ellesmere Port, UK	Associated Octel Headquarters; Business Team; Manufacturing; Research & Development; Administration
Bletchley, UK	Fuel Technology Center
Herne, Germany/(1)/	Octel Deutschland GmbH; Manufacturing and Administration
Doberitz, Germany	Novoktan GmbH; Manufacturing and Administration
/(1)/ Leased property	

The group's TEL manufacturing sites are at Ellesmere Port and Novoktan. Ellesmere Port's TEL manufacturing capacity is currently 46,000 metric tons (mt) per annum, and that of Novoktan is 9,600 mt per annum. Actual annual operating levels are under review as part of management's response to the decline in TEL markets. There is also a chlorine plant (40,000 mt per annum) at Ellesmere Port which is owned by the Company but operated on behalf of a third party.

The group's Specialty Chemicals manufacturing capacity at Ellesmere Port comprises a detergent plant (6,000 mt per annum) and an EDSS plant (3,000 mt per annum) for the manufacture of Octaquest(R).

Item 3 Legal Proceedings

There are no material pending legal proceedings involving the Company, its subsidiaries or any of its properties. Furthermore, no director, officer or affiliate of the Company or any associate of any director or officer is involved, or has a material interest in, any proceedings which would have a material adverse effect on the Company.

Item 103 of Regulation S-K requires disclosure of administrative or judicial

proceedings arising under any federal, state or local provisions dealing with protection of the environment, if the monetary sanctions might exceed \$100,000. There are currently no such proceedings.

Item 4 Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of security holders during the quarter ended December 31, 1999 .

PART II

Item 5 Market for the Registrant's Common Equity and Related Stockholder Matters

The Company's common stock is listed on the New York Stock Exchange. As of March 10, 2000 there were approximately 2,260 registered holders of the common stock.

Quarterly stock prices on page 43 of the Report are incorporated herein by reference.

The borrowings entered into by the Company in relation to the spin-off from GLCC restrict the Company's ability to pay dividends or buy back stock to a maximum of \$15 million per annum in aggregate.

Item 6 Selected Financial Data

The Financial Highlights on the inside cover of the Report and the Quarterly Summary on page 43 of the Report are incorporated herein by reference.

Item 7 Management's Discussion and Analysis of Results of Operation and Financial Condition

The discussion on pages 14 through 21 of the Report is incorporated herein by reference.

Item 7a Quantitative and Qualitative Disclosure About Market Risk

Information relating to the Company's exposure to market risk on pages 41 and 42 of the Report are incorporated herein by reference.

Item 8 Financial Statements and Supplementary Data

The consolidated financial statements, together with the report of PricewaterhouseCoopers dated February 9, 2000 and quarterly financial information, which are on pages 14 through 43 of the Report, are incorporated herein by reference. The Financial Highlights on the inside front cover of the Report are also incorporated herein by reference.

Item 9 Changes In and Disagreement with Accountants on Accounting and Financial Disclosures

Until May 22, 1998 the Company was a subsidiary of GLCC. Accordingly the Combined Financial Statements for the period ended December 31, 1997 were audited by Ernst & Young LLP, the auditors of GLCC. The Company's management sought independent advice from PricewaterhouseCoopers on certain aspects of the spin-off from Great Lakes.

Following the consummation of the spin-off and the creation of Octel as a group independent of GLCC, the Board of Directors believed that it was appropriate to appoint PricewaterhouseCoopers as the auditors of Octel Corp., and all its UK and US subsidiaries. PricewaterhouseCoopers were duly appointed on August 11, 1998. Ernst & Young were never appointed as auditors of Octel Corp., so their resignation was not required.

PART III

Item 10 Directors and Executive Officers of the Registrant

Information under the heading "Management" set out in the proxy statement relating to the 1999 Annual Meeting of stockholders dated May 9, 2000 ("The Proxy Statement") is incorporated herein by reference.

Item 11 Executive Compensation

The information under the heading "Executive Compensation and Other Information" in The Proxy Statement is incorporated herein by reference.

Item 12 Security Ownership of Certain Beneficial Owners and Management

The information under the heading "Security Ownership of Certain Beneficial Owners and Management" in The Proxy Statement is incorporated herein by reference.

Item 13 Certain Relationships and Related Transactions

Note 16 on page 42 of the Financial Statements is incorporated herein by reference.

PART IV

Item 14 Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1) Financial Statements

The Consolidated Financial Statements of Octel Corp. and its subsidiaries and related notes thereto, together with the report thereon of PricewaterhouseCoopers dated February 9, 2000 appearing on pages 14 through 43 of the 1999 Annual Report to Stockholders, are incorporated by reference in Item 8.

(2) Financial Statement Schedules

All financial statement schedules have been omitted since the information required to be submitted has been included in the financial statements or because they are either not applicable or not required under the Rules of Regulations S-X.

(3) Exhibits

2.1 Transfer and Distribution Agreement, dated as of April 24, 1998, between Great Lakes Chemical Corporation ("GLCC") and the Registrant. (3)

3.1 Amended and Restated Certificate of Incorporation of the Registrant. (1)

3.2 Amended and Restated By-laws of the Registrant. (1)

4.1 Form of Common Stock Certificate. (2)

4.2 Form of Rights Agreement between the Registrant and First Chicago Trust Company of New York, as Rights Agent. (2)

4.3 Form of Certificate of Designations, Rights and Preferences of Series A Junior Participating Preferred Stock of the Registrant.

(2)

4.4 Indenture dated as of May 1, 1998 among the Registrant, Octel Developments PLC and the IBJ Schroder Bank and Trust Company, as trustee. (4)

4.5 Form of 10% Senior Notes (contained in Exhibit 4.4 as Exhibit A). (4)

4.6 Registration Rights Agreement dated as of April 30, 1998 among the Registrant, Octel Developments PLC and the initial purchasers. (1)

4.7 Purchase Agreement dated as of April 30, 1998 among the Initial Purchasers, Octel Developments PLC and the Registrant. (4)

7.1 Share purchase agreement between OBOAdler Holdings Limited and The Associated Octel Company Limited relating to the sale and purchase of the whole of the issued share capital of OBOAdler Company Limited, dated June 1, 1999. (6). 7.2 \$100,000,000 term loan agreement between Octel Corp., Octel Associates, Barclays Capital, Barclays Bank plc and others, dated June 3, 1999 (6).

10.1 Tax Disaffiliation Agreement between GLCC and the Registrant.

(1)

10.2 Corporate Services Transition Agreement between GLCC and the Registrant. (1)

10.3 Supply Agreement between GLCC and the Registrant for the supply of ethylene dibromide. (1)

10.4 Supply Agreement between GLCC and the Registrant for the Supply of anhydrous hydrogen bromide. (1)

10.5 Supply Agreement for the Supply of 10% sodium hydroxide solution. (1)
10.6 Ethyl Corporation Market and Sales Agreement. (4)
10.7 Octel Corp. Non Employee Directors Stock Option Plan. (4)
10.8 Employment Agreement between Associated Octel Limited and Steve W Williams, Geoff J Hignett, Graham M Leathes and Robert A Lee.

(1)

10.9 Employment Agreement between Associated Octel Limited and Dennis J Kerrison. (1)
10.10 Agreement between GLCC and the Registrant for the Toll Manufacturing of Stadis Product. (4)
10.11 Octel Corp. Time Restricted Stock Option Plan. (3)
10.12 Octel Corp. Performance Related Stock Option Plan (3)
10.13 Associated Octel Savings-Related Stock Option Plan. (3)
10.14 Form of Octel Corp. Approved Company Share Option Plan.(8)
10.15 Form of Octel Corp. Profit Sharing Share Scheme.(8)
10.16 Employment Agreement between The Associated Octel Company Limited and Alan G Jarvis.
10.17 Employment offer letter from The Associated Octel Company Limited to John P Tayler.
10.18 Consultancy Agreement between Octel Corp. and Robert E Bew.
12.1 Statement Regarding Computation of Financial Ratios.
13.1 1999 Annual Report of Octel Corp.
13.2 Opinion of Ernst & Young LLP on 1997 Combined Financial Statements .
21.1 Subsidiaries of the Registrant.
24.1 Powers of Attorney of Directors and Officers of the Registrant (4).
27.1 Consolidated Financial Data Schedule.
99.1 Consolidated Financial Statements of OBOAdler Company Limited as of June 30, 1999 and for the year then ended (7).

(1) Incorporated by reference to the Company's amendment dated April 21, 1998, to a previously filed Form 10-/A.

(2) Incorporated by reference to the Company's Form 10-/A previously filed on April 10, 1998.

(3) Incorporated by reference to the Company's amendment dated May 4, 1998 to a previously filed form 10-/A.

(4) Incorporated by reference to the Company's form S-4 previously filed on October 1, 1998.

(5) Filed with the Company's form 10Q on November 10, 1998.

(6) Filed with the Company's form 8-K on November 12, 1999.

(7) Filed with the Company's form 8-K/A on January 20, 2000.

(8) Filed with the Company's form 10K on March 26, 1999.

(b) Reports on Form 8-K

A Form 8-K was filed on November 12, 1999 announcing the November 9, 1999 acquisition of OBOAdler Company Limited. A Form 8-K/A was filed on January 29, 2000 which provided audited financial statements and proforma financial statements related to the acquired business and the combined company respectively.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

<i>OCTEL CORP.</i> <i>(Registrant)</i> <i>Date:</i> <i>March 20, 2000</i>	<i>By:</i>	<i>/s/ Dennis J Kerrison</i> <i>DENNIS J KERRISON</i> <i>President, Chief Executive Officer</i> <i>and</i> <i>Director</i>
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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated:

<i>March 20, 2000</i>	<i>/s/ Alan G Jarvis</i> ----- <i>Alan G Jarvis, Vice President and</i> <i>Chief Financial Officer</i>
<i>March 20, 2000</i>	<i>/s/ Robert E Bew</i> ----- <i>Dr Robert E Bew, Chairman and</i> <i>Director</i>
<i>March 20, 2000</i>	<i>/s/ Dennis J Kerrison</i> ----- <i>Dennis J Kerrison, President,</i> <i>Chief Executive Officer and</i> <i>Director</i>
<i>March 20, 2000</i>	<i>/s/ Martin M Hale</i> ----- <i>Martin M Hale, Director</i>
<i>March 20, 2000</i>	<i>/s/ Thomas M Fulton</i> ----- <i>Martin M Hale, Director</i>
<i>March 20, 2000</i>	<i>/s/ James Puckridge</i> ----- <i>James Puckridge, Director</i>
<i>March 20, 2000</i>	<i>/s/ Benito Fiore</i> ----- <i>Dr Benito Fiore, Director</i>
<i>March 20, 2000</i>	<i>/s/ Charles M Hale</i> ----- <i>Charles M Hale, Director</i>
<i>March 20, 2000</i>	<i>/s/ Steven W Williams</i> ----- <i>Steven W Williams, Vice President,</i> <i>Group Operations</i>
<i>March 20, 2000</i>	<i>/s/ H Alan Hanslip</i> ----- <i>H Alan Hanslip, Vice President,</i> <i>Human Resources</i>
<i>March 20, 2000</i>	<i>/s/ Geoffrey J Hignett</i> ----- <i>Dr Geoffrey J Hignett, Vice</i> <i>President, Specialty Chemicals</i>

DATED MAY 1998

THE ASSOCIATED OCTEL COMPANY LIMITED

- and -

ALAN GEOFFREY JARVIS

EXECUTIVE SERVICE AGREEMENT

DATE: 22nd May 1998

PARTIES:

1. THE ASSOCIATED OCTEL COMPANY LIMITED (registered no: 344359) whose registered office is at Suite 2, 4th Floor, Berkeley Square House, Berkeley Square, London. W1X 6DT ("the Company").
2. ALAN GEOFFREY JARVIS of Cob Hall, Hoofield Lane, Huxley, Chester, CH3 9BR ("the Executive").

OPERATIVE PROVISIONS:

1. INTERPRETATION

2.

1.1. The headings and marginal headings to the Clauses are for convenience only and have no legal effect.

1.2. Any reference in this Agreement to any Act or delegated legislation includes any statutory modification or re-enactment of it or the provision referred to.

1.3. In this Agreement:

"the Board"

means the Board of Directors of the Parent or the Company as the case may be and includes any committee of the Board duly appointed by it;

"Managing

Director" means any person or persons jointly holding such office of the Company from time to time and includes any person(s) exercising substantially the functions of a

"Confidential Information"

includes but is not limited to all any trade secrets, names and contact details of customers and prospective customers, purchasing and sales agents, suppliers, prices charged to or charged by the company, financial and budget information, and any other information of a confidential nature relating to the Company or any Associated Company or information which has been given to the Company or any Associated Company by a third party under a duty of confidence where such a duty has been made known to the Executive and which is not in the public domain otherwise than by breach of the Executive's duties of confidentiality to the Company.

"Corporate Information"

means all and any information (whether or not recorded in documentary form or on computer disc or tape) relating to the business methods, corporate plans, management systems, finances, business opportunities or research and development projects of the Company or any Associated Company.

"Marketing Information"

means all and any information (whether or not recorded in documentary form or on computer disc or tape) relating to the marketing or sales of any product or service of the Company or any Associated Company including without limitation sales targets and statistics, market share and pricing statistics, marketing surveys and plans, market research reports,

sales techniques, price lists, discount structures, advertising and promotional material, the names, addresses, telephone numbers, contact names and identities of customers and potential customers of and suppliers and potential suppliers to the Company or any Associated Company and the nature of their business operations, their requirements for any product or service sold to or purchased by the Company or any Associated Company and all confidential aspects of their business relationship with the Company or any Associated Company.

"Associated Company"

means a subsidiary and any other company which is for the time being a holding company (as defined by the Company Acts 1985 Section 736) of the Company or another subsidiary of any such holding company.

"Pension Scheme"

means The Associated Octel Company Limited Pension Plan.

"Parent"

means Octel Corp

2. APPOINTMENT AND DURATION

2.1. The Parent and the Company agree to employ the Executive and the Executive hereby accepts employment with the Parent and the Company upon the terms and conditions set forth in this Agreement.

2.2. The Company appoints the Executive and the Executive agrees to serve as a Director or Officer of the Company and for any Associated Company or in such other appointment as may from time to time be agreed. The Executive accepts that the

Company may at its discretion require him to perform other duties or tasks not within the scope of his normal duties and the Executive agrees to perform those duties or undertake those tasks as if they were specifically required under this Agreement.

2.3. The appointment shall be deemed to have commenced on 22nd May 1998 and shall continue (subject to earlier termination as provided in this Agreement) until terminated by the Company giving to the Executive not less than 12 calendar months prior notice or by the Executive giving to the Company not less than 6 calendar months prior notice. The Executive's period of continuous employment with the Company began on 13th October 1997.

2.4. With the prior consent of the Executive the Company may from time to time appoint any other person or persons to act jointly with the Executive in his appointment.

2.5. The Executive warrants that by virtue of entering into this Agreement he will not be in breach of any express or implied terms or any contract with or of any other obligation to any third party binding upon him.

3. DUTIES OF THE EXECUTIVE

3.1. The Executive shall at all times during the period of this Agreement:

3.1.1. devote the whole of his time, attention and ability to the duties of his appointment save for such reasonable time as he may use for non-executive directorships of companies, which he has been authorised in writing by the Board to accept;

3.1.2. faithfully and diligently perform those duties and exercise such powers consistent with them which are from time to time assigned to or vested in him;

3.1.3. obey all lawful and reasonable directions of the Board of the Parent of the Company;

3.1.4. use his best endeavours to promote the interests of the Company;

3.1.5. keep the Managing Director promptly and fully informed (in writing if so requested) of his conduct of the business or affairs of the Company or any Associated Company and provide such explanations in connection therewith as the Managing Director may require;

3.1.6. not at any time make any untrue or misleading statement relating to the Company or any Associated Company;

3.1.7. inform the Managing Director promptly if he receives a solicitation from a competitor or potential competitor either on a personal or a business basis which could be prejudicial to the best interests of the Company or its Associated Companies.

