INNOSPEC INC.

FORM 10-K
(Annual Report)

Filed 03/26/01 for the Period Ending 12/31/00

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 3/26/2001 For Period Ending 12/31/2000

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, 2000
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 February 28, 2001, the aggregate market value of the voting stock held by non-affiliates of the registrant was $156,281,982

As of February 28, 2001, 11,857,510 shares of the registrant's stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2000 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 26, 2001 for the annual meeting of Stockholders to be held on May 8, 2001 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 19 of the 2000 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 29 and 30 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 19 of the Report, is incorporated herein by reference.

Overview

The Company is an international chemical company specialising in the manufacture, distribution and marketing of fuel additives and specialty chemicals. The Company is organised into two business units for reporting purposes - TEL and Specialty Chemicals.

TEL

TEL, the most significant of the Company's products, accounted for approximately 71% of the Company's 2000 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. It also acts as a lubricity aid, reducing engine wear.

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, and management believes that volumes will continue to fall by some 15% per annum.

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. Collaborative ventures with Hi-Mar, joint ventures such as Valvemaster(R) Limited and Octel Starreon LLC, and acquisitions such as Octel Deutschland GmbH are part of an ongoing program of growth through mergers and acquisitions.

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 the Octaquest(R) family, developed for the detergent market but now addressing new markets in personal care, paper and photographics.

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 enhance the security of supply and 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 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 major customers are 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 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. 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.

Ethyl Agreements

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.

Effective January 1, 2000, OBOAdler entered into sales and marketing agreements with Ethyl similar to those in place with Associated Octel.

Octel supplies Ethyl on a wholesale basis with TEL for resale to customers in the United States and European union under two separate long term supply agreements at prices adjusted annually through agreed formulas.

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 $3.1 million, $3.9 million and $3.1 million in 2000, 1999 and 1998, 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, 2000 consisted of 860 employees, of which 552 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 in place an 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 in recent years. The Company has implemented an extensive retraining program which will enable further improvements in the productivity and flexibility of the Company's UK workforce.

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
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 30,000 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 (46,000 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 EDDS 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, 2000.

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 February 28, 2001 there were approximately 2,107 registered holders of the common stock.

Quarterly stock prices on page 40 of the Report are incorporated herein by reference.

The borrowings entered into by the Company in relation to the spin-off from GLCC and the acquisition of OBOAdler 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 page 11 of the Report and the Quarterly Summary on page 40 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 19 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 page 39 of the Report is incorporated herein by reference.

Item 8 Financial Statements and Supplementary Data

The consolidated financial statements, together with the report of PricewaterhouseCoopers dated February 8, 2001 and quarterly financial information, which are on pages 14 through 40 of the Report, are incorporated herein by reference. The Financial Highlights on page 11 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, 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 2001 Annual Meeting of Stockholders dated May 8, 2001 ("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

There were no transactions which require disclosure.

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 8, 2001 appearing on pages 14 through 40 of the 2000 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. (9)
10.17 Employment offer letter from The Associated Octel Company Limited to John P Tayler. (9)
10.18 Consultancy Agreement between Octel Corp. and Robert E Bew. (9)
10.19 Employment offer letter from the The Associated Octel Company Limited to Ian A Watling.
10.20 Employment offer letter from The Associated Octel Company Limited to Philip J Boon.
12.1 Statement Regarding Computation of Financial Ratios.
13.1 2000 Annual Report of Octel Corp.
13.2 Opinion of Ernst & Young LLP on 1997 Combined Financial Statements. (9)
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 10-K on March 26, 1999.
(9) Filed with the Company's form 10-K on March 27, 2000.

(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.

On July 21, 2000 a Form 8-K was filed announcing an amendment of the Company's Rights Plan, raising the threshold of its acquiring person provision from 15% to 22%.

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.

OCTEL CORP. *(Registrant)* *Date:* *March 20, 2001*	*By:*	*/s/ Dennis J Kerrison* *DENNIS J KERRISON* *President, Chief Executive Officer and Director*

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:

March 20, 2001	*/s/ Alan G Jarvis* *Alan G Jarvis, Vice President and Chief Financial Officer*
March 20, 2001	*/s/ Robert E Bew* *Dr Robert E Bew, Chairman and Director*
March 20, 2001	*/s/ Dennis J Kerrison* *Dennis J Kerrison, President, Chief Executive Officer and Director*
March 20, 2001	*/s/ Martin M Hale* *Martin M Hale, Director*
March 20, 2001	*/s/ Thomas M Fulton* *Thomas M Fulton, Director*
March 20, 2001	*/s/ James Puckridge* *James Puckridge, Director*
March 20, 2001	*/s/ Benito Fiore* *Dr Benito Fiore, Director*
March 20, 2001	*/s/ Charles M Hale* *Charles M Hale, Director*
March 20, 2001	*/s/ H Alan Hanslip* *H Alan Hanslip, Vice President, Human Resources*
March 20, 2001	*/s/ Geoffrey J Hignett* *Dr Geoffrey J Hignett, Director of Corporate Development*
March 20, 2001	*/s/ John P Tayler* *Corporate Secretary and General Counsel*
March 20, 2001	*/s/ Philip J Boon* *Philip J Boon, Business Director, Petroleum Specialties*
March 20, 2001	*/s/ Ian A Watling* *Ian A Watling, Business Director, Performance Chemicals*

2/nd/ December 1999
Exhibit 10.19

PERSONAL

Mr I Watling
9 Mosley Close
Timperley
Altrincham
Cheshire
WA15 6LB

Dear Ian

Following our discussions, I am pleased to offer you a position with the Company as Business Director, Performance Chemicals, based at Ellesmere Port. We will finalise a commencement date as soon as possible, however, this will be no later than 1/st/ May 2000 dependant on your current notice period. Your salary will be (Pounds)80,001 per annum, which will run to 31/st/ December 2000.

In addition you will be awarded a Stock Option of $30,000 of shares which vest in 3 years.

This offer of employment is subject to the completion of a medical examination and the receipt of two references, the results of which are satisfactory to us.

This offer assumes your acceptance of the Company's terms and conditions of employment, a summary of which is outlined below. Finer detail will follow from Human Resources at the appropriate time.

Holiday Entitlement

You will be entitled to 25 days annual holiday in a full holiday year, which runs from 1/st/ March to 28 or 29 February. Your entitlement in the first year will depend on your start date.

BUPA Membership

You will be offered membership of the Company's BUPA Bulk Scheme for yourself and your spouse. This is a taxable benefit.

