NEWMARKET CORP
Form 10-K
February 20, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2008

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 1-32190

NEWMARKET CORPORATION

Incorporated pursuant to the Laws of the Commonwealth of Virginia

Internal Revenue Service Employer Identification No. 20-0812170

330 South Fourth Street

Richmond, Virginia 23219-4350

804-788-5000

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

Title of each class	Name of each exchange on which registered
COMMON STOCK, without par value	NEW YORK STOCK EXCHANGE

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such 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. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

Aggregate market value of voting stock held by non-affiliates of the registrant as of June 30, 2008 (the last business day of the registrant s most recently completed second fiscal quarter): $816,599,607*

Number of shares of Common Stock outstanding as of January 31, 2009: 15,203,207

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NewMarket Corporation s definitive Proxy Statement for its 2009 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 are incorporated by reference into Part III of this Annual Report on Form 10-K.

* In determining this figure, an aggregate of 3,164,616 shares of Common Stock as beneficially owned by Bruce C. Gottwald and members of his immediate family have been excluded and treated as shares held by affiliates. See Item 12. The aggregate market value has been computed on the basis of the closing price in the New York Stock Exchange Composite Transactions on June 30, 2008 as reported by *The Wall Street Journal*.

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PART I

ITEM 1. BUSINESS

NewMarket Corporation (NewMarket) (NYSE:NEU) is a holding company which is the parent company of Afton Chemical Corporation (Afton), Ethyl Corporation (Ethyl), NewMarket Services Corporation (NewMarket Services), and NewMarket Development Corporation (NewMarket Development).

Each of our subsidiaries manages its own assets and liabilities. Afton encompasses the petroleum additives business, while Ethyl represents the sale and distribution of tetraethyl lead (TEL) in North America and certain petroleum additives manufacturing operations. NewMarket Development manages the property and improvements that we own in Richmond, Virginia. NewMarket Services provides various administrative services to NewMarket, Afton, Ethyl, and NewMarket Development. NewMarket Services departmental expenses and other expenses are billed to NewMarket and each subsidiary pursuant to services agreements between the companies.

References in this Annual Report on Form 10-K to we, our, and NewMarket are to NewMarket Corporation and its subsidiaries on a consolidated basis, unless the context indicates otherwise.

As a specialty chemicals company, Afton develops, manufactures, and blends highly formulated fuel and lubricant additive packages, and markets and sells these products worldwide. Afton is one of the largest global suppliers of lubricant additives and offers a broad line of fuel additives worldwide. Lubricant and fuel additives are necessary products for efficient maintenance and reliable operation of all vehicles and machinery. From custom-formulated chemical blends to market-general additive components, we believe Afton provides customers with products and solutions that make fuels burn cleaner, engines run smoother, and machines last longer.

Afton serves the petroleum additives market with six unique brands. HiTEC® petroleum additives are formulated to provide our customers with a measurable and sustainable marketing or cost advantage. The GREENBURN® product line provides formulated products to provide immediate, sustained, and economical performance features and emission reductions across the entire spectrum of fuels. The TecGARD® brand is specially formulated to meet the operating demands of the global metalworking industry. Our BioTEC® additives are designed specifically for the biofuels marketplace and the Axcel brand of products is a family of gear oil additives that brings benefits to plant utilization and inventory costs. The mmt® brand of additives provides refiners improved gasoline production efficiency and has been proven to provide significant environmental and vehicle performance benefits. All six brands are marketed worldwide by Afton employees and our valued distributors and representatives.

Afton has developed long-term relationships with its customers in every major region of the world, which Afton serves through seven manufacturing facilities in the Americas and Europe.

Afton has more than 275 employees dedicated to research and development who work closely with our customers to develop chemical formulations that are tailored to the customers and the end-users specific needs. Afton s portfolio of technologically-advanced, value-added products allows it to provide a full range of products and services to its customers.

Through Ethyl, we are one of the primary marketers of TEL in North America. On June 15, 2007, Ethyl and Innospec Inc. (Innospec) resolved all pending arbitration actions commenced in 2006 between the subsidiaries of Innospec and Ethyl arising out of the TEL marketing agreements and the North American TEL supply agreement between the companies and terminated the marketing agreements effective April 1, 2007.