4. PLACE OF WORK AND RESIDENCE

4.1. The Executive shall perform his duties at the Company's premises in Ellesmere Port and/or such other place of business of the Company as the Company may require whether inside or outside the United Kingdom but the Company shall not without his prior consent require him to go to or reside anywhere outside the United Kingdom except for occasional visits in the ordinary course of his duties, such visits not normally to exceed a period of one month.

4.2. The Executive shall at all times reside within a radius of 40 miles from his place of work from time to time. If the Company shall change his place of work such that the Executive has to relocate his residence to remain within that radius, the Company shall reimburse him his removal and other incidental expenses in accordance with its

then current policy for relocation of Executives.

5. HOURS OF WORK

The Executive's hours of work are the normal hours of the Company from 9 am to 5.30 pm Monday to Friday each week together with such additional hours as may be necessary so as properly to fulfill his duties.

6. PAY

6.1. During his appointment the Company shall pay to the Executive:

6.1.1. a basic salary at the rate of (pound)150,000 per year which shall accrue day to day and be payable by equal monthly instalments in advance according to the published schedule of payment dates. The salary shall be deemed to include any fees receivable by the Executive as a Director or Officer of the Company, or of any other Associated Company or other company unincorporated body in which he holds office as nominee or representative of the Company or an Associated Company and

6.1.2. a bonus in accordance with the corporate bonus scheme set out in Schedule 1.

6.2. The Executive's basic salary shall be reviewed by the Board on 1st January each year except in the first year and the rate of basic salary may be increased by the Company on a discretionary basis with effect from that date by such amount if any as it shall think fit. The first such review of salaries will take place on 1st January 2000.

7. PENSION

7.1. The Executive shall be entitled to be and remain a member of the Company Pension Scheme subject to the terms of its Deed and Rules from time to time details of which are at Schedule 2. The Company shall be entitled at any time to terminate the Pension Scheme or the Executive's membership of it subject to providing him with the benefit of an equivalent pension scheme ("the New Scheme") each and every benefit of which shall not be less favourable than the benefits provided to the Executive under the existing scheme and to ensuring that the Executive is fully credited in the New Scheme for his pensionable service in the existing scheme as if such pensionable service has been under the New Scheme.

7.2. For the purposes of Part III of the Pension Schemes Act 1993 there is a contracting-out certificate in force.

7.3. The Company will provide additional pension benefits which after taking account of the Executive's entitlement under the Company Pension Scheme, shall be the equivalent of 1/40th of full basic pay (as provided under Clause 6.1.1 above) irrespective of the Inland Revenue Pensions Cap for each year of pensionable service. The Executive is entitled to participate in The Associated Octel Funded Unapproved Retirement Benefits Scheme (FURBS) and The Associated Octel Top Hat Scheme (which together are hereinafter referred to as the Company Pension Plans) by which such additional pension provision referred to within this sub-Clause shall be provided.

7.4. Without prejudice to Clause 7.3, should the Executive be prevented or restricted in part or in whole by UK Inland Revenue restrictions from drawing benefits otherwise payable under the Company Pension Plans, the Company shall pay him further salary which after meeting income tax obligations shall be equivalent to the cost of providing the pension benefits denied him by such UK Inland Revenue restrictions.

7.5. The Executives accrued benefits under the Company Pension Plans shall survive termination of this Agreement, irrespective of the cause or reason for such termination.

8. INSURANCE BENEFITS

8.1. The Executive shall be entitled to participate at the Company's expense in the Company's Permanent Health Insurance scheme which provides cover for permanent sickness or disability. He will also be covered for himself, his spouse and eligible children in the Company's BUPA Scheme, subject to the rules of such schemes, details of which are available from the HR Director. The Company may choose to terminate its agreement with BUPA and provide at least equivalent benefits with an alternative supplier.

9. CAR

9.1. Subject to the Executive holding a current full driving licence a car of make, model and specification in line with current policy for executives will be provided. The policy also includes an option to trade up to a higher cost car, the additional cost of such to be borne by the Executive. The policy is available from the HR Director. At the option of the Company a non-pensionable cash allowance may be paid by monthly instalments in arrears in lieu of the provision of a Company car in line with current Company policy.

9.2. The Company shall bear all standing and running expenses of the car including fuel consumed during private use of the car throughout Europe, including holiday usage and any additional insurance costs incurred to permit the Executive to use the car outside the United Kingdom for private purposes.

9.3. The Executive shall always comply with all regulations laid down by the Company from time to time with respect to company cars; shall follow the Company policy in the case of any accidents involving his Company car, shall immediately report to the Company any driving convictions in respect of which he is disqualified from driving a motor vehicle and, on the termination of his appointment whether lawfully or unlawfully, shall forthwith return his Company car to the Company, (except as provided for in Clause 17.6.3).

10. EXPENSES

10.1. The Company shall reimburse to the Executive normally on a monthly basis all travelling, hotel, entertainment and other expenses reasonably incurred by him in the proper performance of his duties subject to the Executive complying with such guidelines or regulations issued by the Company from time to time in this respect and to the production to the Company of such vouchers or other evidence of actual payment of the expenses as the Company may reasonably require.

10.2. The Company will issue Company sponsored charge card(s) to the Executive and he shall use such card(s) only for expenses reimbursable under Clause 10.1 above, and shall return the card(s) to the Company forthwith on the termination of his employment.

11. HOLIDAY

11.1. In addition to English public holidays the Executive is entitled to 30 working days paid holiday in each holiday year which runs from 1st January to 31st December to

be taken at such time or times as are agreed with the Managing Director. The Executive may, with the consent of the HR Director, carry forward up to 10 unused days from his holiday entitlement to be taken by 31st March in the subsequent holiday year.

11.2. The Executive, with the written consent of the HR Director, may bank up to 5 days per year of his holiday entitlement which can be taken immediately prior to his normal (or early) retirement date. Alternatively, the banked holiday days may be taken as sabbatical leave with the permission of the Managing Director.

11.3. For the holiday year during which his appointment commences or terminates, the Executive is entitled to two and a half working days holiday for each calendar month of his employment by the Company during that holiday year. On the termination of his appointment for whatever reason, the Executive shall be entitled to pay in lieu of outstanding holiday entitlement and shall be required to repay to the Company any salary received for holiday taken in excess of his entitlement.

12. SICKNESS

12.1. If the Executive is absent because of sickness (including mental disorder) or injury he shall report this fact forthwith to his immediate Supervisor and if the Executive is so prevented for seven or more consecutive days he shall provide a medical practitioner's statement to the HR Director on the eighth day and weekly thereafter so that the whole period of absence is certified by such statements. Immediately following his return to work after a period of absence due to incapacity the Executive shall complete a Self-Certification form available from the HR Department detailing the reason for his absence. This should be forwarded to the Staff Pay Office at Ellesmere Port by the Executive on the first day of his return to work.

12.2. If the Executive shall be absent due to sickness (including mental disorder) or injury duly certified in accordance with the provisions of Clause 12.1 hereof, he shall be paid his full remuneration hereunder for up to one month's absence in any period of

twelve consecutive months and thereafter such remuneration, if any, as the Managing Director shall determine from time to time provided that such remuneration shall:-

12.2.1. never be less than the proceeds received by the Company in respect of the Executive under the Company's permanent health insurance scheme (after paying pension contributions); and

12.2.2. be inclusive of any Statutory Sick Pay to which the Executive is entitled under the provisions of the Social Security Contributions and Benefits Act 1992 and any Social Security Sickness Benefit or other benefits recoverable by the Executive (whether or not recovered) may be deducted therefrom.

12.3. If the sickness or injury of the Executive shall be or appear to be occasioned by actionable negligence of a third party in respect of which damages are or may be recoverable, the Executive shall immediately notify the Company of that fact and of any claim, compromise, settlement or judgment made or awarded in connection with it and shall give to the Company all particulars the Company may reasonably require and shall if required by the Company refund to the Company that part of any damages recovered relating to loss of earnings for the period of the incapacity as the Company may reasonably require, provided that the amount to be refunded shall not exceed the amount of damages or compensation recovered by him less any costs borne by the Executive in connection with the recovery of such damages and or compensation and shall not exceed the total remuneration paid to him by way of salary in respect of the period of absence.

12.4. For Statutory Sick Pay purposes the Executive's qualifying days shall be his normal working days.

12.5. At any time during the period of his appointment the Executive shall at the request and expense of the Company permit himself to be examined by a registered medical practitioner to be selected by the Company and shall authorise such medical practitioner to disclose to and discuss with the Company's medical adviser the result of such examination and any matters which arise from it in order that the Company's medical adviser can notify the Company of any matters which, in his opinion, might hinder or prevent the Executive (if during a period of incapacity) from returning to work for any period or (in other circumstances) from properly performing any duties of his appointment at any time.

13. ACKNOWLEDGMENTS BY THE EXECUTIVE

The Executive acknowledges:

13.1. that the Company or its Associated Companies possesses or will possess a valuable body of Confidential Information; and

13.2. that the Company or its Associated Companies will give him access to Confidential Information in order that he may carry out the duties of his employment; and

13.3. that the duties of his employment include without limitation a duty of trust and confidence and a duty to act at all times in the best interests of the Company and any Associated Company; and

13.4. that his knowledge of Confidential Information directly benefits him by enabling him to perform his management duties; and

13.5. that the disclosure of any Confidential Information to any competitor of the Company or any Associated Company or to other third parties would place the Company or any

Associated Company at a serious competitive disadvantage and would cause serious financial and other damage to their businesses; and

13.6. that the success of the business of the Company and its Associated Companies depends in part on the Executive's success and the Directors of the Company and its Associated Companies establishing business relationships with clients similar to those established and maintained by the Executive in the course of his employment.

14. RESTRICTIVE COVENANTS

14.1. The Executive shall not make use of, divulge or communicate to any person (save in the performance of his duties during the course of his employment) any trade secrets or other Confidential Information or Marketing Information of or relating to the Company or any of its Associated Companies which he may have received or obtained while in the service of the Company or any of its Associated Companies. This restriction shall continue to apply after the termination of his employment without limit in point of time and shall cease to apply to information ordered to be disclosed by a Court of competent jurisdiction or otherwise required to be disclosed by law.

14.2. Restrictions on competition

14.2.1. Within this Clause 14 the following words shall have the following meanings:

'Termination Date' shall mean the date of termination of your employment in accordance with the terms of this contract.

'Relevant Period' shall mean the twelve month period prior to and ending with the Termination Date.

`Restricted Customer' shall mean any person, firm, company or other entity who was at any time in the relevant period a customer of the Company or any Associated Company.

`Prospective Customer' shall mean any person, firm or company who was at the Termination Date negotiating with the Company or any Associated Company with a view to dealing with the Company or any Associated Company as a customer.

`Prohibited Business' shall mean any business or activity carried on by the Company or any Associated Company at the Termination Date or at any time in the Relevant Period in which you shall have been directly concerned in the course of your employment at any time in the Relevant Period.

`Protected Supplier' shall mean any supplier or prospective supplier of the Company or any Associated Company with whom you shall have had dealings in the course of your employment during the Relevant Period.

14.2.2. You shall not compete with the Company or any Associated Company during the period of twelve months after the Termination Date directly or indirectly on your own account or on behalf of or in conjunction with any person, firm or company or other organisation canvas or solicit or by any other means seek to conduct, or conduct Prohibited Business with any Restricted Customer with whom you shall have had material dealings during the course of your duties hereunder at any time in the Relevant Period or with whom and to your knowledge any employee or agent of the Company or any Associated Company shall have had material dealings in the Relevant Period.

14.2.3. You shall not compete with the Company or any Associated Company during the period of twelve months after the Termination Date directly or indirectly

on your own account or on behalf of or in conjunction with any person, firm or company or other organisation canvas or solicit or by any other means seek to conduct Prohibited Business with or conduct Prohibited Business with any prospective customer with whom you shall have had material dealings in the course of your duties hereunder at any time in the Relevant Period or with whom and to your knowledge any employee or agent of the Company or any Associated Company shall have had material dealings in the Relevant Period.

14.2.4. You shall not during the period of twelve months after and during a six month period prior to the Termination Date directly or indirectly induce or seek to induce any employee being a manager or a director of the Company or any Associated Company engaged in the Prohibited Business who was such an employee at the Termination Date and with whom you shall during the Relevant Period have had material dealings in the course of your duties hereunder to leave the employment of the Company or any Associated Company whether or not this would be a breach of contract on the part of that employee.

14.2.5. You shall not during the period of twelve months after the Termination Date directly or indirectly seek to entice away from the Company or any Associated Company or otherwise solicit or interfere with the relationship between the Company or any Associated Company and any Protected Supplier.

14.2.6. Each of the restrictions contained in this Clause 11 is intended to be separate and severable. In the event that any of the restrictions shall be held void but would be valid if part of the wording thereof were deleted,

such restriction shall apply with such deletion as may be necessary to make it valid and effective.

14.2.7. The Company reserves the right to update and change these conditions when circumstances dictate to reflect the changing nature of its business and protectable interests.

14.3. Each of the restrictions in each of Clauses 14.2.2 to 14.2.7 is considered by the parties to be reasonable in all the circumstances but if any such restriction shall be held by any Court to be void as going beyond what is reasonable in all the circumstances for the protection of the interests of the Company, the said restriction shall apply with such modifications as may be necessary to render it valid and effective.

15. INTELLECTUAL PROPERTY

You will promptly disclose to the Company and keep confidential all inventions, copyright works, designs or technical know how conceived or made by you alone or with others in the course of your employment. You will hold all such intellectual property in trust for the Company and will do everything necessary or desirable at its expense to vest the intellectual property fully in the Company and/or any Associated Company and/or to secure patent or other appropriate forms of protection for the intellectual property. Decisions as to the protection or exploitation of any intellectual property shall be in the absolute discretion of the Company.

16. COPYRIGHT

16.1. The Executive hereby assigns to the Company by way of future assignment all copyright, design right and other intellectual property rights for the full terms thereof throughout the world in respect of all copyright works and designs originated, conceived, written or made by the Executive (except only those works or designs originated, conceived, written or made by the Executive wholly outside his normal

working hours which are wholly unconnected with his employment or the business of the Company) during the period of his employment by the Company.

16.2. The Executive hereby irrevocably and unconditionally waives in favour of the Company any and all moral rights conferred on him by Chapter 4 of Part I of the Copyright Designs and Patents Act 1988 for any work in which copyright or design right is vested in the Company whether by Clause 16.1 or otherwise.

16.3. The Executive shall, at the request and cost of the Company, do all things necessary or desirable to substantiate the rights of the Company or any Associated Company under Clauses 16.1 and/or 16.2.

17. TERMINATION OF AGREEMENT

17.1. Automatic Termination This Agreement shall automatically terminate:

17.1.1. on the first day of the month following the Executive reaching his 65th birthday; or

17.1.2. if the Executive becomes prohibited by law from being a Director of the Parent; or

17.1.3. if he resigns his office as a Director of the Company; or

17.1.4. if the office of Director of the Company held by the Executive is vacated pursuant to the Company's Articles of Association save if the vacation shall be caused by illness (including mental disorder) or injury; or

17.1.5. if the Executive otherwise ceases to be a Director of the Company.

17.2. Suspension

In order to investigate a complaint against the Executive of misconduct the Company is entitled to suspend the Executive on full pay for so long as may be necessary to carry out a proper investigation and hold a disciplinary hearing.