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. For Senior Managers and Directors there is a take over protection plan. Details of this will follow.

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.

In addition, you will be able to participate in the Company's Senior Management Pension Scheme which is a no contributory money purchase pension plan designed to provide you with the equivalent of a total of 1/45/th/ of your pensionable salary for each year of service.

Alan Hanslip will discuss this option with you with regard to your current pension plan.

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 your basic salary subject to Company and personal performance. The plan normally runs from 1/st/ January to 31/st/ December.

In addition, you will be eligible for a special incentive bonus of 25% of your basic salary to be paid at the end of 2001 dependant on agreed growth targets for the Performance Chemicals business.

Group Accident Insurance

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

Company Car

You will be provided with a fully funded Company car, including private fuel, typically a BMW 323I or Saab 9000 CD or equivalent. You may take a cash equivalent in lieu of a car; currently the allowance is (Pounds)6,729 per annum. Further details will be furnished to you should you accept our offer of employment.

Should you wish to accept this offer, will you please sign the acceptance on the duplicate of this letter and return it to me. Naturally, Human Resources will require further details from you including your decision on pensions, etc, but we will talk about this at a later date.

Please give me a call if you would like any clarification. Meanwhile, I very much look forward to working with you.

Yours sincerely

GEOFF HIGNETT
Director Specialty Chemicals

Signed: .... Dated: ....

cc: Alan Hanslip

Dennis Kerrison

29/th/ May 1997
Exhibit 10.20

PERSONAL

Dr P J Boon
5505 Providence Glen Road
Charlotte
North Carolina 28270
USA

Dear Phil

Following our discussions, I am pleased to offer you a position with the Company initially in the position of Business Manager in the Petroleum Specialties Department, based at Ellesmere Port. We will finalise a commencement date as soon as possible, however, this will be no later than 1/st/ September 1997. Your salary will be (Pounds)55,500 per annum, which will run to 31/st/ December 1997. You will also receive a one-off taxable payment of (Pounds)5,000 which will be paid with your first monthly salary.

As we discussed, you will be eligible to participate in the GLCC Corporate Share Option scheme. I must stress, however, that this is discretionary and grants of options are not guaranteed.

This offer of employment is subject to the completion of a medical examination and the receipt of two references, the results of which are satisfactory to us. I have enclosed medical paperwork which should be completed as soon as possible in the United States.

This offer assumes your acceptance of the Company's terms and conditions of employment, which, unless otherwise expressed in this letter, are as set out in Part 1 of the enclosed copy of the Staff Handbook.

Holiday Entitlement

You will be entitled to 30 days annual holiday in a full holiday year, which runs from 1/st/ March to 28 or 29 February. Your entitlement in the first year will depend on your start date.

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)674.00 per annum. Membership can be extended to cover any unmarried children under 21 years of age on a contributory basis at a current monthly rate of (Pounds)14.04.

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 Overseas Travel Allowances.

Termination of Contract

Should you wish to terminate your employment you must give the Company three months notice. You will be entitled to receive six 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.

Pension Plan

The Company maintains a Pension Scheme for the benefit of employees. Further details of the scheme are contained in the enclosed booklet and your attention is drawn to the letter accompanying the booklet.

Company Car

You will be provided with a fully funded Company car, including private fuel, typically a BMW 323I or Saab 9000 CD or equivalent. You may take a cash equivalent in lieu of a car; currently the allowance is (Pounds)6,300 per annum. Further details will be furnished to you should you accept our offer of employment.

Relocation

The Company will assist you in relocating yourself and your family to an area suitable for your place of work in Ellesmere Port.

Assistance will include expenses for house-hunting, legal fees, removal costs and initial rented temporary accommodation for you and your family for up to a period of three months.

You will receive an international re-settlement allowance of (Pounds)13,000 (not taxable) in the month in which you move into your new UK property.

Further details of the relocation package will be forwarded to your under separate cover, and we will discuss with you the sale of your existing property and the purchase of a new one through the use of the Octel Homesale Plan.

Tax Advice

The Company will provide you the opportunity of a tax consultation on your return to the UK.

Lease Car

The Company will reimburse any penalty regarding the early termination of your lease car in the USA.

The above offer is also subject to your acceptance of certain employment policies of Great Lakes Chemical Corporation, copies of which are enclosed, viz:

. Great Lakes Chemical Corporation Anti-trust Policy Please read the statement enclosed and by signing this letter you signify your acceptance of this policy.

. Great Lakes Chemical Corporation Code of Ethical Conduct.

. Great Lakes Chemical Corporation Confidentiality Agreement Please note that Articles 7 and 9 of this Agreement are replaced by the following Article 7:

"this agreement shall be governed and construed in all respects in accordance with English Law and the parties hereby submit to the non-exclusive jurisdiction of the English Courts."

Should you wish to accept this offer, would you please sign the acceptance on the duplicate of this letter and one copy of each of the Great Lakes Chemical Corporation Code of Ethical Conduct and Confidentiality Agreement, and return them to me.

I apologise for the formality of this letter, but I am sure you understand the necessity. I would be grateful if you could send me the names of two referees we can contact and also your earliest start date. If you have any queries, please give me a call.

We look forward to you joining the Company at a very exciting time for us all.

Yours sincerely

M MATHIESON
Manager - Human Resources

Signed: .... Dated:...........................

Enc.

EXHIBIT 12.1 - STATEMENT REGARDING COMPUTATION OF FINANCIAL RATIOS

(Dollars in millions)

	2000	1999	1998	1997	1996
1. NET INCOME AS A PERCENT OF SALES					
A Net Income	$ 18.3	$ 42.6	$ 70.4	$117.7	$128.3
B Net Sales	$422.4	$516.8	$465.0	$539.1	$497.4
A % of B	4.3%	8.2%	15.1%	21.8%	21.5%
2. EFFECTIVE INCOME TAX RATE					
C Income Taxes	$ 17.4	$ 32.7	$ 41.5	$ 56.7	$ 63.8
D Income before Income Taxes	$ 35.7	$ 75.3	$111.9	$174.4	$192.1
C % of D	48.8%	43.4%	37.1%	32.5%	33.2%
Current Ratio					
E Current Assets	$188.5	$255.8	$240.9	$282.7	$339.6
F Current Liabilities	$131.3	$206.8	$205.2	$102.8	$123.5
E : F	1.4	1.2	1.2	2.7	2.7

OCTEL
EMERGING

[LOGO] OCTEL

Octel Corp.
2000 Annual Report

Octel is a global chemical company specializing in high performance fuel additives and special and effect chemicals. Our strategy is to manage profitably and responsibly the decline in world demand for our major product - tetraethyl lead (TEL) in gasoline - though competitive differentiation and stringent product stewardship, to expand our Petroleum Specialties and Performance Chemicals businesses organically through product innovation and focus on customer needs, and to seek synergistic growth opportunities through joint ventures, alliances, collaborative arrangements and acquisitions.