17.3. Immediate Dismissal

The Company may by notice terminate this Agreement with immediate effect if the Executive:

17.3.1. commits any act of gross misconduct or repeats or continues (after written warning) any other serious breach of his obligations under this Agreement; or

17.3.2. is guilty of any conduct which in the reasonable opinion of the Board of the Parent brings him, or the Company or its Associated Companies into disrepute; or

17.3.3. is convicted of any criminal offence punishable with more than six months imprisonment (other than an offence under road traffic legislation in the United Kingdom or elsewhere in respect of which he is convicted and is sentenced to an immediate term of imprisonment); or

17.3.4. commits any act of dishonesty whether relating to the Company, any of its or their employees or otherwise; or

17.3.5. when he is a Director of the parent, becomes bankrupt or makes any

arrangement or composition with his creditors generally; or

17.3.6. is in the reasonable opinion of the Board of the parent incompetent in the performance of his duties.

17.4. Dismissal on Short Notice

The Company may terminate this Agreement as follows notwithstanding Clause 12.2 by not less than six months' prior notice given at any time while the Executive is incapacitated by ill-health or accident from performing his duties under this Agreement and has been so incapacitated for a period or periods aggregating 100 days in the preceding twelve months. Provided that:-

17.4.1. the Company shall withdraw any such notice if during the currency of the notice the Executive returns to full time duties and provides a medical practitioner's certificate satisfactory to the Board to the effect that he has fully recovered his health and that no recurrence of his illness or incapacity can reasonably be anticipated;

17.4.2. the Company shall not exercise this right if the effect of so doing shall be to deprive the Executive of any of the benefits of the Permanent Health Insurance referred to in Clause 8.1.

17.5. Pay in lieu

Upon notice being tendered by either party to terminate this Agreement or at any time thereafter during the currency of such notice the Company shall be entitled to require the Executive to refrain from carrying out some or all of his duties during the period of such notice and to serve out such notice at his home or any of the Company's UK premises.

17.6. Change of Control

17.6.1 Termination by Company Without Cause or By Executive for Good

Reason After Change of Control.

Notwithstanding any other provisions in this Agreement, if during the three- year period following a "Change of Control", the Company terminates the Executive without Cause or the Executive terminates his employment for Good Reason, then the Company shall pay the Executive an amount equal to (i) three (3) times the highest base salary in effect during the term of this Agreement and (ii) three (3) times the highest annual bonus paid during the term of this Agreement, and (iii) all amounts accrued for (a) base salary through the termination date, (b) any unpaid annual bonus for completed years, (c) accrued vacation through the termination date, and (d) business expenses through the termination date. The Company shall pay the Executive all amounts to which he is entitled under this paragraph within 10 days after the termination date. In addition, for purposes of determining the Executive's entitlement to benefits under the Company's retirement plans, the Company shall credit the Executive with three (3) additional years of service and earnings as though he had continued to work through such three-year period at the highest base salary and annual bonus paid during the term of this Agreement. If the Company is prohibited by law from crediting the Executive with such service and earnings under any qualified plan, it shall make any such incremental benefit available to him under a non-qualified supplemental plan. Where such termination takes place before 3 years service, the annual bonus multiplier will be assumed to be the target percentage for the Executive.

17.6.2. Under the circumstances described in Clause 17.6.1, all stock options previously granted to the Executive and not yet expired, will become fully and immediately vested and exercisable on the Termination Date and for 180 days thereafter. During the first 45 days of trading, a notional value of \$15 per share will be assumed.

17.6.3. Under the circumstances described in Clause 17.6.1, the Company will cause title to the Executive's currently allocated car, if a car was provided by the Company at the date of the change of control, to be transferred free of charge to the Executive within ten days of the Termination Date.

17.6.4. For the purposes of Clause 17.6 "Change of Control" means a change in

control of a nature that would be required to be reported in response to item 5

(f) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 of the United States of America, as amended ("Exchange Act") whether or not the Parent or the Company is then subject to such reporting requirement; provided that, without limitation, such a change in control shall be deemed to have occurred if (a) any "person" or "group" (as such terms are used in Section 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Parent or the Company representing 20% or more of the combined voting power of the Parent's or the Company's, respectively, then outstanding securities (other than the Parent, the Company, any employee benefit plan of the Company or the Parent); and, for purposes of this Agreement, no change in control shall be deemed to have occurred as a result of the "beneficial ownership", or changes therein, of the Parent's or the Company's securities, respectively, by any of the foregoing, (b) there shall be consummated (i) any consolidation or merger of Parent or the Company in which the Parent or the Company is not the surviving or continuing corporation or pursuant to which shares of the Parent's or the Company's Common Stock, respectively, would be converted into cash, securities or other property, other than a merger of the Parent or the Company in which the holders of the Parent's Common Stock immediately prior to the merger have (directly or indirectly) at least a 70% ownership interest in the outstanding Common Stock of the surviving corporation immediately after the merger, or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Parent or the Company, (c) the shareholders of the Parent approve any plan or proposal for the liquidation or dissolution of the Parent, or (d) as the result of, or in connection with, any cash tender offer, exchange offer, merger or other business combination, sale of assets, proxy or consent solicitation (other than by the Board of

the parent), contested election or substantial share accumulation (a "Control Transaction"), the members of the Board of the Parent immediately prior to the first public announcement relating to such Control Transaction shall thereafter cease to constitute a majority of the Board of the Parent.

17.6.5. For the purposes of Clause 17.6 "Good Reason" exists if, without the Executive's express written consent, (a) the Executive is assigned duties materially inconsistent with his present position, duties, responsibilities and status with the Company and the Parent, (b) the Company reduces the Executive's base salary as in effect on the effective date hereof or as the same may be increased from time to time, (c) the Company reduces the Executive's aggregate compensation and incentive and benefit package, (d) the Company requires the Executive regularly to perform his duties of employment beyond a forty miles radius from the location of his current place of employment, (e) the Company takes any other action which materially and adversely changes the conditions or perquisites of the Executive's employment as in effect at the time of the Change of Control, (f) the Parent or the Company fails to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, or (g) the Company purports to terminate the Executive's employment other than pursuant to a Notice of Termination which satisfies the requirements of Clause 17.6 (and, for purposes of this Agreement, no such purported termination shall be effective).

17.6.6. For the purposes of Clause 17.6 "Cause" means (a) the Executive's conviction of any criminal violation involving dishonesty, fraud or breach of trust, or (b) the Executive's willful engagement in gross misconduct in the performance of his duties that materially injures the Company. For purposes of this definition, no act or failure to act on the Executive's part shall be considered "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that his action or omission was in the best interest of the Company or its Subsidiaries.

17.6.7. For the purposes of Clause 17.6 "Without Cause" means an involuntary termination of the Executive's employment by the Company other than for

cause (defined in Clause 17.6.6.) or due to the Executive's death or disability.

17.6.8. Default of Payment. Any payment not made within ten days after it is due in accordance with this Agreement shall thereafter bear interest, compounded annually, at an interest rate equal to the prime rate from time to time in effect at the Barclays Bank interest rate plus two percent (2%).

17.6.9. The Executive will not be required to mitigate the amount of any payment or benefits provided for in Clauses 17.6.1, 17.6.2 and 17.6.3 by seeking other employment, nor shall those amounts be reduced by any payments or benefits received after the Termination Date from another employer.

17.7. Miscellaneous

On tendering notice by either party, or at any time thereafter, the Executive shall at the request of the Company:

17.7.1. resign (without prejudice to any claims which the Executive may have against any Company arising out of this Agreement or the termination thereof) from all and any offices which he may hold as a Director of the Company or any Associated Company and from all other appointments or offices which he holds as nominee or representative of the Company or any Associated Company; and

17.7.2. transfer without payment to the Company or as the Company may direct any qualifying shares provided by it to him; and if he should fail to do so within seven days the Company is hereby irrevocably authorised to appoint some person in his name and on his behalf to sign any documents or do any things necessary or requisite to effect such resignation(s) and/or transfer(s).

18. DISCIPLINARY AND GRIEVANCE PROCEDURE

18.1. The Executive is subject to the Company's disciplinary rules and procedure, details of which are contained in the Company's Handbook, but the Executive has no

contractual entitlement in this respect.

18.2. If the Executive has any grievance relating to his employment (other than one relating to a disciplinary decision) he should refer such grievance to the Managing Director and if the grievance is not resolved it will be referred to the Board of the Parent for resolution.

19. GENERAL

19.1. Collective Agreements

There are no collective agreements currently in force applicable to the Executive's employment.

19.2. Reconstruction and amalgamation

If the Executive's employment hereunder shall be terminated by reason of the liquidation of the Company for the purposes of reconstruction or amalgamation then the Executive shall be offered employment with any concern or undertaking resulting from such reconstruction or amalgamation on terms and conditions not less favourable than the terms of this Agreement as then in operation and the Executive shall have no claim against the Company in respect of the termination of his employment hereunder by reason of liquidation for such purposes.

19.3. Prior agreements

This Agreement sets out the entire agreement and understanding of the parties and is in substitution for any previous contracts of employment or for services between the Company or any of its Group Companies and the Executive (which shall be deemed to have been terminated by mutual consent).

19.4. Accrued rights

The expiration or termination of this Agreement however arising shall not operate to

affect such of the provisions of this Agreement as are expressed to operate or have effect after then and shall be without prejudice to any accrued rights or remedies of the parties.

19.5. Proper law

The validity construction and performance of this Agreement shall be governed by English law.

19.6. Acceptance of jurisdiction

All disputes claims or proceedings between the parties relating to the valid construction or performance of this Agreement shall be subject to the non-exclusive jurisdiction of the High Court of Justice in England and Wales ("the High Court") to which the parties irrevocably submit.

19.7. Notices

Any notice to be given by a party under this Agreement must be in writing and must be given by delivery at or sending first class post or other faster postal service, or facsimile transmission or other means of telecommunication in permanent written form (provided the addressee has facilities for receiving such transmissions) to the last known postal address or relevant telecommunications number of the other party. Where notice is given by sending in a prescribed manner it shall be deemed to have been received when in the ordinary course of the means of transmission it would be received by the addressee. To prove the giving of a notice it shall be sufficient to show it was despatched. A notice shall have effect from the sooner of its actual or deemed receipt by the addressee.

IN WITNESS whereof the Executive and the Company have executed this document as a Deed the day and year first before written

SIGNED AND DELIVERED AS A DEED)
by the Executive in the presence of:)

EXECUTED AND DELIVERED AS A DEED)
by the Company acting by:)

Director:

Director/Secretary:

in the presence of:

PERSONAL

Mr John Tayler
The Castle
46 North Cross Road
Fixby
Huddersfield
Yorkshire
HD2 2NL

26th March 1999

Dear John

Following our telephone conversation today, I have pleasure in offering you employment with The Associated Octel Company Limited to begin on 1st May 1999. You will initially be employed as Corporate Secretary based at our Manchester office, at a basic salary at the rate of (Pounds)80,001 per annum.

This offer is subject to the following conditions:

1. That you pass a Company medical examination.
2. That you accept the Company's terms and conditions when, unless otherwise expressed in this letter, are set out in Part 1 of the enclosed copy of the Staff Handbook.
3. That we receive satisfactory references.

Pension Plan

The Company maintains a Pension Scheme for the benefit of employees. Further details of the Scheme are contained in the enclosed copy of the Pension Plan Booklet and your attention is drawn to the letter accompanying this booklet. Contributions are currently suspended, but will at some stage be reintroduced up to 4% of salary.

In addition, you will be able to participate in the Company's Senior Management Scheme which is a non-contributory money purchase pension plan designed to provide you with the equivalent of a total 1/45th of your pensionable salary for each year of service.

Holiday Entitlement

You will be entitled to 30 days annual holiday in a full holiday year which runs from 1st March to 28/29th February.

BUPA Membership

You will be offered membership of the Company's BUPA Bulk Scheme for yourself and your spouse on a non-contributory basis. The current taxable benefit arising from the Company's contribution is (Pounds)700.96 per annum. Membership can be extended to cover any unmarried children under 21 years of age on a contributory basis.

Holiday Gift and Overseas Travel Allowance

With reference to Sections 7 and 23 of the Staff Handbook respectively, please note that you are not entitled to Holiday Gift or the Overseas Travel Allowances.

Termination of Contract

Should you wish to terminate your employment you must give the Company six months notice. You will be entitled to receive twelve months notice from the Company to terminate your services. The Company notice period will not apply if your service is terminated as a result of gross misconduct.

Company Car

You will be provided with a fully funded Company car, including private fuel. The car is typically a Mercedes 200 or BMW 323i and we will arrange for a list of possible vehicles to be sent to you. You may also take a cash equivalent in lieu of a car, currently the allowance is (Pounds) 6729 per annum.

Management Incentive Plan

You will be eligible to participate in the annual Management Incentive Plan. In your case the target payout would be 25% of basic salary subject to Company and personal performance. The plan normally runs from 1st January to 31st December.

Group Accident Insurance

You will be covered by the Company's Group Accident insurance.

Stock Options

You will be granted Octel Corp., stock options to the value of approximately (Pounds)30,000 at current market value after 3 months service. The stock will vest in three to ten years from grant.

I assume you will not wish to relocate given the proximity of your current residence.

Should you wish to accept our offer, will you please sign the acceptance on the duplicate of this letter and EITHER the enclosed Pension Plan Membership Application Form, OR Waiver Form and return them to me. Please give me a call if you would like any clarification.

Meanwhile, I personally very much look forward to working with you. An early task might be to revamp the mass of paperwork included with this offer!

Yours sincerely

ALAN HANSLIP
Director of Human Resources

Signed: Date:

Exhibit 10.18

CONSULTANCY AGREEMENT

Date: 1/st/ October 1999

Parties:

1. "The Company": Octel Corp. a limited liability company incorporated in the State of Delaware, USA and having its European Headquarters at Global House, Bailey Lane, Manchester M90 4AA, UK; and
2. "The Consultant": Dr R E Bew of Ivy Cottage, 106 The High Street, Norton, Stockton-on-Tees, Cleveland, TS20 1DS.

Recitals:

- (A) The Company wishes to retain the Consultant to assist the Company by providing corporate development services.
- (B) The Consultant has experience and expertise in corporate development activities and is willing to provide those services to the Company on the terms of this agreement.

A G R E E M E N T

1. Appointment

The Company appoints the Consultant to provide the following services to the Company:

- 1.1 develop the Company's international business profile;
- 1.2 develop senior level relationships for the Company with the banking community and the major companies in the chemical industry;
- 1.3 assist the Corporate Development team to develop, review and implement the Company's M&A programme;
- 1.4 develop a corporate KPI programme;
- 1.5 assist in the development of the N.W. Inter-active programme.

2. Terms

This agreement shall commence on 1/st/ October 1999 and shall continue until terminated by either party giving three months notice in writing.

3. Consultant's Obligations

The Consultant shall devote such time to the provision of the services described in paragraph 1 hereof as is necessary to fulfil those obligations but the Company and Consultant expect that the Consultant shall provide such services to the Company on an average of two days per week.

4. Fees

The Company shall pay to the Consultant (Pounds)15,000 per calendar quarter for the terms of this agreement.

5. Consultant Status

The Consultant is an independent contractor and not a servant of the Company. The services will be provided by the Consultant as a self-employed person and nothing in this agreement shall be construed as creating an employer/employee relationship. The Consultant is not eligible for sickness benefit, to join the Company Pension Scheme or receive any holiday pay or bonus payments.

6. Governing Law and Jurisdiction

The construction, validity and performance of this Agreement shall be governed by the laws of England and Wales and both parties submit to the non-exclusive jurisdiction of the English courts.