Now in its third year of reinvention, Octel is emerging as a powerful player in the specialty chemical industry. Capitalizing on our company's strong niche position and excellent technology base, we are maximizing cash flow from the declining TEL business and growing our two specialty businesses.

This kind of juggling act -- simultaneously shifting our operational focus, evolving our corporate identity, and building shareholder confidence --requires a dextrous leadership team and a forward-looking strategic vision.

Octel has all of this.
The proof?

OCTEL IS...

[PICTURE]

INNOVATING

For us, the most highly advanced technology is merely a starting point: a springboard to creating synergies in science, business, and industry. The initiative and innovation of our people result in better products, more sophisticated customer solutions, and expanded investment opportunities -- leading ultimately to the development of even more highly advanced technologies.

[PICTURE]

CREATING

Octel's central mission is to create customized solutions to customer problems. With every well-solved customer problem in turn creating a loyal and trusting customer base, we are increasingly admired for balancing measured risk-taking with enthusiastic inventiveness.

RESEARCHING

Octel's proprietary technology platforms are the product of cutting-edge scientific research and our focus on customer needs. Our research of new molecules based on environmentally friendly backbones, for example, has led to a promising vista of new market applications for the Octaquest(R) family of products, most notably in the paper, photography, and personal care sectors. Dedicated application research capabilities support us in anticipating new markets, interacting with technological advances, surpassing regulatory demands, and meeting environmental challenges.

[PICTURE]

[PICTURE]

BUILDING

To continue building on our key strengths in technology and our core competencies in specialty chemicals, we have focused our business strategy, sharpened our internal organization, grown employee participation, and consolidated management teams and strategic business units. In leveraging our "customer" skills in problem-solving and innovating-- bringing them to bear on the workings of our own business structure -- we are enhancing our market reputation and increasing shareholder value.

PARTNERING

When technology platforms are as inventive and proprietary as ours, marketing synergies become easy. Octel technology stands behind our ability to forge dynamic business partnerships, and supports our creation of diverse custom solutions for industries around the world. For example, our collaborative venture with Hi-Mar, our partnership with Valvemaster(R), our marketing alliance with Ethyl, and our joint venture Octel Starreon, all create valuable "win/win" situations that increase our visibility and position us for an even longer global reach.

[PICTURE]

[PICTURES]

RESTRUCTURING

Reinventing Octel as a specialty chemical business has required us to restructure our organization to support new goals. Today, our global Strategic Business Units (SBUs) encourage accelerated growth in far-flung places around the world. Asia Pacific initiatives in Singapore, India and China, for example, anchor our global industry position and expand our company's borders.

[PICTURE]

TARGETING

Octel is all about targeting opportunities. That's why each of our acquisitions and alliances in both Performance Chemicals and Petroleum Specialties bolsters a key technology platform or core market. It's why we can extend the global reach of each of our specifically chosen joint venture partners. And it's why high- growth, high-margin specialties have become our strategic bull's-eye.

[PICTURE]

MINIMIZING

IMPACT

Blending customers' needs for competitive market advantage with a strong sense of environmental responsibility, we are continuing to develop, manufacture, and market a broad range of diesel and gasoline performance additives and biodegradable sequestrants that fuel profit while simultaneously minimizing our environmental footprint. From decommissioning outdated plants to proactively improving our Ellesmere Port plant's emissions record, we have systematically taken charge through our corporate product stewardship program, leveraged core competencies in chemical cleanup, and made Responsible Care and sustainable development the creed by which we work and live.

[PICTURE]

MAXIMIZING

IMPACT

Maximizing profit and shareholder value are at the heart of our business strategy. We're realizing these objectives with a steady series of financial and restructuring decisions. Cash generation has been good, supported by internal cost controls and rewarded by early debt repayment. Our Ellesmere Port 2001 restructuring plan is helping to maintain margins in the TEL business. And through our Leadership Program, we are optimizing the key competencies and attributes of our workforce, aligning all our objectives towards maximum performance.

EMERGING.

Today, halfway through a five-year plan of reinvention, Octel is well on the way to its goal of becoming a dynamic specialty chemical company. Despite the accelerating decline in demand for TEL, we are meeting consistently our promise to deliver performance on track. Our dedicated workforce is growing ever more focused and inspired. And our inventive products are venturing into new market landscapes of immeasurable opportunity.

While there is much to do, we are firmly on course. Octel is, truly, emerging.

Dear Shareholders When Octel was first spun off from Great Lakes in May 1998, we spelled out an ambitious and imaginative five-year strategy. At the heart of our original goal was the idea of reinventing ourselves as a profitable specialty chemical company. Today we have passed the halfway point in implementing this forward-looking plan. As we take stock of our efforts, we look back with some pride at our accomplishments, and greet the future with confidence.

Octel's efforts in 2000 clearly demonstrate the benefits of taking early action to support core objectives. Throughout the year we continued to profitably manage our decreasing TEL business, even in the face of the TEL market's rapid and unanticipated decline (~25%). Our company's alliance with Ethyl and our purchase of OBOAdler have allowed us to strategically manage our cost base and maintain our margins.

[PICTURE]

As the results show, Octel's Specialty Chemicals business continued to meet and exceed expectations. While our Petroleum Specialties fuel additives business remained robust and continued vigorously to expand its activities both geographically and technically, the Performance Chemicals unit had a relatively quiet year. In this area, we are adopting a more aggressive growth stance in order to broaden our business base. We are being proactive in addressing this issue, and expect to make substantial progress in 2001.

Despite encountering inevitable market setbacks, we continue to prosper even beyond expectations. In terms of cash generation, our steady focus has again borne fruit: in September 2000, we paid the final portion of original senior debt -- and made this payment fifteen months early. We are ever aware that our company's current and prospective success is largely due to the immense dedication and ability of our employees. To them, we owe a particular debt of gratitude and appreciation.