SIGNED by _____
for and on behalf of
Octel Corp.

SIGNED by _____
The Consultant

EXHIBIT 12.1 - STATEMENT REGARDING COMPUTATION OF FINANCIAL RATIOS

(Dollars in millions)

1999 1998 1997 1996 1995

1. NET INCOME AS A PERCENT OF SALES

A Net Income	\$ 42.6	\$ 70.4	\$117.7	\$128.3	\$145.1
B Net Sales	\$516.8	\$465.0	\$539.1	\$497.4	\$628.3
A % of B	8.2%	15.1%	21.8%	21.5%	23.1%

2. EFFECTIVE INCOME TAX RATE

C Income Taxes	\$ 32.7	\$ 41.5	\$ 56.7	\$ 63.8	\$ 71.7
D Income before Income Taxes	\$ 75.3	\$111.9	\$174.4	\$192.1	\$216.8
C % of D	43.4%	37.1%	32.5%	33.2%	33.1%

Current Ratio

E Current Assets	\$255.8	\$240.9	\$282.7	\$339.6	\$314.9
F Current Liabilities	\$206.8	\$205.2	\$102.8	\$123.5	\$138.8

E : F	1.2	1.2	2.7	2.7	2.3
-------	-----	-----	-----	-----	-----

**YEAR 2:
ON TRACK.
ON TARGET.
Octel Corp. 1999 Annual Report**

Octel is a global chemical company specializing in high performance fuel additives and other performance chemicals. In a market where demand for tetraethyl lead (TEL), our major product, is declining roughly 15 percent per year, we have pledged to manage the decline safely under our Product Stewardship Program. By vigorous strategic management of our cost base we will work to maintain high margins to pay off debt and generate sufficient cash to grow our two strategic business units: Petroleum Specialties and Performance Chemicals. The result, we believe, will be the creation of value for our shareholders.

[OCTEL LOGO]

Octel has taken on one of the most difficult jobs in any business:
We are reinventing our company.

In 1999, we:

built our share in the TEL market through a strategic acquisition and continued to differentiate ourselves from our global competition,

used our international network, customer relationships, advanced technology and superior technical service to expand our Petroleum Specialties business, and

took first steps toward creating a firm foundation for our Performance Chemicals business through the development of new products, aggressive marketing and organizational focus.

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FINANCIAL HIGHLIGHTS

	1999	1998	1997	1996	1995
(dollar amounts in millions except per share figures)					
Summary of earnings:					
Net sales	\$ 516.8	\$ 465.0	\$ 539.1	\$ 597.4	\$ 628.3
Operating income	92.3	134.9	194.7	226.1	254.6
Income before income taxes and minority	77.2	111.9	198.7	221.7	249.1
Minority interest	1.9	--	24.3	29.6	32.3
Income taxes	32.7	41.5	56.7	63.8	71.7
Net income	42.6	70.4	117.7	128.3	145.1
EBITDA	167.6	194.1	243.8	262.7	287.0
Cash generated by operating activities	108.7	238.3	167.5	127.8	175.8
Financial position at year end:					
Working capital	129.0	106.7	179.9	216.1	175.8
Total assets	849.5	806.7	832.9	841.0	798.4
Long term debt (including current portion)	313.3	300.8	--	--	--
GLCC investment	--	--	652.8	584.6	530.8
Stockholders' equity	313.9	301.1	--	--	--
Financial ratios:					
Net income as a percent to sales	8.2	15.1	21.8	21.5	23.1
Effective income tax rate	43.4	37.1	32.5	33.2	33.1
Current ratio	1.2	1.2	2.7	2.7	2.3
Share data:					
Earnings					
-- Basic	3.08	4.85	7.84	8.08	8.88
-- Fully diluted	3.05	4.85	7.84	8.08	8.88
Shares outstanding (basic, thousands)					
-- At year end	13,451	13,934	15,000	15,900	16,300
-- Average during year	13,827	14,514	15,000	15,900	16,300
Stock price					
-- High	15.3	22.7	--	--	--
-- Low	9.7	11.6	--	--	--
-- At year end	10.4	13.9	--	--	--

1995 balance sheet data is unaudited.

Accounts details prior to the spin-off (May 22, 1998) are derived from GLCC historic data.

[GRAPH APPEARS HERE]

Dear Shareholders:

(PHOTO OF DENNIS J. KERRISON APPEARS HERE)

In last year's annual report I outlined a five-year plan to reinvent Octel by profitably managing our declining TEL business and growing our Specialty Chemicals business. I am pleased to report that, while in 1999 we started to see a faster-than-anticipated decline in TEL markets and increased competition, we maintained our momentum towards achieving the ultimate goal of our vision -- maximizing shareholder return.

New additions to the company played a major role in our progress. We acquired OBOAdler and this, following our successful alliance last year with Ethyl Corporation, completes the final stage of our planned consolidation of the TEL market.

Joint ventures with Starreon Corporation and APS, forming Octel Starreon and Octel Valvemaster respectively, strengthened our base in Specialty Chemicals. These alliances, combined with strong organic growth, gave us a 48 percent increase in sales revenue in Specialty Chemicals year on year and helped us to profit in our second full year of operation as a stand-alone business unit.

Another critical component of our progress -- especially given the issues in the TEL market -- was the performance of our people in strategically managing our cost base and minimizing the decrease in percentage margin.

While there remain uncertainties about the rate of market decline and competitive pressures in TEL, we are confident that our successful stewardship of the TEL business and growth of the Specialty Chemicals businesses put us firmly on track and on target as we head into year three of our plan.

In this report, we take a closer look at a very successful year and our plans for the future.

*/s/ Dennis J. Kerrison
Dennis J. Kerrison
President and Chief Executive Officer*

LEAD ALKYL (TEL)

HIGHLIGHTS

Began the second phase of a re-engineering project at Ellesmere Port that will help reduce our cost base. Continued to maintain our percentage gross margin above 40 percent (excluding provisions).

Reached agreement to acquire OBOAdler, strengthening logistics and distribution efficiency.

Made excellent progress in managing the alliance with Ethyl.

Strengthened Octel Environmental and Refinery Service units.

"END GAME" STRATEGY SHOWING RESULTS

In managing a declining TEL business, our strategy has been to combine product stewardship with aggressive cost management to maintain a high-quality, safe and efficient supply to our customers. Success in that strategy will provide funds to pay down our debt and invest in our strategic businesses.

In 1999, two factors created significant challenges to the execution of our strategy. Firstly, a number of countries started moving much more aggressively than anticipated in phasing out leaded gasoline. Secondly, we saw increased price competition from a Russian competitor, which had an impact on margins.

In spite of these conditions, we expect that our ability to leverage our strengths of quality, service and global presence will enable us to continue to manage this business effectively.

DISTINGUISHING OCTEL IN GLOBAL MARKETS

A key strategy is to continue to invest in the safety and efficiency of both our logistics and distribution systems through Octel Environmental and Octel Refinery Services.

Through our alliance and acquisition, we have strengthened these services and resources to create 100 percent coverage for all our customers. We intend to give our customers and the entire industry safe and effective support during TEL's phaseout. To date, 83 percent of the industry worldwide has used these support services.

AN ONGOING EMPHASIS ON COST REDUCTION

In a rapidly declining industry, unit costs rise rapidly. Since 1996, Octel has limited the rising cost base through tight cost management programs and balancing supply and demand. In 1999, we took a major step forward with a re-engineering program at our Ellesmere Port manufacturing site, the key operating unit in our group.

While the restructuring effort will result in significant head-count reduction - by mid-2000, we will have approximately 30 percent of the 1996 workforce at the Ellesmere Port site -- the program is also about the way we operate -- creating new skills, productivity and flexibility.

PHOTO CAPTION

Through alliances in this sunset industry, Octel has been able to maintain and improve service globally. 83 percent of Octel's customers use our environmental services, ensuring the safe and cost effective distribution of TEL.

PHOTO CAPTION

With a well-established base business and advanced technologies, we will take advantage of significant opportunities in our core markets. We expect to grow an average 15 percent per annum in these markets, driven by demands for cleaner and more efficient fuels.

PETROLEUM SPECIALTIES

HIGHLIGHTS

Installed expert management teams and assigned profit center responsibility.

Created a joint venture with Starreon Corp., combining respective strengths in the US market.

Achieved first year growth and profitability from the Pluto business, acquired in 1998 and now operating as Octel Deutschland GmbH.

Entered into a joint venture with APS on valve-seat recession products under the Valvemaster(R) name.

Improved cost efficiency by bringing fuel detergent manufacturing in house and improving raw material purchasing, storage and distribution.

GROWTH OPPORTUNITY IN PETROLEUM SPECIALTIES

Our Petroleum Specialties business supplies a range of specialty fuel additives and compounded formulations to more than 200 refineries in 65 countries around the world.

Our core strategy is to continue to build on that base through both organic growth and strategic acquisitions or alliances, at the same time improving our cost-effectiveness throughout the business process.

Our focus is on combining strong technologies and service leadership to attack the significant opportunities in our target markets. One of the main growth drivers is the universal demand for cleaner air. Ongoing rounds of legislation and regulation -- both current and proposed -- will continue to lower the levels of contaminants in fuel and improve combustion efficiency. Our advanced technology, product development capability and testing facilities position us to be a strategic partner with customers who must keep ahead of ever more stringent demands from the regulators and society.

In 1999, we strengthened our technologies with the introduction of additives for diesel particulate filters, which lower the particle discharge from diesel engines. We also enhanced our product range by introducing additives that improve combustion and reduce diesel engine emissions.

We made solid progress in 1999 in strengthening the existing business base. We reorganized and consolidated our management team, as part of our five-year strategy. We negotiated new supply agreements to improve cost efficiency, negotiated improved purchase contracts and rationalized the storage and distribution of raw materials.

We organized ourselves to become more effective marketers. In 1998 and 1999, we progressed to a more focused market approach -- building our products, services and sales operations around two key markets and the requirements of our customers in both Refinery and Performance Specialties.

MARKET FOCUS CREATES TWO UNITS

Our Refinery business focuses on additives that help customers meet fuel specifications and achieve maximum yields of premium refinery fuels. We are now set up to concentrate our product range, manufacturing, product testing and distribution strengths on their needs.

Our second business area, Performance Specialties, is involved in developing performance packages for diesel and gasoline in which we now have over a decade of experience. Our understanding of market trends being shaped by new legislation and consumer demands -- combined with our technological expertise and product development -- gives us and our customers a key advantage.

GROWTH THROUGH STRATEGIC ADDITIONS

Our growth strategy is to develop a strong base, organically and through acquisition or joint ventures. In 1998, we acquired the Pluto business from Veba. Renamed Octel Deutschland, the company has given us a strategic presence in a major European fuel additive market, coupled with a spectrum of technologies. In 1999, we created a joint venture, Octel Starreon LLC, with Starreon Corporation, a company with an excellent reputation which complements our technical expertise with its sales and marketing strengths. Starreon contributes an established presence with end-users, fleets and jobbers with a strong position in premium fuel programs at the fuel terminals. Octel's historic strength has been predominantly with the oil refineries and fuel retailers.

In 1999, we formed a joint venture with APS, Octel Valvemaster Ltd, which offers protective valve-seat recession additives that are necessary during the phaseout of TEL. We also signed an agreement with Castrol, who will market Valvemaster(R) in the UK.

MORE TO COME

Looking ahead, in 2000 we will build on our accomplishments of 1999. We will continue to serve the increasingly demanding needs of the market with proprietary products, new technologies and outstanding service. While we expect much of our short-term growth to be organic, we will continue to look for opportunities to add to our capabilities either through acquisitions, alliances or joint ventures.

PHOTOS

PERFORMANCE CHEMICALS

HIGHLIGHTS

Identified new markets for the Octaquest(R) family.

Installed experienced management and market development team, creating a distinct business unit with profit responsibility.

Introduced a new range of environmentally-friendly products -- Octahib(R), a bio-degradable corrosion inhibitor, and Octasol(R), a colloidal alumina sol for use in a wide range of water treatment applications.

NEW CHEMICAL BUSINESS SHOWING EARLY SUCCESS

While Petroleum Specialties pursues growth within our existing markets in the fuel industry, we are also seeking growth in new areas through the aggressive development of our Performance Chemicals business. The business unit manufactures and markets a growing range of chemical products -- including a number of new environmentally-friendly materials developed by Octel Research and Development.

We have made excellent progress since establishing the Performance Chemicals business. A new management team is now in place and charged with profit center responsibility. We have also created a market development team to identify and develop opportunities around the Octaquest(R) range of products, and a dedicated sales team introducing our new products to the market.

OCTAQUEST(R) IN STEP WITH MARKET NEED

Currently, our business is centered on Octaquest(R), a powerful chelating agent that is used in European detergents. Octaquest(R) is phosphorus-free and readily biodegradable -- a timely solution to growing concerns about existing chelating agents and the growing need for environmentally-friendly products.

We are working to expand the unique Octaquest(R) technology into other industries that require effective chelating agents. The market opportunities we are exploring include photography, personal care, household and institutional cleaning and textiles.

In 1999, we signed an agreement with Hi-Mar Specialties, Inc., to market their specialty effect chemicals, including defoamers, globally outside North America. This offers us marketing synergies with our Octaquest(R) product range in certain markets.

PHOTO CAPTION

With unique technologies and a newly established marketing and sales operations in place, we are targeting growth at 15 percent per annum for Specialty Chemicals.

UNIQUE TECHNOLOGIES CREATE NEW PLATFORMS

As we expand the Octaquest(R) market, we are also building a business platform to support growth in other specialty chemicals. During the year, we began to market a series of biodegradable corrosion inhibitors under the Octahib(R) brand -- which has solid growth possibilities in crude oil and natural gas production, water treatment and a range of similar industries that need a more environmentally-acceptable means to provide corrosion resistance.

Our emphasis in 1999, for both the Octaquest(R) family and sister products, was providing environmentally-friendly options to help solve customer problems in a wide range of markets.

ACQUISITIONS FIGURE IN THE FUTURE

Acquisitions and alliances also figure in this business strategy. Our short-term focus is likely to be on relatively small "seed" acquisitions that give us experience in new markets or help speed our growth program.

ON TRACK FOR GROWTH

We believe that both our Specialty Chemicals businesses have created a solid base and have outstanding growth prospects. We now have the organization to bring unique, proven technologies to markets which are increasingly demanding improved environmental performance. We see these products and these markets as the future for Octel, and that future looks very promising.

[PHOTOS]

CHAIRMAN'S LETTER

We have completed a very successful second year under conditions in our TEL market that were less than ideal. We demonstrated three defining strengths. First, we showed the ability to adjust to changes in TEL demand and strong competition. Second, we demonstrated the promise of our Specialty Chemicals Business. Third, in everything we accomplished, we exhibited that every one of our decisions and business efforts centers on creating maximum shareholder value.

I believe our progress and our prospects tie directly to the abilities of an outstanding management team. In 1999, the development of the three strategic business units enabled our managers to contribute their skills and experience and assume full profit accountability in each of our businesses.

As we enter our third year, I am confident that this company will continue to focus its resources and energies on recreating Octel around Specialty Chemicals, while successfully managing the declining TEL business. I believe we have the critical pieces in place -- market and customer knowledge, new product technologies, and people with experience -- to transform this company, and to put it on a clear growth track.

PHOTO OF DR. ROBERT E. BEW

Sincerely,

*/s/ Robert E. Bew
Dr. Robert E. Bew
Chairman*

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OVERVIEW

The following discussion is based upon the separate financial statements of the Company, which present the Company's results of operations, financial position and cash flows. Insofar as they relate to the periods prior to May 22, 1998 when the "spin-off" of Octel Corp. from the Great Lakes Chemical Corporation group (GLCC) was consummated, these financial statements include the assets, liabilities, income and expenses that related to the Octel businesses as they were operated as a part of the Petroleum Additives Business Unit of GLCC, and the Company's statement of income includes all the related costs of doing business, including charges for the use of facilities and for employee benefits. The financial information included herein, however, may not necessarily reflect the results of operations, financial position and cash flows that would have been achieved if the Company had been an independent company during the periods presented.