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

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

Financial Highlights

(dollar amounts in millions except per share figures)	2000	1999	1998	1997	1996
Summary of earnings					
Net sales	$ 422.4	$ 516.8	$ 465.0	$ 539.1	$ 597.4
Operating income	58.7	92.3	134.9	194.7	226.1
Income before income taxes and minority	39.3	77.2	111.9	198.7	221.7
Minority interest	3.6	1.9	--	24.3	29.6
Income taxes	17.4	32.7	41.5	56.7	63.8
Net income	18.3	42.6	70.4	117.7	128.3
EBITDA	140.2	167.6	194.1	243.8	262.7
Cash generated by operating activities	134.0	108.7	238.3	167.5	127.8
Financial position at year end					
Working capital	87.2	129.0	106.7	179.9	216.1
Total assets	700.8	849.5	806.7	832.9	841.0
Long-term debt (including current portion)	210.0	313.3	300.8	--	--
GLCC investment	--	--	--	652.8	584.6
Stockholders' equity	295.6	313.9	301.1	--	--
Financial ratios					
Net income as a percent to sales	4.3	8.2	15.1	21.8	21.5
Effective income tax rate	48.8	43.4	37.1	32.5	33.2
Current ratio	1.4	1.2	1.2	2.7	2.7
Share data					
Earnings per share					
-- Basic	1.46	3.08	4.85	7.84	8.08
-- Fully diluted	1.41	3.05	4.85	7.84	8.08
EBITDA per share					
-- Basic	11.14	12.12	13.37	16.25	16.52
-- Fully diluted	10.78	11.99	13.37	16.25	16.52
Shares outstanding (basic, thousands)					
-- At year end	11,907	13,451	13,934	15,000	15,900
-- Average during year	12,581	13,827	14,514	15,000	15,900
Stock price -- High	12.9	15.3	22.7	--	--
-- Low	7.8	9.7	11.6	--	--
-- At year end	11.5	10.4	13.9	--	--

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

2000 Highlights

Corporate
. Continued strong cash generation -- $134 million
. Original bank debt repaid 15 months early and prepayment made on new bank debt
. 20% of company stock repurchased since spin-off
. New records set for safety at UK and German manufacturing sites
. Achievement of RoSPA Gold Award for Safety at UK site
. Emissions reduction at UK site best in industry -- now 15% of 1990 levels

Lead Alkyls (TEL)
. Successful accomplishment of EP2001 reengineering program reducing workforce by 40%
. Combined cost reduction measures maintain high margin in difficult market
. Reinforcement of Product Stewardship program and focused development of Octel Environmental business

Specialty Chemicals
. Continued excellent growth in several key areas to exceed 9% OPROS
. New product sales, including first international Octafoam(TM) sales
. Further five-year contract for Octaquest(R) with major detergent manufacturer

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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 of new businesses.

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 the annual rate of decline in the TEL market to be 15% from 2001.

As world demand for TEL has declined, the Company has been reducing its cost base in an attempt to maintain its margins. 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 252. 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 and, in October 2000, a further TEL building was closed. Since 1996, the Company's cost-reduction efforts and operating-improvement programs in the UK have reduced the workforce by 1,252 people.

As at December 31, 2000, the total UK workforce was 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

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.

On November 9, 1999, the acquisition of the OBOAdler group was completed. Effective January 1, 2000, OBOAdler entered into sales and marketing agreements with Ethyl Corporation (Ethyl) similar to those already in place between Octel and Ethyl. An amount of $39 million was received by OBOAdler as a prepayment for services provided under the marketing agreements.

The Company continues to reduce TEL costs and capacity in line with the market decline in demand. The fourth phase of the UK voluntary severance program, announced in the fourth quarter 1999, was extended during fiscal 2000 and completed in December 2000. The total headcount reduction under this phase was 387. In the second quarter 2000, the company began the outsourcing of sodium and ethyl chloride, intermediates which were formerly manufactured in-house.

Results of Operations -- Fiscal 2000 Compared to Fiscal 1999

The results of operations for fiscal 2000 and 1999 are analyzed by business unit in the following table:

(dollars in millions)	2000		1999		Increase/ (Decrease)
Net sales:					
TEL	$ 300.6	71%	$ 396.1	77%	(24)%
Specialty Chemicals	121.8	29%	120.7	23%	1%
	$ 422.4	100%	$ 516.8	100%	(18)%
Gross profit:					
TEL	$ 129.1	78%	$ 155.5	82%	(17)%
Specialty Chemicals	35.7	22%	34.5	18%	3%
	$ 164.8	100%	$ 190.0	100%	(13)%
Operating income:					
TEL	$ 58.6	100%	$ 91.7	99%	(36)%
Specialty Chemicals	11.3	19%	8.8	10%	28%
Corporate	(11.2)	(19)%	(8.2)	(9)%	(36)%
	$ 58.7	100%	$ 92.3	100%	(36)%

Comparatives have been restated to reflect the reallocations described in Note 2 to the financial statements. In fiscal 2000 those costs attributable to the administration of the Octel group overall have been identified separately to allow greater clarity in the comparison of the operating income of the TEL and Specialty Chemicals businesses.

TEL sales revenues fell by 24% compared with the prior year. The overall volume decline in the market was some 25%, but this was offset by the inclusion of a full year of OBOAdler's trading results compared with two months following its acquisition in November 1999. Cost-reduction programs continue to be implemented and gross margin as a percentage of net sales was 43% compared with 39% in the prior year.

Specialty Chemicals sales were 1% above 1999 levels despite lower prices in the detergent additive business. Gross margin improved from 28% to 29% of net sales. Operating income increased by 28% compared with the prior year, and represents 9% of net sales compared with 7% in 1999.

Sales, general and administrative costs reduced by 8% to $41.5 million, reflecting the impact of cost-cutting programs. Amortization increased by $12.6 million to $61.5 million, mainly because of a full-year charge in 2000 of the goodwill and intangible asset arising from the OBOAdler acquisition in November 1999. Interest expense fell by $3.0 million to $22.9 million, reflecting the repayment of $103.3 million of debt during the year.

The effective tax rate for the year was 49% compared with 43% in 1999. The effect of the OBOAdler acquisition was to reduce the overall tax rate but to generate disallowable goodwill amortization which more than offset this.

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	$ 91.7	99%	$ 143.2	106%	(36)%
Specialty Chemicals	8.8	10%	(3.6)	(3)%	344%
Corporate	(8.2)	(9)%	(4.7)	(3)%	(74)%
	$ 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 3 months in 1998) and the inclusion of two months of OBOAdler sales. Total volumes fell by 4,299 metric tonnes (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 with 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 rationalisation costs in connection with the 1999 UK severance program. Total rationalisation charges in 1999 were $24 million compared with $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 overall increase in sales, general and administrative costs 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 with $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.