Some of the information presented in the following discussion constitutes forward-looking comments within the meaning of the Private Litigation Reform Act of 1995. Although the Company believes its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that actual results will not differ materially from its expectations. Factors which could cause actual results to differ from expectations include, without limitation, the timing of orders received from customers, the gain or loss of significant customers, competition from other manufacturers and changes in the demand for the Company's products, including the rate of decline in demand for TEL. In addition, increases in the cost of product, changes in the market in general and significant changes in new product introduction could result in actual results varying from expectations.

The Company has two businesses -- Lead Alkyls (TEL) and Specialty Chemicals. The Company's strategy is to maximize cash generation from the declining TEL business by consolidating the Company's place in the market and by rigorous management of the cost base. Funds generated by the TEL business will be used to pay down debt but will also be invested in growing Petroleum Specialties and Performance Chemicals, which together comprise the Specialty Chemicals business. Investment in these areas will be to stimulate organic growth in existing areas or to grow by acquisition.

From 1989 to 1995, the Company was able to substantially offset the financial effects of the declining demand for TEL through higher TEL pricing. The magnitude of these price increases reflected the cost effectiveness of TEL as an octane enhancer as well as the high cost of converting refineries to produce higher octane grades of fuel. More recently, however, as competition has intensified due to the decline

in demand for TEL, it has been difficult for the Company to secure general price increases. The Company expects that this trend may continue in the foreseeable future.

As world demand for TEL has declined, the Company has been reducing its cost base in an attempt to maintain its margins. In 1989, the Company closed its German manufacturing facility. In 1996, the Company ceased production at its Italian and French manufacturing facilities. The closure of the Italian and French facilities reduced the Company's workforce by 244 and will result in a further reduction of eight employees upon completion of site remediation activities in France. Until the acquisition of OBOAdler, all of the Company's current TEL requirements were produced at its sole remaining TEL manufacturing facility which is located in Ellesmere Port in the United Kingdom. In December 1998, one of the three TEL buildings on this site was closed. Since 1996, the Company's cost reduction efforts and operating improvement programs in the UK have reduced the workforce by 921 people as at December 31, 1999 and by mid 2000 the total UK workforce will be reduced by 70% from the 1,800 employed in June 1996. All this has been achieved through voluntary severance. The Company will continue to downsize its manufacturing and operating cost base and restructure its operations as the TEL market continues to decline.

RECENT DEVELOPMENTS

In December, 1998 the Company concluded an agreement with Veba Oel AG for the acquisition of its petroleum specialties subsidiary, Chemische Betriebe Pluto GmbH, now renamed Octel Deutschland GmbH (Octel Deutschland). Based in Herne, Germany, Octel Deutschland manufactures and sells fuel additives mainly based on ferrocene, an iron-based metal organic product used as a combustion improver.

On March 1, 1999, the Company formed a joint venture between its subsidiary, Octel America Inc., and Starreon Corporation. The joint venture, Octel Starreon LLC, combines the finished fuel additives businesses of both companies in the USA and Canada but excludes TEL.

Following the completion of the third phase of the UK voluntary severance program in the June quarter 1999, which reduced the headcount by 280 employees, a further UK voluntary severance program was announced in the fourth quarter 1999, and a further 330 employees will leave the group's employment during fiscal 2000.

On September 6, 1999 the Federal Trade Commission (FTC) approved the acquisition by The Associated Octel Company Limited (AOC) of the UK company OBOAdler Company Limited (OBOAdler). AOC completed the acquisition on November 9, 1999. The OBOAdler group includes a sales office in Baar, Switzerland and a TEL manufacturing plant in Doberitz, Germany. The price paid for OBOAdler was \$94.5 million plus fees and expenses and the acquisition was funded by an additional \$100 million of senior debt on similar terms to Octel's current debt.

Results of Operations -- Fiscal 1999 Compared to Fiscal 1998

The results of operations for fiscal 1999 and 1998 are analyzed by business unit in the following table:

(dollars in millions)	1999		1998		Increase/ (Decrease)
NET SALES:					
TEL	\$396.1	77%	\$383.7	82%	3%
Specialty Chemicals	120.7	23%	81.3	18%	48%
	-----	----	-----	----	-----
	\$516.8	100%	\$465.0	100%	11%
	-----	----	-----	----	-----
GROSS PROFIT:					
TEL	\$155.5	82%	\$203.1	92%	(23%)
Specialty Chemicals	34.5	18%	17.6	8%	96%
	-----	----	-----	----	-----
	\$190.0	100%	\$220.7	100%	(14%)
	-----	----	-----	----	-----
OPERATING INCOME:					
TEL	\$ 85.4	92%	\$139.6	103%	(39%)
Specialty Chemicals	6.9	8%	(4.7)	(3%)	147%
	-----	----	-----	----	-----
	\$92.3	100%	\$134.9	100%	(32%)
	-----	----	-----	----	-----

Comparatives have been restated to reflect the reallocations described in Note 2 to the financial statements.

The overall decline in the TEL market continued, but the effect on Octel was offset by the effect of a full year's operation of the Ethyl marketing agreement in 1999 (as opposed to three months in 1998) and the inclusion of two months of OBOAdler sales. Total volumes fell by 4,299 metric tons (mt) from 64,000 mt to 59,701 mt, a decrease of 7%. Within this overall decrease, however, there was a favorable sales mix variance. Lower value wholesale volumes fell by 12,040 mt to 1,360 mt, whereas retail volumes rose by 7,741 mt to 58,340 mt. This, combined with an average 1% increase in retail prices over 1998 levels, resulted in an increase of 3% in the overall value of net sales from 1998 to 1999.

TEL gross profit in 1999 was 39% of net sales compared to 53% in 1998. This partly reflects the full year's marketing agreement contribution payable to Ethyl, but cost of goods sold was also increased by rationalization costs in connection with the 1999 UK severance program. Total rationalization charges in 1999 were \$24 million compared to \$16 million in 1998.

Specialty Chemicals net sales saw growth of 48% over 1998 levels and an increase in gross profit from 22% to 29% of net sales. Two-thirds of the sales increase arose from acquisitions in late 1998 and early 1999 (Octel Deutschland and Octel Starreon) and the remainder was organic growth. This resulted in the operating loss of \$4.7 million in 1998 becoming an operating income of \$6.9 million in 1999.

The increase in sales, general and administrative costs overall from \$40.1 million to \$44.9 million arose due to the inclusion of new acquisitions -- Octel Deutschland, Octel Starreon and OBOAdler.

Amortization charges rose by \$6.3 million (15%) to \$48.9 million, due to charges on goodwill relating to new acquisitions and to the effect of a full year's charge on deferred finance costs arising from the "spin-off." Other income relates mainly to exchange gains, \$9.2 million in 1999 compared to \$2.5 million in 1998.

The effective tax rate has increased from 37.1% to 43.4% mainly due to increased amortization on overseas goodwill which is not tax deductible. The tax charge is net of \$3.2 million income arising from a refund of Italian withholding tax.

Results of Operations -- Fiscal 1998 Compared to Fiscal 1997

The results of operations for fiscal 1998 and 1997 are analyzed by business unit in the following table:

(dollars in millions)	1998		1997		Increase/ (Decrease)
NET SALES:					
TEL	\$383.7	82%	\$454.1	84%	(16%)
Specialty Chemicals	81.3	18%	85.0	16%	(4%)
	-----	-----	-----	-----	-----
	\$465.0	100%	\$539.1	100%	(14%)
	-----	-----	-----	-----	-----
GROSS PROFIT:					
TEL	\$203.1	92%	\$244.9	92%	(17%)
Specialty Chemicals	17.6	8%	19.8	8%	(11%)
	-----	-----	-----	-----	-----
	\$220.7	100%	\$264.7	100%	(17%)
	-----	-----	-----	-----	-----
OPERATING INCOME:					
TEL	\$139.6	103%	\$196.8	101%	(29%)
Specialty Chemicals	(4.7)	(3%)	(2.1)	(1%)	(124%)
	-----	-----	-----	-----	-----
	\$134.9	100%	\$194.7	100%	(31%)
	-----	-----	-----	-----	-----

Amounts have been restated to reflect the reclassifications described in Note 2 to the financial statements.

TEL sales in 1998 were \$70 million (16%) lower than 1997 largely due to the decreased worldwide demand for TEL which reduced volumes and increased surplus capacity and competition in the marketplace.

Retail TEL volumes decreased by 9% to 50,600 metric tons, and prices fell by 3%. Sales on a wholesale basis fell in volume terms by 45% to 13,400 metric tons principally due to reduced off-take by Ethyl.

Specialty Chemicals net sales in 1998 were \$81.3 million, a decrease of 4% below 1997 levels mainly as a result of reduced demand for Octaquest(R) and a plant maintenance shutdown, prior to expansion during the year.

Gross profit of \$220.7 million in 1998 was \$44.0 million (17%) below 1997 levels. As a percentage of sales gross profit in 1998 was 47% compared to 49% in 1997. The reduction reflects the decline in TEL sales, but also reflects an increase in rationalization charge from \$13 million to \$16 million, including the settlement of all liabilities relating to the Bussi site (Italy) in return for a payment of \$5 million.

Operating expenses in 1998 were \$85.8 million, increased by \$15.8 million (23%) on 1997. The increase is principally due to higher amortization charges on intangible assets from \$27.6 million in 1997 to \$42.6 million in 1998, mainly resulting from increased asset cost in late 1997 and 1998. Sales, general and administrative expenses were \$40.1 million compared to \$38.6 million in 1997, but the increase of \$1.5 million includes \$2.5 million of non-recurring consultancy costs and \$3.0 million Octel Corp. costs which did not exist in 1997.

Operating income in 1998 was \$134.9 million, a return of 29% on net sales. The reduction in the rate of return from 36% in 1997 was mainly the result of lower gross profit and increased amortization charges.

Interest expense in 1998 was \$25.2 million compared to \$2.2 million in 1997. Interest on the senior debt and notes issued in connection with the "spin-off" from GLCC was \$21 million for the eight months through December, the balance being interest paid to GLCC on loans to fund the acquisition of Chevron's minority interest in November 1997. Interest income decreased from \$3.9 million in 1997 to \$2.7 million in 1998.

The decrease in other expenses and other income, compared to 1997, of \$1.8 million and \$4.6 million respectively, relates to foreign exchange movement from an income of \$6.8 million to an expense of \$2.5 million.

The minority interest in the Company was acquired in the fourth quarter of 1997, resulting in an improvement of \$24.3 million in profit attributable to the Company in 1998.

Income tax charges of \$41.5 million in 1998 decreased by \$15.2 million from 1997, largely due to the decrease in pre-tax profits but also due to a \$3.5 million refund of Italian withholding tax received by the Company.

LIQUIDITY AND FINANCIAL CONDITION

Cash provided by operating activities in 1999 was \$108.7 million compared to \$238.3 million in 1998. The two main reasons for this decrease are adverse changes in taxation liabilities of \$59 million (from \$45.0 million inflow to \$14.0 million outflow) and in accounts receivable of \$68 million (from \$54 million inflow to \$14 million outflow). Taxation liabilities due in 1998 in respect of fiscal 1997 were paid by GLCC, effectively allowing the Company a one-year tax holiday from a cash flow perspective. This was no longer the case in 1999. The cash flow increase of \$53.6 million from accounts receivable in 1998 arose because of exceptionally high opening balances at December 31, 1997. Once having realized those reductions in 1998 further decreases in receivables became more difficult to achieve. In fact, accounts receivable increased by \$14.0 million, representing 104 days' sales compared to 98 days' in 1998.

A significant increase in operating cash was generated by the reduction in inventory levels. The overall decrease of \$31.6 million in 1999 included a reduction of \$29 million in finished goods (excluding OBOAdler), completing management's program to reverse the \$25.4 million increase which arose in 1998.

The \$11.8 million business combination inflow is the net of equity investments in OBOAdler, and related costs, and the cash in OBOAdler's balance sheet of \$19.3 million on acquisition. This excludes the funding by Octel of the repayment of \$90 million OBOAdler short-term credit which is included in financing activities.

The Company drew down \$6 million under the revolving credit facility in first quarter 1999, and entered into \$100 million further term loan connected with the OBOAdler acquisition. Debt repayments in fiscal 1999 include full settlement of the amounts due of \$17 million under the revolving credit facility, \$10 million repayment of OBOAdler-related debt and \$66.5 million of the original 1998 senior debt. Over 74% of the total bank debt entered into at the "spin-off" has been repaid by 1999 year end.

DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Over half of the Company's sales are in US dollars. Foreign currency sales, primarily in UK pounds sterling, offset most of the Company's costs, which are also in UK pounds sterling. To the extent required by the Company, dollars are sold forward to cover local currency needs. The instruments utilized by the Company in its hedging activities are considered risk management tools, and are not used for trading or speculative purposes. The Company diversifies the counterparties used and monitors the concentration of risk to limit its counterparty exposure.

ENVIRONMENTAL MATTERS AND PLANT CLOSURES

The Company is subject to laws, regulations and legal requirements relating to the use, storage, handling, generation, transportation, emission, discharge, disposal and remediation of, and exposure to, hazardous and non-hazardous substances and wastes ("Environmental Laws") in all of the countries in which it does business. Under certain Environmental Laws, the Company is responsible for the remediation of hazardous substances or wastes at currently or formerly owned or operated properties.

The manufacturing operations of the Company have been conducted outside the United States and, therefore, any liability of the Company pertaining to the investigation and remediation of contaminated properties is likely to be determined under non-US law.

Management believes (based upon its internal review and the review of reports prepared by independent experts) that the Company is in material compliance with all applicable Environmental Laws. Such expenditure as is required to maintain compliance has been, and will continue to be made at all sites for which the Company has responsibilities. The Company has developed estimates for the costs of compliance, which are set out below. Management believes these to be reasonable (based upon its internal review and the review of reports prepared by independent experts). There can be no assurance, however, that these estimates will prove accurate or that the Company will not incur costs in excess of these estimates. Further, there can be no assurance that changes in existing laws, or the discovery of additional environmental liabilities associated with current or historical operations, will not require the Company to incur material costs or otherwise adversely affect the Company's business, results of operations or financial condition.

Management evaluates costs for remediation, decontamination and demolition projects on a regular basis. Full provision is made for those costs to which the Company is committed under Environmental Laws. Total estimated future costs at December 31, 1999 were \$89.2 million of which \$52.7 million were deemed to be either capital (rather than revenue) in nature or at management's discretion. Full provision has been made for the committed costs of \$36.5 million.

Expenditure against provisions was \$9.3 million, \$12.9 million and \$13.5 million in the years 1999, 1998 and 1997. Capital costs related to environmental matters for the same years were \$0.7 million, \$2.7 million and \$0.6 million, respectively.

The Company has also incurred personnel severance costs in relation to the management of the decline in TEL markets. Total severance costs were \$17.0 million, \$14.9 million and \$21.8 million in the years 1999, 1998 and 1997, respectively. Provision is made for severance costs to which the Company is committed. The provision at December 31, 1999 was \$19.1 million which related to the 330 employees included in the UK voluntary severance program announced in fourth quarter, 1999.

INFLATION

Inflation has not been a significant factor for the Company over the last several years. Management believes that inflation will continue to be moderate over the next several years.

SINGLE EUROPEAN CURRENCY

In January 1999, certain European countries (excluding the UK) began the transition to the euro. The transition to the euro has both internal recordkeeping and external commercial aspects, neither of which are expected to have a material effect on the Company's business, results of operations or financial condition.

YEAR 2000

Octel has implemented a program of work, the objective of which was to ensure that the Company was not adversely affected by "Date Discontinuity" problems in computers, software and embedded processors during the transition from 1999 to 2000 and as a result of 2000 being a leap year.

Date discontinuity occurs when time as expressed by a system or its software does not move forward successfully in line with true time. The most commonly known manifestation of this occurs in systems that recognize years as two digits and, when moving from "99" to "00", recognize "00" as 1900 or fail altogether. Additionally, some systems fail to recognize 2000 as a leap year, so omitting Feb 29th from their calendars.

Project Scope

The project covered Information Technology (IT) systems, embedded processors, supply chain and business continuity.

IT systems include central and network hardware, business systems and desktop hardware and software. Octel has very little custom-made software, the majority being industry standard packages, customized only where necessary.

Embedded processors include, for example, plant instruments, laboratory equipment, control systems, data acquisition systems, vehicles and telecommunications.

Supply chain considerations include liaison with suppliers and customers about our respective states of readiness for the Year 2000.

Business continuity considers all areas of the business and puts in place contingency plans to mitigate the consequences arising from key risks identified.

The project covered all Octel Corp. sites.

Octel Corp. was in full Year 2000 readiness for critical systems by the end of the third quarter 1999 and then continued to monitor all areas through New Year and beyond.

Costs

It is estimated that the total cost of achieving Year 2000 compliance was approximately \$8.0 million of which \$6.5 million was on IT systems and \$1.5 million on embedded processors.

Risks

The most reasonably likely worst case scenario was an event which would shut down the sodium manufacturing process. It has been estimated that this would have reduced TEL production for up to six months. During this time the Company would have been able to maintain supplies to its customers but the cost to the business would have been approximately \$3 million.

Through its internal and supplier Year 2000 projects the Company worked to minimize the probability of such an event occurring and, through its contingency planning, to mitigate the consequences. No evidence has arisen of significant date discontinuity problems to date.

FUTURE OUTLOOK

The Company is, and for the next several years is likely to remain, highly dependent on its principal product, TEL. Over the last three years, TEL has represented approximately 80% of the Company's net sales and has provided essentially all the Company's profits and cash flow. The Company believes that its strong, although declining, cash flow in the foreseeable future will be adequate to fund the Company's future capital and operating needs.

World demand for TEL has been in decline since the 1970s, and this trend is expected to continue. Through the mid-1990s the Company was able, in part, to offset the effects of declining volumes with selling price increases. More recently, however, the Company has reduced or foregone price increases in order to extend the life of the product and to remain competitive with other TEL marketers and alternate methods of achieving higher octane levels in gasoline. The Company believes that a competitive pricing environment will continue which will limit the ability of the Company to partially offset the effects of future declines in TEL volumes with price increases. The Company is seeking to optimize returns over the remaining life of TEL, but in the longer term the general market trend is not expected to reverse.

The Company has and will continue to downsize and restructure its operations consistent with declining demand for TEL. Notwithstanding the Company's continuing downsizing and productivity improvement programs, management expects the fixed cost per ton of TEL to increase gradually in the future as cost reductions are not expected to keep pace with declining TEL sales volume.

Raw materials account for a substantial portion of total manufacturing costs of TEL. Of these the principal items are lead, sodium, ethyl chloride and dibromoethane, which are subject to long-term contracts with suppliers.

A strong, although declining, cash flow is expected in future years. The Company does not anticipate any significant capital expenditures, other than maintenance and environmental compliance costs in the foreseeable future.

Although the Company anticipates significant sales growth from the Specialty Chemicals business in the future, earnings from this business alone will not be sufficient to fully offset the projected decline in TEL sales and earnings at least over the next several years.

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Octel Corp. is responsible for the preparation and presentation of the accompanying consolidated financial statements and all other information in this Annual Report. The financial statements are prepared in accordance with generally accepted accounting principles and include amounts that are based on management's informed judgments and estimates.

The Company maintains accounting systems and internal accounting controls which management believes provide reasonable assurance that the Company's financial reporting is reliable, that assets are safeguarded, and that transactions are executed in accordance with proper authorization. This internal control structure is supported by the selection and training of qualified personnel and an organizational structure which permits the delegation of authority and responsibility. The systems are monitored by an internal audit function that reports its findings to management.

The Company's financial statements have been audited by independent accountants, in accordance with generally accepted auditing standards. These standards provide for the review of internal accounting control systems to plan the audit and determine auditing procedures and tests of transactions to the extent they deem appropriate.

The Audit Committee of the Board of Directors, which consists solely of non-employee directors, is responsible for overseeing the functioning of the accounting systems and related internal controls and the preparation of annual financial statements. The Audit Committee periodically meets with management, internal auditors and the independent auditors to review and evaluate their accounting, auditing and financial reporting activities and responsibilities. The independent auditors and internal auditors have full and free access to the Audit Committee without management's presence to discuss internal accounting controls, results of their audits and financial reporting matters.

/s/ Alan G. Jarvis

*Alan G. Jarvis
Vice President and
Chief Financial Officer*

REPORT OF INDEPENDENT ACCOUNTANTS

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, cash flows and stockholders' equity present fairly, in all material respects, the financial position of Octel Corp. at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 1999, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above. The financial statements of Octel Corp. as of December 31, 1997 and for the year then ended were audited by other independent accountants whose report, dated April 4, 1998, expressed an unqualified opinion on those statements.

/s/ PricewaterhouseCoopers

*PricewaterhouseCoopers
February 9, 2000*

CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data)			
Years ended December 31	1999	1998	1997
Net sales (Note 2)	\$ 516.8	\$ 465.0	\$ 539.1
Cost of goods sold	326.8	244.3	274.4

Gross profit (Note 2)	190.0	220.7	264.7
OPERATING EXPENSES:			
Selling, general and administrative	44.9	40.1	38.6
Research and development	3.9	3.1	3.8
Amortization of intangible assets	48.9	42.6	27.6

Total	97.7	85.8	70.0

Operating income (Note 2)	92.3	134.9	194.7
Interest expense	25.9	25.2	2.2
Other expenses	2.6	3.8	5.6
Interest income	(3.9)	(2.7)	(3.9)
Other income	(9.5)	(3.3)	(7.9)

Income before income taxes and minority interest	77.2	111.9	198.7
Minority interest	1.9	--	24.3

Income before income taxes (Note 2)	75.3	111.9	174.4
Income taxes (Note 5)	32.7	41.5	56.7

Net income	\$ 42.6	\$ 70.4	\$ 117.7

Basic earnings per share	\$ 3.08	\$ 4.85	\$ 7.84

Diluted earnings per share	\$ 3.05	\$ 4.85	\$ 7.84

Weighted average shares outstanding (in thousands)			
-- basic	13,827	14,514	15,000
-- diluted	13,979	14,514	15,000

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

(in millions) At December 31	1999	1998
ASSETS		
Current assets		
Cash and cash equivalents	\$ 37.2	\$ 26.5
Accounts receivable (less allowance of \$2.2 and \$0.8 respectively)	150.5	120.6
Inventories		
Finished goods	34.8	61.1
Raw materials and work in progress	29.5	27.8
	64.3	88.9
Prepaid expenses	3.8	4.9
	255.8	240.9
Total current assets		
Property, plant and equipment (Note 9)	104.5	116.1
Goodwill (Note 7)	379.2	360.5
Intangible asset	22.7	--
Deferred finance costs (Note 8)	12.7	15.7
Prepaid pension cost (Note 4)	72.2	73.5
Other assets	2.4	--
	\$849.5	\$ 806.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 78.5	\$ 78.6
Accrued expenses	17.0	13.0
Accrued income taxes	31.3	42.6
Current portion of long-term debt (Note 11)	80.0	71.0
	206.8	205.2
Total current liabilities		
Plant closure provisions (Note 10)	55.6	47.1
Deferred income taxes (Note 5)	35.8	21.6
Long-term debt (Note 11)	233.3	229.8
Other liabilities	1.7	1.9
Minority interest	2.4	--
STOCKHOLDERS' EQUITY (NOTE 13)		
Common stock, \$0.01 par value, authorized 40,000,000 shares, issued 14,766,386 shares	0.1	0.1
Additional paid-in capital	276.1	276.1
Treasury stock (1,314,864 shares at cost)	(18.9)	(13.2)
Retained earnings	82.5	39.9
Accumulated other comprehensive income	(25.9)	(1.8)
	313.9	301.1
Total stockholders' equity		
	\$849.5	\$ 806.7

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)			
Years ended December 31	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 42.6	\$ 70.4	\$ 117.7
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	68.4	59.7	46.8
Deferred income taxes	14.5	1.5	13.3
Other	(1.2)	(0.9)	0.5
Changes in operating assets and liabilities:			
Accounts receivable	(14.2)	53.6	26.6
Inventories	31.6	(5.7)	1.6
Accounts payable and accrued expenses	(6.1)	35.7	(2.6)
Income taxes and other current liabilities	(14.0)	45.0	(11.6)
Other non-current assets and liabilities	(12.9)	(21.0)	(24.8)
-----	-----	-----	-----
Net cash provided by operating activities	108.7	238.3	167.5
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(8.4)	(23.5)	(17.8)
Business combinations, net of cash acquired	11.8	(26.4)	(130.8)
Other	(6.4)	1.0	1.6
-----	-----	-----	-----
Net cash used in investing activities	(3.0)	(48.9)	(147.0)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash paid to GLCC	--	(468.5)	(31.4)
Minority interest	2.4	--	3.3
Receipt of long-term borrowings	106.0	441.0	--
Repayment of long-term borrowings	(93.5)	(140.2)	--
Repayment of short-term credit	(90.0)	--	--
Deferred finance costs (Note 8)	--	(15.2)	--
Net repurchase of common stock (Note 13)	(5.7)	(13.2)	--
-----	-----	-----	-----
Net cash used in financing activities	(80.8)	(196.1)	(28.1)
Effect of exchange rate changes on cash	(14.2)	3.5	(17.6)
Net change in cash and cash equivalents	10.7	(3.2)	(25.2)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	26.5	29.7	54.9
-----	-----	-----	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 37.2	\$ 26.5	\$ 29.7

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in millions)

	Great Lakes Investment	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Cumulative Translation Adjustment	Total Comprehensive Income
BALANCE AT JANUARY 1, 1997	\$ 584.6	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Net income	--	--	--	--	117.7	--	117.7
Payments to GLCC	(31.0)	--	--	--	--	--	--
Net CTA* change	--	--	--	--	--	(18.5)	(18.5)
Total	553.6	--	--	--	117.7	(18.5)	99.2
Transfer (Note 12)	99.2	--	--	--	(117.7)	18.5	(99.2)
BALANCE AT DECEMBER 31, 1997	652.8	--	--	--	--	--	--
Net income	--	--	--	--	70.4	--	70.4
Net CTA* change	--	--	--	--	--	(1.8)	(1.8)
"Spin-off" (Note 1)	(652.8)	0.1	--	276.1	(30.5)	--	(30.5)
Repurchase of treasury stock (Note 13)	--	--	(14.0)	--	--	--	--
Share issue (Note 13)	--	--	0.8	--	--	--	--
BALANCE AT DECEMBER 31, 1998	--	0.1	(13.2)	276.1	39.9	(1.8)	38.1
Net income	--	--	--	--	42.6	--	42.6
Net CTA* change	--	--	--	--	--	(24.1)	(24.1)
Repurchase of treasury stock	--	--	(5.7)	--	--	--	--
BALANCE AT DECEMBER 31, 1999	\$ --	\$ 0.1	\$ (18.9)	\$ 276.1	\$ 82.5	\$ (25.9)	\$ 56.6

* cumulative translation adjustment

The accompanying notes are an integral part of these statements.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Accounting Policies

BASIS OF PREPARATION

Until May 22, 1998 the Company was a wholly-owned subsidiary of GLCC. On May 22, 1998 GLCC consummated the "spin-off" of its petroleum additives business by distributing shares in the Company to the stockholders of GLCC in a ratio of one Company share for every four GLCC shares held (the "spin-off"). In connection with the "spin-off," the Company issued 14,762,417 shares of common stock on May 26, 1998.

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and include all subsidiaries of the Company. All significant intercompany accounts and balances have been eliminated upon consolidation.

All acquisitions are accounted for as purchases and the results of operations of the acquired businesses are included in the combined financial statements from the date of acquisition.

The combined financial statements presented herein for the year ended December 31, 1997 give effect to the "spin-off" as a transfer of ownership interests between entities under common control. Accordingly, the financial statements reflect the assets, liabilities, revenues and expenses of GLCC's petroleum additives business, adjusted only for those parts of that business which remained part of GLCC after the "spin-off." The financial statements have been prepared as if the Company had existed as an independent entity for all years and include allocations of certain GLCC expenses prior to the "spin-off." Management believes these allocations are reasonable.

The financial information relating to the pre "spin-off" period may not necessarily be indicative of the financial position, results of operations or cash flows of the Company that would have been achieved if the Company had been a separate, independent company.

NATURE OF OPERATIONS

The Company is a major manufacturer and distributor of TEL and Specialty Chemicals. Its primary manufacturing operation is located at Ellesmere Port in the United Kingdom. The Company's products are sold globally, primarily to oil refineries. Principal product lines are TEL, other petroleum additives and performance chemicals.

On October 1, 1998, the Company entered into sales and marketing agreements with Ethyl Corporation (Ethyl) to market and sell TEL in all areas of the world except North America and the European Economic Area (the Territory) for the period to December 31, 2009. All marketing and sales effort made under the arrangement is made in the name of Octel. Octel will continue to produce all

TEL marketed under the agreements and also provide marketing and other services. Ethyl will continue to provide bulk distribution services, marketing and other services related to sales made within the Territory. The net proceeds under the agreements are paid to Octel and Ethyl as compensation for services and are based on an agreed-upon formula with Octel receiving 68% of the total compensation for services provided. No separate legal entity or joint venture has been established as a consequence of the agreement. Sales and expenses incurred under the agreement are included within Octel's income statement. These comprise all revenues and costs incurred directly by Octel, together with costs recharged by Ethyl for distribution and other services provided under the terms of the agreements. Ethyl's share of the net proceeds for services is charged as a distribution expense within cost of goods sold.

USE OF ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amount reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

REVENUE RECOGNITION

Revenue from sales of products is recognized at the time products are shipped to the customer or, in the case of bulk shipments, at the time of delivery to the customer.

CASH EQUIVALENTS

Investment securities with maturities of three months or less when purchased are considered to be cash equivalents.

INVENTORIES

Inventories are stated at the lower of cost (FIFO method) or market price.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The cost of additions, improvements and interest on construction are capitalized. Maintenance and repairs are charged to expenses when required.

GOODWILL

Goodwill, the excess of investments over the net assets of subsidiaries acquired, is amortized over periods of up to 35 years. The majority of goodwill relates to the TEL business and is being amortized over 10 years from January 1, 1998, the expected remaining life of the business. The Company regularly evaluates the realizability of goodwill based on projected undiscounted cash flows and operating income for each business with material goodwill balances.

DEFERRED FINANCE COSTS

The costs related to the debt financing are classified as intangible assets and separately disclosed in the balance sheets. All are amortized over the life of the debt.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company re-evaluates long-lived assets based on undiscounted operating cash flows whenever significant events or changes occur which might impair recovery of recorded costs and writes down net recorded costs to fair value (based on discounted cash flows or market values) if recorded costs, prior to impairment, are higher.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses various derivative instruments including forward contracts and options to manage certain foreign currency exposures. These instruments are entered into under the Company's corporate risk management policy to minimize exposure and are not for speculative trading purposes. Management periodically reviews the effectiveness of the use of the derivative instruments.