Liquidity and Financial Condition

Cash provided by operating activities was $134.0 million compared with $108.7 million in 1999. EBITDA fell from $167.6 million to $140.2 million, but working capital management reduced the effect of this on cash generation, notably in accounts receivable, which reduced by $51.9 million, reflecting an improvement from 104 to 73 days' sales. Expenditure in respect of plant closure provisions was consistent with prior year, with costs of $27.0 million and $26.3 million, respectively. A cash inflow of $38.6 million arose from receipt of the prepayment by Ethyl for services related to the new OBOAdler sales and marketing agreements.

Total debt repayments in fiscal 2000 were $103.3 million. This included the repayment of the final installment of the $280 million bank debt incurred at the spin-off in May 1998, 15 months ahead of schedule, and the prepayment of $10 million of the bank debt incurred on the OBOAdler acquisition.

The company repurchased common stock of $13.6 million, reflecting the completion of the 1999 buyback program and expenditure of $5.2 million against the 2000 program. The Company has now repurchased 20% of its issued share capital at the spin-off date.

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, 2000 were $61.5 million, of which $29.4 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 $32.1 million. Expenditure against provisions was $5.4 million, $9.3 million and $12.9 million in the years 2000, 1999 and 1998, respectively.

The Company has also incurred personnel severance costs in relation to the management of the decline in TEL markets. Total severance costs were $21.6 million, $17.0 million and $14.9 million in the years 2000, 1999 and 1998, respectively. Provision is made for severance costs to which the Company is committed. The provision at December 31, 2000 was $3.5 million, which related mainly to UK leavers in January 2001.

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.

Future Outlook

Over the last three years the Company's principal product, TEL, has represented a high proportion of the Company's net sales, 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. The Company believes that a competitive pricing environment will continue which may 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, and has and will continue to downsize and restructure its operations consistent with declining demand.

Raw materials account for a high 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 organic growth in this business will not be sufficient to fully offset the projected decline in TEL sales and earnings, at least over the next few years. The Company therefore plans to accelerate its mergers and acquisitions program to strengthen the Specialty Chemicals business.

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 accounting principles generally accepted in the United States of America and include amounts that are based on management's informed judgements 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 auditing standards generally accepted in the United States of America. 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

To the Board of Directors and Shareholders of Octel Corp.

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, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America 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 audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers

PricewaterhouseCoopers
February 8, 2001

Consolidated Statements of Income
(in millions, except per share data)

Years ended December 31	2000	1999	1998
Net sales (Note 2)	$ 422.4	$ 516.8	$ 465.0
Cost of goods sold	257.6	326.8	244.3
Gross profit (Note 2)	164.8	190.0	220.7
Operating expenses:			
Selling, general and administrative	41.5	44.9	40.1
Research and development	3.1	3.9	3.1
Amortization of intangible assets	61.5	48.9	42.6
Total	106.1	97.7	85.8
Operating income (Note 2)	58.7	92.3	134.9
Interest expense	22.9	25.9	25.2
Other expenses	0.1	2.6	3.8
Interest income	(2.1)	(3.9)	(2.7)
Other income	(1.5)	(9.5)	(3.3)
Income before income taxes and minority interest	39.3	77.2	111.9
Minority interest	3.6	1.9	--
Income before income taxes (Note 2)	35.7	75.3	111.9
Income taxes (Note 5)	17.4	32.7	41.5
Net income	$ 18.3	$ 42.6	$ 70.4
Basic earnings per share	$ 1.46	$ 3.08	$ 4.85
Diluted earnings per share	$ 1.41	$ 3.05	$ 4.85
Weighted average shares outstanding (in thousands)-- basic	12,581	13,827	14,514
-- diluted	13,000	13,979	14,514

The accompanying notes are an integral part of these statements.

Consolidated Balance Sheets
(in millions)

At December 31	2000	1999
Assets		
Current assets		
Cash and cash equivalents	$ 37.7	$ 37.2
Accounts receivable (less allowance of $3.6 and $2.2, respectively)	92.2	150.5
Inventories		
Finished goods	37.9	34.8
Raw materials and work in progress	17.6	29.5
	55.5	64.3
Prepaid expenses	3.1	3.8
Total current assets	188.5	255.8
Property, plant and equipment (Note 10)	83.4	104.5
Goodwill (Note 7)	329.2	379.2
Intangible asset (Note 8)	11.0	22.7
Deferred finance costs (Note 9)	8.4	12.7
Prepaid pension cost (Note 4)	76.5	72.2
Other assets	3.8	2.4
	$ 700.8	$ 849.5
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 63.9	$ 78.5
Accrued expenses	15.8	17.0
Accrued income taxes	8.5	31.3
Current portion of long-term debt (Note 12)	30.0	80.0
Current portion of deferred income (Note 13)	13.1	--
Total current liabilities	131.3	206.8
Plant closure provisions (Note 11)	35.6	55.6
Deferred income taxes (Note 5)	40.9	35.8
Deferred income (Note 13)	12.4	--
Long-term debt (Note 12)	180.0	233.3
Other liabilities	0.5	1.7
Minority interest	4.5	2.4
Stockholders' Equity (Note 14)		
Common stock, $0.01 par value, authorized 40,000,000 shares, issued 14,777,250 shares	0.1	0.1
Additional paid-in capital	276.1	276.1
Treasury stock (2,870,240 shares at cost)	(32.5)	(18.9)
Retained earnings	100.8	82.5
Accumulated other comprehensive income	(48.9)	(25.9)
Total stockholders' equity	295.6	313.9
	$ 700.8	$ 849.5

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows
(in millions)

Years ended December 31	2000	1999	1998
Cash Flows from Operating Activities			
Net income	$ 18.3	$ 42.6	$ 70.4
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	80.2	68.4	59.7
Deferred income taxes	5.2	14.5	1.5
Other	2.0	(1.2)	(0.9)
Changes in operating assets and liabilities:			
Accounts receivable	51.9	(14.2)	53.6
Inventories	4.7	31.6	(5.7)
Accounts payable and accrued expenses	(7.2)	(6.1)	35.7
Deferred income received	38.6	--	--
Income taxes and other current liabilities	(20.6)	(14.0)	45.0
Other non-current assets and liabilities	(39.1)	(12.9)	(21.0)
Net cash provided by operating activities	134.0	108.7	238.3
Cash Flows from Investing Activities			
Capital expenditures	(6.6)	(8.4)	(23.5)
Business combinations, net of cash acquired	--	11.8	(26.4)
Other	(4.1)	(6.4)	1.0
Net cash used in investing activities	(10.7)	(3.0)	(48.9)
Cash Flows from Financing Activities			
Net cash paid to GLCC	--	--	(468.5)
Minority interest	2.0	2.4	--
Receipt of long-term borrowings	--	106.0	441.0
Repayment of long-term borrowings	(103.3)	(93.5)	(140.2)
Repayment of short-term credit	--	(90.0)	--
Deferred finance costs (Note 9)	--	--	(15.2)
Net repurchase of common stock (Note 14)	(13.6)	(5.7)	(13.2)
Net cash used in financing activities	(114.9)	(80.8)	(196.1)
Effect of exchange rate changes on cash	(7.9)	(14.2)	3.5
Net change in cash and cash equivalents	0.5	10.7	(3.2)
Cash and cash equivalents at beginning of year	37.2	26.5	29.7
Cash and cash equivalents at end of year	$ 37.7	$ 37.2	$ 26.5

The accompanying notes are an integral part of these statements.