Derivatives used for hedging purposes must be designed as, and effective as, a hedge of the identified risk exposure at the inception of the contract. Accordingly, changes in the value of the derivative contract must be highly correlated with changes in the market value of the underlying hedged item at the inception of the hedge and over the life of the hedge contract. Any derivative instrument designated but no longer effective as a hedge would be reported at market value and the related gains and losses recognized in earnings.

Derivatives that are designated as, and effective as, a hedge of foreign currency commitments are accounted for using the deferral method. Gains and losses from instruments that hedge firm commitments are deferred and recognized as part of the economic basis of the transactions underlying the commitments when the associated hedged transaction occurs. Gains and losses from instruments that hedge foreign currency denominated receivables, payables and debt instruments are reported in earnings and offset the effects of foreign exchange gains and losses from the associated hedged items.

ENVIRONMENTAL COMPLIANCE AND REMEDIATION

Environmental compliance costs include ongoing maintenance, monitoring and similar costs. Environmental costs are accrued when environmental assessments or remedial efforts are probable and the cost can be reasonably estimated. Such accruals are adjusted as further information develops or circumstances change. Costs of future obligations are not discounted to their present values.

EARNINGS PER SHARE

Basic earnings per share is based on the weighted average number of common shares outstanding during the period, while diluted earnings per share includes the effect of options and restricted stock that are dilutive and outstanding during the period.

Prior to the "spin-off" the Company was not a separate operating company with a capital structure of its own. Weighted average shares outstanding for 1997 have been calculated by applying the distribution ratio (one Company share for every four GLCC shares) to average GLCC shares outstanding.

FOREIGN CURRENCIES

The local currency has been used as the functional currency throughout the group. Exchange differences arising on the retranslation of opening balance sheets of overseas subsidiaries are taken to a separate equity reserve, the cumulative translation adjustment. Gains and losses on foreign currency transactions are included in other expenses in the income statement.

STOCK OPTION PLANS

The Company has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25), and related interpretations in accounting for its employee stock options. Under APB 25, when the exercise price of employee stock options equals the market price of the underlying stock on the date of the grant, no compensation expense is recorded. The Company has adopted the disclosure-only provision of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (FAS 123).

PENSION PLANS AND OTHER POST EMPLOYMENT BENEFITS

Annual costs of pension plans are actuarially determined based on FAS 87, Employers' Accounting for Pensions. The Company has conformed its pension and other post-retirement disclosures to comply with FAS 132, Employers' Disclosures about Pensions and other Post-Retirement Benefits.

Note 2. Business Segment and Geographical Area Data

The Company has adopted FAS 131, Disclosures about Segments of an Enterprise and Related Information, for its annual financial statements.

The Company's operations consist of one dominant industry segment: petroleum additives.

Within the industry segment the Company has identified two main product groups: TEL and Specialty Chemicals. The following table analyzes sales and other financial information by product group:

Product Group Data

(in millions)	1999	1998	1997
NET SALES:			
TEL	\$396.1	\$383.7	\$454.1
Specialty Chemicals	120.7	81.3	85.0
	-----	-----	-----
	\$516.8	\$465.0	\$539.1
	-----	-----	-----
GROSS PROFIT:			
TEL	\$155.5	\$203.1	\$244.9
Specialty Chemicals	34.5	17.6	19.8
	-----	-----	-----
	\$190.0	\$220.7	\$264.7
	-----	-----	-----
OPERATING INCOME:			
TEL	\$ 85.4	\$139.6	\$196.8
Specialty Chemicals	6.9	(4.7)	(2.1)
	-----	-----	-----
	\$ 92.3	\$134.9	\$194.7
	-----	-----	-----
IDENTIFIABLE ASSETS AT YEAR END:			
TEL	\$728.6	\$733.2	\$766.5
Specialty Chemicals	120.9	73.5	66.4
	-----	-----	-----
	\$849.5	\$806.7	\$832.9
	-----	-----	-----

No segmental analysis was carried out below gross profit level prior to 1999. Comparative amounts have been analyzed retrospectively, using criteria adopted in 1999, to provide details of 1998 and 1997 to operating income level.

Comparatives have been restated to reflect the aggregation of Petroleum Specialties and Performance Chemicals into a combined Specialty Chemicals Business Unit which represents the markets where Octel Corp. is focusing on building its position. Within these categories the sodium and chlorine products, which are manufactured as raw materials for the TEL business but are also sold on the open market, have been reclassified. They were part of the Performance Chemicals Business Unit but have now been included as TEL to reflect their close relationship with TEL markets and the manufacturing cycle.

The majority of the Company's operations are conducted by its UK enterprises. Sales are reported in the geographic area where the transaction originates, rather than where the final sale to customers is made. Intercompany sales are priced to recover cost plus an appropriate mark-up for profit and are eliminated in the consolidated financial statements.

Identifiable assets are those directly associated with the operations of the geographical area.

Geographical Area Data

(in millions)	1999	1998	1997
NET SALES:			
United States	\$ 73.9	\$ 36.1	\$ 39.0
United Kingdom	436.9	421.6	512.2
Rest of Europe	97.0	70.1	103.5
Sales between areas	(91.0)	(62.8)	(115.6)
	-----	-----	-----
	\$516.8	\$465.0	\$ 539.1
	-----	-----	-----
INCOME (LOSS) BEFORE			
INCOME TAXES:			
United States	\$ 0.8	\$ (1.6)	\$ (1.2)
United Kingdom	64.8	109.4	173.8
Rest of Europe	9.7	4.1	1.8
	-----	-----	-----
	\$ 75.3	\$111.9	\$ 174.4
	-----	-----	-----
IDENTIFIABLE ASSETS AT			
YEAR END:			
United States	\$ 41.5	\$ 34.7	\$ 30.8
United Kingdom	642.8	725.1	741.2
Rest of Europe	165.2	46.9	60.9
	-----	-----	-----
	\$849.5	\$806.7	\$ 832.9
	-----	-----	-----

Note 3. Stock Option Plans

Prior to the "spin-off," certain employees of the Company participated in GLCC's employee stock option plans which covered officers and key employees of GLCC.

The Octel Corp. Savings Related Stock Plan became effective from October, 1998. This is a stock purchase plan, open to all employees at the offer date, whereby employees may save up to \$416 per month over a three-year period. Stock options may then be exercised for a period of six months, after

which the options expire. In October, 1998, 141,683 options were granted under the scheme at a price of \$13.20 per share, the market price of the shares at the grant date, and are exercisable from November 2001 through May 2002. During the year 14,944 options lapsed, leaving 126,739 outstanding at December 31, 1999.

In August, 1998 the Company granted 40,663 options at a price of \$19.60 under the terms of the Octel Corp. Non Employee Directors Stock Option Plan. The options are exercisable from January 1, 2001 through December 31, 2007. None have been exercised or have lapsed.

In February, 1999 the Company granted zero cost share options to senior management under the terms of the Octel Corp. Time Restricted Stock Option Plan (TRSOP) and the Octel Corp. Performance Related Stock Option Plan (PRSOP). 181,521 options were granted under the TRSOP. They are exercisable from December 31, 1999 through December 31, 2007. 3,159 options lapsed during the year, leaving 178,362 outstanding at December 31, 1999. The 107,079 options granted under the PRSOP are exercisable from January 1, 2001 through January 1, 2008. None have been exercised or have lapsed.

In April, 1999 the Company granted zero cost options to senior management under the terms of the PRSOP scheme. The 167,826 options granted are exercisable from January 1, 2002 through December 31, 2008. None have been exercised or have lapsed.

Also in April, 1999 the Company granted options at the price of \$13.275 per share to non-employee directors under the terms of the Octel Corp. Non Employee Directors Stock Option Plan. The 57,807 options granted are exercisable from January 1, 2002 through December 31, 2008. None have been exercised or have lapsed.

In August, 1999 the Company granted 405,726 options to senior management at the price of \$13.275 under the terms of the Octel Corp. Company Share Option Plan. Also in August, 1999 the Company granted 28,903 options at a price of \$13.275 under the terms of the Octel Corp. Non Employee Directors Stock Option Plan. The options are exercisable from January 1, 2003 through August 8, 2009. None have been exercised or have lapsed.

No stock options were exercised under any Company scheme in the year.

The weighted average exercise price and the weighted average grant date fair value of options issued in the year were as follows:

options granted	Exercise Price	Fair Value
At a discount to the market price	\$19.60	\$6.83
At a premium to the market price	\$13.28	\$4.71

The fair value of options granted was estimated using the Black-Scholes model with the following assumptions: dividend yield 0%, expected life of 3.82 years, volatility 40% and risk free interest rate 5.87%.

Had compensation expense for the Company's stock-based compensation plan been recorded based on the fair value of the stock options at grant date consistent with the method prescribed by FAS 123, the effect on the Company's net income and earnings per share for 1999 would not have been material.

Note 4. Pension Plans

The Company maintains three contributory defined benefit pension plans covering substantially all UK employees. The Projected Benefit Obligation ("PBO") is based on final salary and

years of credited service, reduced by social security benefits according to a plan formula. Normal retirement age is 65, but provisions are made for early retirement.

The Company's funding policy is to contribute amounts to the plans to cover service costs to date as recommended by the Company's actuary. Based on this advice, no contributions were made by the Company in 1999, 1998 and 1997. The plans' assets are invested by two investment management companies in funds holding UK and overseas equities, UK and overseas fixed interest securities, index linked securities, property unit trusts and cash or cash equivalents.

Assumptions for the plans as of the end of the last three years were as follows:

Weighted average discount rate	1999	1998	1997
	6.25%	6.25%	7.75%
Rate of increase in compensation levels	4.0%	4.0%	5.5%
Rate of return on plan assets	7.0%	7.0%	8.5%

Movements in PBO and the fair value of plan assets, and the funded status and prepaid pension cost of the plans are as follows:

(in millions)	1999	1998
Change in PBO		
Balance at January 1	\$ 547.5	\$494.6
GLCC transfer	(19.6)	--
Interest cost	31.4	37.8
Service cost	11.2	10.6
Benefits paid	(23.1)	(22.2)
Actuarial gains/losses	(6.3)	20.2
Exchange variance	(17.1)	6.5

Balance at December 31	524.0	547.5

Fair value of plan assets		
Balance at January 1	700.6	708.2
GLCC transfer	(24.2)	--
Actual benefits paid	(23.1)	(22.2)
Actual return on assets	140.0	5.6
Exchange variance	(22.5)	9.0

Balance at December 31	770.8	700.6

Plan assets excess over PBO	246.8	153.1
Unrecognized net gain	(179.9)	(82.0)
Unrecognized prior service cost	5.3	7.1

Prepaid pension cost	72.2	78.2
Estimated transfer	--	(4.7)

	\$ 72.2	\$ 73.5

The GLCC transfer represents prepaid pension cost attributable to employees who participate in the Octel Pension Plan that remained with GLCC after the "spin-off." The effect of the transfer was included in 1998 on a net estimated basis and the final amounts have been included in 1999 as movements in PBO and the fair value of plans assets.

Net pension cost for the UK pension plans is as follows:

(in millions)	1999	1998	1997
Service cost	\$ 11.1	\$ 10.6	\$ 13.4
Interest cost on PBO	31.4	37.8	39.7
Actual return on plan assets	(44.3)	(5.6)	(103.4)
Net amortization and deferral	1.6	(49.9)	50.8
	-----	-----	-----
	\$ (0.2)	\$ (7.1)	\$ 0.5
	-----	-----	-----

Note 5. Income Taxes

Income taxes are accounted for using the asset and liability method pursuant to Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (FAS 109). Deferred taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory rates applicable to future years to differences between the financial statements carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In addition, FAS 109 requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

The sources of income (loss) before income taxes were as follows:

(in millions)	1999	1998	1997
Domestic	\$ 0.2	\$ (1.6)	\$ (1.2)
Foreign	75.1	113.5	175.6
	-----	-----	-----
	\$75.3	\$111.9	\$174.4
	-----	-----	-----

The components of income tax charges are summarized as follows:

(in millions)	1999	1998	1997
CURRENT:			
Federal	\$ (0.2)	\$ 0.1	\$ 0.1
Foreign	18.7	39.8	43.3
	-----	-----	-----
	18.5	39.9	43.4
DEFERRED:			
Federal	--	--	--
Foreign	14.2	1.6	13.3
	-----	-----	-----
	14.2	1.6	13.3
	-----	-----	-----
	\$ 32.7	\$ 41.5	\$ 56.7
	-----	-----	-----

Cash payments/(receipts) for income taxes were \$31.6 million, \$(5.7) million and \$62.0 million during 1999, 1998 and 1997, respectively. Tax payments in respect of 1998 were made by GLCC.

The effective tax rate varies from the US federal statutory rate because of the factors indicated below:

(in millions)	1999	1998	1997
Statutory rate	35.0%	35.0%	35.0%
Foreign tax rate differential	(4.9)	(4.9)	(3.5)
Amortization of intangible assets	14.8	11.3	2.1
Other	(1.5)	(4.3)	(1.1)

	43.4%	37.1%	32.5%

Details of deferred tax assets and liabilities are as follows:

(in millions)	1999	1998
DEFERRED TAX ASSETS:		
Closure costs	\$ 1.6	\$12.9

DEFERRED TAX LIABILITIES:		
Pension costs	22.1	22.1
Other	15.3	12.4

	37.4	34.5

Total net provision	\$35.8	\$21.6

Note 6. Acquisitions

The Company's 100% ownership interest in Octel Associates and The Associated Octel Company Limited was acquired in three transactions. The Company acquired a 51.15% interest in 1989, a further 36.67% interest in 1992 and the balance in 1997. The 1989 agreement provides for profit participation payments to be made to certain former owners (The Vendor Partners) through 2006. Such payments are treated as an adjustment to the purchase price. Profit participation payments for 1999 amounted to \$7.8 million (1998 -- \$9.0 million).

On December 1, 1998 the Company completed the acquisition of Chemische Betriebe Pluto GmbH, a petroleum specialties company formerly owned by Veba Oel AG.

On November 9, 1999 Octel completed its acquisition of all the outstanding shares of OBOAdler Company Limited (OBOAdler) for payment of \$94.5 million. OBOAdler acquired the Alcor group of companies on June 4, 1999. The OBOAdler group includes a sales office in Baar, Switzerland and a TEL manufacturing plant in Germany.

The business combination has been accounted for as a purchase, and the results of the OBOAdler group are included in Octel Corp.'s financial statements from November 9, 1999.

An intangible asset of \$25 million at acquisition date has been recognized in the balance sheet related to unexpired customer contracts and is being amortized over 2.25 years, the average of the relevant contract periods.

Consolidated goodwill of \$51.8 million arose (including goodwill in the OBOAdler group balance sheet) and is being amortized on a straight-line basis over 8.17 years in line with other TEL related goodwill.

The following unaudited summarized information illustrates the results of operations for the years ended December 31, 1999 and December 31, 1998 as if the acquisition had occurred on January 1 of each year. They have been adjusted to give effect to (i) the amortization expense generated by the acquisition of OBOAdler, (ii) the related financing transactions and interest expense, and (iii) the elimination of sales and purchases between Octel and the OBOAdler group. OBOAdler group's historical financial statements were for the fiscal year ended June 30 and have been conformed to Octel's calendar year for pro forma presentation.

The unaudited pro forma financial statements are for illustrative purposes only and are not meant to be indicative of actual results that may have been achieved had the transaction occurred as of the date indicated above, nor do they purport to indicate results which may be attained in the future.

Unaudited Pro forma Information

(in millions except per share amounts)		
Year ended December 31	1999	1998
Net sales	\$ 569.9	\$ 544.9
Net income	52.0	78.2

Earnings per share -- basic	\$ 3.76	\$ 5.39
-- diluted	\$ 3.72	\$ 5.39

Note 7. Goodwill

Goodwill comprises the following:

(in millions)		
	1999	1998
Gross cost	\$ 580.0	\$ 522.1
Accumulated amortization	(200.8)	(161.6)

	\$ 379.2	\$ 360.5

Based on its most recent analysis the Company believes that no impairment of goodwill exists as of December 31, 1999.

Amortization of goodwill was \$42.4 million, \$39.9 million and \$27.6 million in 1999, 1998 and 1997, respectively.

Note 8. Deferred Finance Costs

Costs of \$16.9 million related to the "spin-off" from GLCC were incurred during 1998 and a further \$2.0 million arose in relation to the acquisition of OBOAdler. Both are amortized over the related debt profile.

(in millions)		
	1999	1998
Gross cost	\$ 18.7	\$ 16.9
Accumulated amortization	(6.0)	(1.2)

	\$ 12.7	\$ 15.7

Amortization of deferred finance costs was \$4.7 million and \$1.2 million in 1999 and 1998, respectively.

Note 9. Property, Plant and Equipment

The estimated useful lives of the major classes of depreciable assets are as follows:

Buildings 7 to 25 years Equipment 3 to 10 years

Property, plant and equipment consists of the following:

(in millions)	1999	1998
Land	\$ 2.6	\$ 2.9
Buildings	2.6	1.1
Equipment	122.9	112.0
Work in progress	15.8	31.0

	143.9	147.0
Less accumulated depreciation	39.4	30.9

	\$ 104.5	\$ 116.1

Depreciation charges were \$19.6 million, \$17.0 million and \$19.2 million in 1999, 1998 and 1997.

The estimated additional cost to complete work in progress is \$5.9 million (1998, \$6.1 million).

Note 10. Plant Closure Provisions

The liability for estimated closure costs of Octel's TEL manufacturing facilities includes costs for personnel reductions (severance) and decontamination and environmental remediation activities (remediation) when demand for TEL diminishes.

The Company has and will continue to downsize and restructure its operation consistent with declining demand for TEL. Octel closed its German manufacturing facility in 1989 and ceased production in Italy and France in 1996. All of the Company's TEL is now produced at its manufacturing plants at Ellesmere Port in the UK and at Doberitz in Germany. In December, 1998, one of the three TEL plants at the Ellesmere Port site was closed.

Movements in the provisions are summarized as follows:

(in millions)	1999	1999	1999	1998
	Severance	Remediation	Total	Total
Balance at January 1	\$ 17.1	\$30.0	\$ 47.1	\$ 57.2
Exchange effect	0.1	--	0.1	2.0
Charge for the year	18.9	4.6	23.5	15.7
Acquisition	--	11.2	11.2	--
Expenditure	(17.0)	(9.3)	(26.3)	(27.8)

Balance at December 31	\$ 19.1	\$36.5	\$ 55.6	\$ 47.1

Severance:

No provision is made for estimated future costs for severance until the employees concerned have been notified and the expenditure is committed. All employees for whom severance provision had been made at January 1, 1999 left the group during the year. In the fourth quarter 1999 a further voluntary severance program was announced at the group's Ellesmere Port site and expenditure has been

Payments of interest on long-term debt were \$25.5 million and \$20.3 million in 1999 and 1998, respectively.

On April 27, 1998 the Company entered into a \$300 million secured credit facility consisting of a \$280 million senior secured term loan and a \$20 million revolving credit facility. The credit facility will mature on December 31, 2001 and the term loan is amortized in quarterly installments to December 31, 2001 subject to early repayment conditions. The term loan is secured on the Company's UK assets. Loans under the credit facility bear interest at LIBOR plus 1.75 percent, reducing to LIBOR plus 1.25 percent when the outstanding balance under the credit facility is below \$140 million.

Also on April 27, 1998 the Company issued \$150 million of senior notes due 2006. The Company is required to redeem \$37.5 million principal amount of notes in each of the years 2003, 2004 and 2005. The notes bear interest at a fixed rate of 10 percent.

The proceeds of the credit facility and the notes were used principally to repay an intercompany loan to GLCC and to pay a special dividend to GLCC in connection with the "spin-off."

The credit facility and the notes both contain substantial restrictions on the Company's operations, including the ability to pay dividends.

On June 3, 1999 the Company entered into a further \$100 million term loan repayable in semi annual installments to December 31, 2002:

(in millions)	
1999	\$ 10
2000	20
2001	30
2002	40
-----	-----
	\$100
-----	-----

The loan is secured in the same way as the 1998 loan and bears interest at LIBOR plus 1.5 percent, reducing to LIBOR plus 1.25 percent when the aggregate of outstanding balances under the 1998 and 1999 agreements is below \$140 million.

The following table presents the projected annual maturities for the next five years after 1999:

(in millions)	
2000	\$ 80.0
2001	43.3
2002	40.0
2003	37.5
2004	37.5
Thereafter	75.0
-----	-----
	\$313.3
-----	-----

Note 12. GLCC Investment

GLCC investment comprised all share capital, reserves and intercompany balances and debt prior to the "spin-off" (see Note 1).

Payments to GLCC included exchange effect of \$4.7 million and \$0.4 million in 1998 and 1997, respectively.

The net payment of \$31.0 million in 1997 includes the receipt of a short-term loan from GLCC of \$116.8 million used to fund the acquisition of a minority interest.

Note 13. Stockholders' Equity

On May 26, 1998 the Company issued 14,762,417 shares of common stock with a par value of \$0.01, nil paid, in connection with the "spin-off" (see Note 1).

A further 969 shares were subsequently issued in respect of late notified changes in GLCC stockholders at the record date of the "spin-off" issue.

The Company also issued 53,228 shares to Directors and senior management at an aggregate cost of \$0.8 million, comprising 3,000 new shares and 50,228 issues from treasury stock.

During 1998 and 1999 the Company's Board of Directors approved stock buy back programs, authorizing the repurchase of up to \$15 million of its stock each year, as allowed under its debt covenants. At December 31, 1999 1,314,864 shares had been repurchased at an aggregate cost of \$18.9 million (1998 -- 832,052 shares at a cost of \$13.2 million).

Note 14. Fair Value of Financial Instruments

The following table presents the carrying amount and fair values of the Company's financial instruments at December 31, 1999 and 1998:

	1999		1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Non-derivatives:				
Cash and cash equivalents	\$ 37.2	\$ 37.2	\$ 26.5	\$ 26.5
Long-term debt	313.3	312.7	300.8	306.8
Derivatives:				
Miscellaneous	--	0.2	--	(1.2)

The following methods and assumptions were used to estimate the fair values of financial instruments:

Cash and cash equivalents: The carrying amount approximates fair value because of the short-term maturities of such instruments.

Long-term debt: The carrying amount of term borrowings at variable interest rates approximate fair value. The fair value of fixed interest rate debt is based on the quoted market prices for the same or similar debt.

Derivatives: The fair value of derivatives, including forward exchange contracts and interest rate swaps, was estimated based on current settlement prices and comparable contracts using current assumptions.

Note 15. Financial Instruments and Risk Management

The Company has limited involvement with derivative financial instruments and does not trade them. The Company does use derivatives to manage well defined interest rate and foreign exchange exposures.

The Company invoices over half of its sales in US dollars, the balance mainly invoiced in pounds sterling to match the Company's sterling costs.

The Company uses interest rate swap, floor and collar and cap agreements to reduce the impact of changes in interest rates on its floating rate debt. The swap agreements are contracts to exchange floating rate for fixed interest payments periodically over to the life of the agreements without the exchange of the underlying notional amounts. The notional amounts of interest rate agreements are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss.

As of December 31, 1999 the Company had the following interest rate instruments in effect (notional amounts in millions; cap, floor and collar rates based on three-month LIBOR):

	Notional Amount	Strike Rate	Period
Interest swap	\$60.0	5.87%	12/99-12/01
Interest collar	31.0	5.75% 5.45%	12/99-12/00

The Company sells a range of TEL and petroleum additives to major oil refineries throughout the world. Credit limits, ongoing credit evaluation and account monitoring procedures are utilized to minimize risk. Collateral is not generally required.

Approximately 60% of the Company's workforce are represented by trade unions. The previous collective bargaining agreement expired on January 1, 2000. An interim agreement is in place which is based on successful implementation of organization changes at the Ellesmere Port site. This will be replaced by a further agreement later in fiscal 2000.

Note 16. Related Party Transactions

The Company sells significant quantities of TEL to refineries wholly or partly owned by BP, Texaco and Mobil (The Vendor Partners) and Chevron Chemical Company, who ceased to be related parties on October 31, 1997 and November 20, 1997, respectively. Sales were made at arm's length and at prices which varied according to individual customers and the market in which they operated. In 1997 such sales amounted to \$80.2 million.

Until the "spin-off" GLCC was a related company. Sales to GLCC are included in the accounts at estimated market value, and in 1998 (to the "spin-off" date) and 1997 amounted to \$3.3 million and \$7.4 million, respectively. Purchases from GLCC for the same periods amounted to \$7.1 million and \$18.5 million, respectively.

Interest charges from GLCC in respect of funding provided for acquisitions in 1998 (to the "spin-off" date) and 1997 amounted to \$3.4 million and \$2.1 million, respectively.

Note 17. Recently Issued Accounting Pronouncements

In June, 1998 the Financial Accounting Standards Board ("FASB") issued FAS 133, Accounting for Derivative Instruments and Hedging Activities, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. In June, 1999 FASB issued FAS 137, Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No.133. This Statement is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. The Company is at present evaluating the impact of FAS 133 on its operations.

QUARTERLY SUMMARY (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(dollar amounts in millions except per share data)				
1999				
Net sales	\$128.0	\$129.8	\$126.9	\$132.1
Operating income	24.1	25.5	26.1	16.6
Net income	10.4	11.7	12.2	8.2
Net cash provided by operating activities	22.7	17.3	32.2	36.5
Per common share:				
Earnings				
-- basic	0.74	0.84	0.88	0.60
-- fully diluted	0.73	0.81	0.86	0.58
Market price				
-- high	15.3	14.9	13.0	12.7
-- low	12.2	11.9	11.2	9.7
1998				
Net sales	\$123.2	\$115.6	\$113.4	\$112.8
Operating income	41.0	35.9	28.0	29.9
Net income	25.6	16.6	10.6	17.7
Net cash provided by operating activities	47.9	66.9	70.3	53.2
Per common share:				
Earnings				
-- basic	1.73	1.12	0.73	1.26
-- fully diluted	1.73	1.12	0.73	1.26
Market price				
-- high	--	22.7	20.6	16.2
-- low	--	18.2	13.7	11.6

Octel Corp.

BOARD OF DIRECTORS

Dr. Robert E. Bew Chairman and Director
Chairman of European Process Industries
Competitiveness Centre Retired CEO of
ICI Chemical & Polymer Division and
Chairman of Phillips Imperial Petroleum Ltd.

Dennis J. Kerrison President and Chief
Executive Officer
Previously Executive Vice President,
Great Lakes Chemical Corporation
Former CEO of Hickson International PLC

Martin M. Hale Director
Chairman of Great Lakes Chemical Corporation
Former Executive Vice President and Director
of Hellman, Jordan Management Co. Inc.
Former President and CEO of Marsh & McClennan
Asset Management Company

Thomas M. Fulton Director
Retired President and CEO
of Landauer Inc.
Director of Landauer Inc.
Director of Great Lakes Chemical Corporation

James Puckridge Director
Chairman of Ato Findley UK Ltd.
Director of Thomas Swan & Co. Ltd.
Retired Chairman of Elf Atochem UK Ltd.

Dr. Benito Fiore Director
Former Chairman and CEO of Enichem UK Ltd.

Charles M. Hale Director
Chairman of Donaldson, Lufkin & Jenrette International Former General Partner of Lehman Brothers Kuhn Loeb Former Managing Director of
AG Becker International

[LOGO OF OCTEL]

CORPORATE OFFICERS

Dennis J. Kerrison
President
and Chief Executive Officer

Alan G. Jarvis
Vice President
and Chief Financial Officer

John P. Tayler
Corporate Secretary
and General Counsel

Steven W. Williams
Vice President
Group Operations

H. Alan Hanslip
Vice President
Human Resources

Dr. Geoffrey J. Hignett
Vice President
Specialty Chemicals

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USA

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--a Division of Equiserve
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Independent Accountants
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Legal Counsel
Kirkland & Ellis, London, UK
Linklaters & Paines, London, UK

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Tel: +44(0)161 498 8889

Octel Corp. Common Stock
New York Stock Exchange
Symbol: OTL

Corporate Website
<http://www.octel-corp.com>

Form 10-K and Additional Information
Form 10-K is the company's annual report filed with the Securities and Exchange Commission.

Copies of the Form 10-K and other financial information are available from the Office of Investor Relations.

EXHIBIT 13.2

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Stockholder
Octel Corp.

We have audited the accompanying combined balance sheet of the businesses that comprise Octel Corp. as of December 31, 1997, and the related combined statements of income, cash flows and stockholders' equity for each of the two years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of the businesses that comprise Octel Corp. at December 31, 1997, and the combined results of their operations and their cash flows for each of the two years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Ernst & Young LLP
Indianapolis, Indiana

April 4, 1998

EXHIBIT 21.1

SUBSIDIARIES OF REGISTRANT

1. Octel Corp., a Delaware corporation.
 2. Octel L.L.C., a Delaware corporation.
 3. Octel America Inc., a Delaware corporation.
 4. Octel International Ltd., a United Kingdom corporation.
 5. Octel Developments PLC, a United Kingdom corporation.
 6. Octel Trading Ltd., a United Kingdom corporation.
 7. Octel Resources Ltd., a United Kingdom corporation.
 8. Octel Associates, a United Kingdom corporation.
 9. The Associated Octel Co. Ltd., a United Kingdom corporation.
 10. Associated Octel Co. (Plant) Ltd., a United Kingdom corporation
 11. AKC Trading Ltd., a United Kingdom corporation
 12. AKC GmbH, a German corporation.
 13. Octel France SAS, a French corporation.
 14. Societa Italiana Additivi per Carburanti srl, an Italian corporation.
 15. Octel Deutschland GmbH, a German corporation.
 16. OBOAdler Company Ltd., a United Kingdom corporation.
 17. Alcor Chemie AG, a Swiss corporation.
 18. Alcor Chemie Vertriebs AG, a Swiss corporation.
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19. Novoktan GmbH, a German corporation.

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS, STATEMENTS OF INCOME, AND STATEMENTS OF CASH FLOWS AND IS EQUIVALENT IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 31 1999
PERIOD START	JAN 01 1999
PERIOD END	DEC 31 1999
CASH	37,200
SECURITIES	0
RECEIVABLES	152,700
ALLOWANCES	2,200
INVENTORY	64,300
CURRENT ASSETS	255,800
PP&E	143,900
DEPRECIATION	39,400
TOTAL ASSETS	849,500
CURRENT LIABILITIES	206,800
BONDS	233,300
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	100
OTHER SE	313,800
TOTAL LIABILITY AND EQUITY	849,500
SALES	516,800
TOTAL REVENUES	530,200
CGS	326,800
TOTAL COSTS	424,500
OTHER EXPENSES	28,500
LOSS PROVISION	1,400
INTEREST EXPENSE	25,900
INCOME PRETAX	75,300
INCOME TAX	32,700
INCOME CONTINUING	42,600
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	42,600
EPS BASIC	3.08
EPS DILUTED	3.05

End of Filing

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