Consolidated Statements of Stockholders' Equity
(in millions)

	GLCC Investment	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Cumulative Translation Adjustment	Total Comprehensive Income
Balance at January 1, 1998	$ 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	--	--	(14.0)	--	--	--	--
Share issue	--	--	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
Net income	--	--	--	--	18.3	--	18.3
Net CTA* change	--	--	--	--	--	(23.0)	(23.0)
Repurchase of treasury stock	--	--	(13.6)	--	--	--	--
Balance at December 31, 2000	$ --	$ 0.1	$ (32.5)	$ 276.1	$ 100.8	$ (48.9)	$ 51.9

* 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 consolidated financial statements from the date of acquisition.

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.

Effective January 1, 2000, OBOAdler entered into sales and marketing agreements with Ethyl similar to those already in place with Octel (see Note 13).

Use of Estimates

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

Revenue Recognition

The Company supplies products to customers from its various manufacturing sites, and in some instances from containers held on customer sites, under a variety of standard shipping terms & conditions. In each case revenue is recognized when the transfer of legal title, which is defined and generally accepted in the standard shipping terms & conditions, arises between the Company and 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 and improvements 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.

Intangible Assets

Intangible assets are capitalized in the balance sheet and are amortized over the estimated useful lives of the assets on a straight-line basis.

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 that 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 recognised 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.

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)	2000	1999	1998
Net sales:			
TEL	$ 300.6	$ 396.1	$ 383.7
Specialty Chemicals	121.8	120.7	81.3
	$ 422.4	$ 516.8	$ 465.0
Gross profit:			
TEL	$ 129.1	$ 155.5	$ 203.1
Specialty Chemicals	35.7	34.5	17.6
	$ 164.8	$ 190.0	$ 220.7
Operating income:			
TEL	$ 58.6	$ 91.7	$ 143.2
Specialty Chemicals	11.3	8.8	(3.6)
Corporate	(11.2)	(8.2)	(4.7)
	$ 58.7	$ 92.3	$ 134.9
Identifiable assets at year end:			
TEL	$ 560.0	$ 728.6	$ 733.2
Specialty Chemicals	140.8	120.9	73.5
	$ 700.8	$ 849.5	$ 806.7

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 to operating income level.

Operating income comparatives have been restated to reflect the separate disclosure of corporate costs.

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)	2000	1999	1998
Net sales:			
United States	$ 59.4	$ 73.9	$ 36.1
United Kingdom	305.2	436.9	421.6
Rest of Europe	108.9	97.0	70.1
Other	6.5	--	--
Sales between areas	(57.6)	(91.0)	(62.8)
	$ 422.4	$ 516.8	$ 465.0
Income (loss) before income taxes:			
United States	$ 2.7	$ 0.8	$ (1.6)
United Kingdom	0.2	64.8	109.4
Rest of Europe	32.7	9.7	4.1
Other	0.1	--	--
	$ 35.7	$ 75.3	$ 111.9
Identifiable assets at year end:			
United States	$ 44.0	$ 41.5	$ 34.7
United Kingdom	531.5	642.8	725.1
Rest of Europe	115.9	165.2	46.9
Other	9.4	--	--
	$ 700.8	$ 849.5	$ 806.7

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 Company has six stock option plans which provide for the issuance of options to key employees and directors of the Company. All grants are at the sole discretion of the Compensation Committee of the Board of Directors, which administers the plans.

Grants may be priced at market value or at a premium or discount. Vesting periods are of up to four years and exercise periods of up to seven years. A total of 2,075,000 shares have been approved by the shareholders for allocation to the issue of share options.

The following table summarizes the transactions of the Company's stock option plans for the three-year period ended December 31, 2000:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Options outstanding December 31, 1997	--	$ --	
Granted -- at market value	182,346	14.63	$ 4.99
-- at discount	50,228	--	$ 4.99
Exercised	(50,228)	--	
	--------	---------	
Options outstanding December 31, 1998	182,346	14.63	
Granted -- at discount	456,426	--	$ 6.83
-- at premium	492,436	13.27	$ 4.71
Exercised	(14,944)	13.20	
Cancelled	(3,159)	--	
	--------	---------	
Options outstanding December 31, 1999	1,113,105	8.09	
Granted -- at discount	444,150	7.19	$ 3.75
Exercised	(21,098)	--	
Cancelled	(59,953)	--	
	--------	---------	
Options outstanding December 31, 2000	1,476,204	$ 8.26	
	=========	============	

The following table summarizes information about options outstanding at December 31, 2000:

Range of Exercise Price	Number Oustanding at 12-31-00	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable at 12-31-00	Weighted Average Exercise Price
$ 0 - $10	816,456	8.4 years	$ 3.91	137,153	$ --
$ 11 - $20	659,748	7.1 years	$ 13.65	--	--

The fair value of options granted was estimated using the Black-Scholes model with the following assumptions: dividend yield 0%, expected life of 4.21 years, volatility 40% and risk free interest rate 6.75%.

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 2000, 1999 and 1998 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 and 1998. Employee and employer contributions resumed in April 2000 at 2% and 5%, respectively, of pensionable pay. 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:

	2000	1999	1998
Weighted average discount rate	6.0%	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)	2000	1999
Change in PBO		
Balance at January 1	$ 524.0	$ 547.5
GLCC transfer	--	(19.6)
Interest cost	30.3	31.4
Service cost	8.8	11.2
Contributions by participants	0.3	--
Benefits paid	(23.3)	(23.1)
Actuarial gains/losses	62.8	(6.3)
Exchange variance	(39.9)	(17.1)
Balance at December 31	563.0	524.0
Fair value of plan assets		
Balance at January 1	770.8	700.6
GLCC transfer	--	(24.2)
Actual benefits paid	(23.5)	(23.1)
Actual contributions by employer	0.9	--
Actual contributions by participants	0.3	--
Actual return on assets	53.6	140.0
Exchange variance	(56.5)	(22.5)
Balance at December 31	745.6	770.8
Plan assets excess over PBO	182.6	246.8
Unrecognized net gain	(110.2)	(179.9)
Unrecognized prior service cost	4.1	5.3
Prepaid pension cost	$ 76.5	$ 72.2

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.

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

(in millions)	2000	1999	1998
Service cost	$ 8.8	$ 11.1	$ 10.6
Interest cost on PBO	30.3	31.4	37.8
Expected return on plan assets	(46.2)	(44.3)	(5.6)
Net amortization and deferral	(2.6)	1.6	(49.9)
	$ (9.7)	$ (0.2)	$ (7.1)

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)	2000	1999	1998
Domestic	$ 2.7	$ 0.2	$ (1.6)
Foreign	33.0	75.1	113.5
	$ 35.7	$ 75.3	$ 111.9

The components of income tax charges are summarized as follows:

(in millions)	2000	1999	1998
Current:			
Federal	$ 0.7	$ (0.2)	$ 0.1
Foreign	9.2	18.7	39.8
	9.9	18.5	39.9
Deferred:			
Federal	--	--	--
Foreign	7.5	14.2	1.6
	7.5	14.2	1.6
	$ 17.4	$32.7	$ 41.5

Cash payments/(receipts) for income taxes were $29.8 million, $31.6 million and $(5.7) million during 2000, 1999, and 1998, respectively. Tax payments in respect of 1998 were made by GLCC.

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

	2000	1999	1998
Statutory rate	35.0%	35.0%	35.0%
Foreign tax rate differential	(26.1)	(4.9)	(4.9)
Amortization of intangible assets	49.0	14.8	11.3
Other	(9.1)	(1.5)	(4.3)
	48.8%	43.4%	37.1%

The effect of the OBOAdler acquisition was to reduce the overall tax rate but to generate disallowable goodwill amortization which more than offset this.

Details of deferred tax assets and liabilities are as follows:

(in millions)	2000	1999
Deferred tax assets:		
Closure costs	$ 6.0	$ 1.6
Deferred tax liabilities:		
Pension costs	22.9	22.1
Other	24.0	15.3
	46.9	37.4
Total net provision	$40.9	$ 35.8

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 2000 amounted to $3.4 million (1999 -- $7.8 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. The OBOAdler group includes a sales office in Baar, Switzerland and a TEL manufacturing plant in Germany.

NOTE 7. GOODWILL

Goodwill comprises the following:

(in millions)	2000	1999
Gross cost	$ 575.1	$ 580.0
Accumulated amortization	(245.9)	(200.8)
	$ 329.2	$ 379.2

Based on its most recent analysis the Company believes that no impairment of goodwill exists as of December 31, 2000.

Amortization of goodwill was $48.2 million, $42.4 million and $39.9 million in 2000, 1999 and 1998, respectively. This excludes foreign exchange variances which are recorded in the cumulative translation adjustment.

NOTE 8. INTANGIBLE ASSETS

An intangible asset was recognized in the balance sheet on the acquisition of the OBOAdler group on November 9, 1999. It relates to unexpired customer contracts and is amortized over 2.25 years, the average of the relevant contract periods.

(in millions)	2000	1999
Gross cost	$ 22.8	$ 24.6
Accumulated amortization	(11.8)	(1.9)
	$ 11.0	$ 22.7

Amortization expense was $10.3 million and $1.8 million in 2000 and 1999, respectively. This excludes foreign exchange variances, which are recorded in the cumulative translation adjustment.

NOTE 9. 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)	2000	1999
Gross cost	$ 17.4	$ 18.7
Accumulated amortization	(9.0)	(6.0)
	$ 8.4	$ 12.7

Amortization expense was $3.3 million, $4.7 million and $1.2 million in 2000, 1999 and 1998, respectively. This excludes foreign exchange variances, which are recorded in the cumulative translation adjustment.

NOTE 10. 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)	2000	1999
Land	$ 2.3	$ 2.6
Buildings	0.2	2.6
Equipment	103.1	122.9
Work in progress	6.8	15.8
	112.4	143.9
Less accumulated depreciation	29.0	39.4
	$ 83.4	$ 104.5

Depreciation charges were $18.6 million, $19.6 million and $17.0 million in 2000, 1999 and 1998. The estimated additional cost to complete work in progress is $3.3 million (1999 -- $5.9 million).

NOTE 11. 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 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. Two of the three TEL buildings at the Ellesmere Port site have now been closed.

Movements in the provisions are summarized as follows:

(in millions)	2000 Severance	2000 Remediation	2000 Total	1999 Total
Balance at January 1	$ 19.1	$ 36.5	$ 55.6	$ 47.1
Exchange effect	(0.7)	(1.7)	(2.4)	0.1
Charge for the year	6.7	2.7	9.4	23.5
Acquisition	--	--	--	11.2
Expenditure	(21.6)	(5.4)	(27.0)	(26.3)
Balance at December 31	$ 3.5	$ 32.1	$ 35.6	$ 55.6

Severance:

No provision is made for estimated future costs for severance until the employees concerned have been notified and the expenditure is committed. In the fourth quarter 1999 a further voluntary severance program was announced at the group's Ellesmere Port site and expenditure was committed for 330 employees. This program was extended during fiscal 2000 by 57 employees. No further severance programs are planned.

Severance expenditure against provisions in 2000, 1999 and 1998 was $21.6 million, $17.0 million and $14.9 million respectively.

Remediation:

Total costs for remediation are evaluated on a regular basis to take account of expenditure incurred and to amend the scope of future activities in the light of findings from projects carried out. Management's estimate at December 31, 2000 is analyzed as follows:

(in millions)	Decontamination	Remediation	Other	Total
Total estimated future costs	$ 45.5	$ 10.0	$ 6.0	$ 61.5
Operating capital costs	--	--	(6.0)	(6.0)
Discretionary contingent costs	(17.7)	(5.7)	--	(23.4)
Provision	$ 27.8	$ 4.3	$ --	$ 32.1

Decontamination costs relate to the post-operational cleaning and disposal of equipment and the demolition of buildings. Remediation costs relate to soil and groundwater contamination. Other costs include operational compliance with environmental regulations and project management expenses.

Operational capital costs of $6.0 million are expected to arise during the useful life of the plant. They will be included in property, plant and equipment as expenditure is incurred and depreciated over the remaining useful life of the related plant.

Total costs include $23.4 million, which is the potential cost of vacating the Ellesmere Port site. Management has no present intention to adopt this course of action and intends to continue manufacturing other products at Ellesmere Port when production of TEL ceases. Consequently, management views these costs as a contingent liability and no provision is made for them.

Remediation expenditure against provisions in 2000, 1999 and 1998 was $5.4 million, $9.3 million and $12.9 million, respectively.

NOTE 12. LONG-TERM DEBT

Long-term debt consists of the following:

(in millions)	2000	1999
Senior term loan -- 1998	$ --	$ 73.3
-- 1999	60.0	90.0
Senior notes	150.0	150.0
	210.0	313.3
Less current portion	(30.0)	(80.0)
	$ 180.0	$ 233.3

Payments of interest on long-term debt were $22.7 million and $25.5 million in 2000 and 1999, 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. This was repaid during fiscal 2000. 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%.

On June 3, 1999, the Company entered into a further $100 million term loan repayable in semi-annual installments to December 31, 2002. Total repayments in each of the four years from 1999 to 2002 are $10 million, $20 million, $30 million and $40 million, respectively. The loan is secured on the Company's UK assets and bears interest at LIBOR plus 1.5%, reducing to LIBOR plus 1.25% when the aggregate of outstanding balances is below $140 million.

On December 18, 2000 the Company entered into a $20 million credit facility with the same security and interest terms as the 1999 loan.

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

The following table presents the projected maturities for the annual next five years after 2000:

(in millions)	
2001	$ 30.0
2002	30.0
2003	37.5
2004	37.5
2005	37.5
Thereafter	37.5
	$ 210.0

NOTE 13. DEFERRED INCOME

Movements in deferred income are summarized as follows:

(in millions)	
Received	$ 38.6
Amortized	(13.1)
	25.5
Less: current portion	(13.1)
	$ 12.4

Deferred income relates to amounts received from Ethyl relating to a prepayment for services to be provided under the sales and marketing agreement with OBOAdler, effective January 1, 2000.

NOTE 14. STOCKHOLDERS' EQUITY

	Common Stock		Treasury Stock	
(in thousands)	2000	1999	2000	1999
At January 1	14,766	14,766	1,315	832
Exercise of options	11	--	(60)	--
Stock purchases	--	--	1,615	483
At December 31	14,777	14,766	2,870	1,315

NOTE 15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amount and fair values of the Company's financial instruments at December 31, 2000 and 1999:

	2000		1999	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Non-derivatives:				
Cash and cash equivalents	$ 37.7	$ 37.7	$ 37.2	$ 37.2
Long-term debt	210.0	201.0	313.3	312.7
Derivatives:				
Miscellaneous	--	(0.1)	--	0.2

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 approximates 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 16. 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 UK 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 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, 2000, the Company had the following interest rate instruments in effect (notional amounts in millions; cap, floor and collar rates based on 3 month LIBOR):

	Notional Amount	Strike Rate	Period
Interest swap	$ 22.5	5.87%	12/00-12/01

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 utilised to minimise risk. Collateral is not generally required.

Approximately 60% of the Company's workforce is represented by trade unions. A collective bargaining agreement is in place and will expire on December 31, 2003.

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, the 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. In June 2000, FASB issued FAS 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities -- an amendment of FASB Statement No. 133. FAS 138 amends the accounting and reporting standards of FAS 133 for certain derivatives and certain hedging activities. The Company is required to adopt FAS 138 concurrently with FAS No. 133.

The Company has limited involvement with derivative financial instruments and does not trade them. The Company does use derivatives to manage defined exposures on interest rates, foreign exchange and commodity prices in the metals market. Management believes that compliance with FAS 133 (as amended) will not have a material impact on the financial statements of the Company.

Quarterly Summary (Unaudited)

(dollar amounts in millions except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2000				
Net sales	$ 91.0	$ 107.4	$ 105.0	$ 119.0
Operating income	8.4	16.1	15.3	18.9
Net income	3.2	4.2	3.9	7.0
Net cash provided by operating activities	38.8	63.7	13.5	18.0
Per common share:				
Earnings-- basic	0.24	0.32	0.32	0.58
-- fully diluted	0.24	0.32	0.31	0.56
Market price				
-- high	12.6	10.1	9.7	12.9
-- low	8.2	7.8	7.9	9.6
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

Octel Corp.

BOARD OF DIRECTORS

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

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
Executive Vice President and Director of Hellman, Jordan Management Co Inc. Director of Great Lakes Chemical Corporation 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 Pension Fund Trustee Co UK Ltd. Director of Thomas Swan & Co Ltd.
Director of LINPAC Group Ltd.
Retired Chairman of Elf Atochem UK Ltd.

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

Charles M. Hale
Director
Managing Director and Vice Chairman of CSFB Europe Ltd. Former General Partner of Lehman Brothers Kuhn Loeb Former Managing Director of AG Becker International

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

Dr. Geoffrey J. Hignett
Director of Corporate Development

H. Alan Hanslip
Vice President, Human Resources

Philip J. Boon
Business Director, Petroleum Specialties

Ian A. Watling
Business Director, Performance Chemicals

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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.

Environment, Health & Safety Report
For copies of our latest report, contact Investor Relations

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. Octavision Ltd., 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.
19. Novoktan GmbH, a German corporation.
20. Octel Innovations Ltd., a United Kingdom corporation.
21. The Associated Octel Company (South Africa) (Pty) Ltd., a South African 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 AND BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 31 2000
PERIOD START	JAN 01 2000
PERIOD END	DEC 31 2000
CASH	37,700
SECURITIES	0
RECEIVABLES	95,800
ALLOWANCES	3,600
INVENTORY	55,500
CURRENT ASSETS	188,500
PP&E	112,400
DEPRECIATION	29,000
TOTAL ASSETS	700,800
CURRENT LIABILITIES	131,300
BONDS	180,000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	100
OTHER SE	295,500
TOTAL LIABILITY AND EQUITY	700,800
SALES	422,400
TOTAL REVENUES	426,000
CGS	257,600
TOTAL COSTS	363,700
OTHER EXPENSES	23,000
LOSS PROVISION	1,400
INTEREST EXPENSE	22,900
INCOME PRETAX	35,700
INCOME TAX	17,400
INCOME CONTINUING	18,300
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	18,300
EPS BASIC	1.46
EPS DILUTED	1.41

End of Filing