NewMarket Development owns and manages all of the property holdings in Richmond, Virginia for NewMarket Corporation. We own approximately 64 acres of real estate in downtown Richmond, Virginia,

adjacent to our principal executive offices, which we have accumulated over many decades as the property became available. Of this total land holding, approximately seven acres, including those currently under construction, are the most desirable for further development should the demand arise in the community. In January 2007, Foundry Park I, LLC (Foundry Park I), a wholly-owned subsidiary of NewMarket Development, entered into a Deed of Lease Agreement with MeadWestvaco Corporation (MeadWestvaco) under which it will lease an office building which we are constructing on approximately three acres. We are constructing the building to the specifications of MeadWestvaco. The construction phase of this effort will last until late 2009, at which time MeadWestvaco will occupy the building and use it as their corporate headquarters. We have obtained financing for the construction phase. We have an open application for the permanent loan with agreed upon major terms and conditions, but no commitment for the permanent loan has been received. See Note 17 in the Notes to Consolidated Financial Statements for further information on a related interest rate lock agreement. During the construction phase, NewMarket Corporation is guaranteeing the obligation for the debt. It is our intention that the permanent loan will ultimately be structured as a non-recourse obligation to NewMarket Corporation, although the turmoil in the financial markets may affect our ability to secure such a non-recourse loan. For 2008 and most of 2009, we will be capitalizing the costs of the project and the financing expenses.

We were incorporated in the Commonwealth of Virginia in 2004. Our principal executive offices are located at 330 South Fourth Street, Richmond, Virginia, and our telephone number is (804) 788-5000. We employed 1,280 people at the end of 2008.

Business Segments

Our business is composed of two primary segments, petroleum additives and real estate development. The petroleum additives segment is primarily represented by Afton and is discussed further below. Beginning in the first quarter 2008, we began reporting our real estate development activities (see discussion above) in segment operating profit. Because of the current immateriality of the real estate development segment, its results are reported in the All other category. Also included in the All other category are the continuing operations of the TEL business (primarily sales of TEL in North America), as well as certain contract manufacturing Ethyl provides to Afton and to third parties.

Petroleum Additives Petroleum additives are used in lubricating oils and fuels to enhance their performance in machinery, vehicles, and other equipment. We manufacture chemical components that are selected to perform one or more specific functions and blend those chemicals with other components to form additive packages for use in specified end-user applications. The petroleum additives market is an international marketplace, with customers ranging from oil companies and refineries to original equipment manufacturers (OEMs) and other specialty chemical companies. The petroleum additives segment includes common customers, is served by the same plants, shares common components or building blocks, and is supported with a common sales, as well as research and development, workforce.

We believe our success in the petroleum additives market is largely due to our ability to bring value to our customers. We accomplish this by understanding their needs and applying our technical capabilities, formulation expertise, broadly differentiated product offerings, and global distribution capabilities to meet those needs. We invest significantly in research and development in order to meet our customers needs, and to adapt to the rapidly changing environment for new and improved products and services.

We view the petroleum additives marketplace as being comprised of two broad product groupings: lubricant additives and fuel additives. Lubricant additives are highly formulated chemical products that improve the performance, durability, and functionality of mineral oils, synthetic oils, and biodegradable oils, thereby enhancing the performance of machinery and engines. Fuel additives are chemical components and products that improve the refining process and performance of gasoline, diesel, biofuels, and other fuels, resulting in lower fuel costs, improved vehicle performance, reduced tailpipe or smokestack emissions, and improved power plant efficiency.

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Lubricant Additives

Lubricant additives are essential ingredients for lubricating oils. Lubricant additives are used in a wide variety of vehicle and industrial applications, including engine oils, automatic transmission fluids, gear oils, hydraulic oils, turbine oils, and in virtually any other application where metal-to-metal moving parts are utilized. Lubricant additives are organic and synthetic chemical components that enhance wear protection, prevent deposits, and protect against the hostile operating environment of an engine, transmission, axle, hydraulic pump, or industrial machine.

Lubricants are used in nearly every piece of operating machinery from heavy industrial equipment to vehicles. Lubricants provide a layer of insulation and protection between moving mechanical parts. Without this layer of protection, the normal functioning of machinery would not occur. Effective lubricants reduce downtime, prevent accidents, and increase efficiency. Specifically, lubricants serve the following main functions:

- *Friction reduction* Friction is reduced by maintaining a thin film of lubricant between moving surfaces, preventing them from coming into direct contact with one another and reducing wear on moving machinery.

- *Heat removal* Lubricants act as coolants by removing heat resulting from either friction or through contact with other, higher temperature materials.

- *Containment of contaminants* Lubricants can be contaminated in many ways, especially over time. Lubricants are required to function by carrying contaminants away from the machinery and neutralizing the deleterious impact of the by-products of combustion.

The functionality of lubricants is created through an exact balance between a base fluid and performance enhancing additives. This balance is the goal of effective formulations achieved by experienced research professionals. We offer a full line of lubricant additive products, each of which is composed of component chemicals specially selected to perform desired functions. We manufacture most of the chemical components and blend these components to create formulated additives packages designed to meet industry and customer specifications. Lubricant additive components are generally classified based upon their intended functionality, including:

- detergents, which clean moving parts of engines and machines, suspend oil contaminants and combustion by-products, and absorb acidic combustion products;

- dispersants, which serve to inhibit the formation of sludge and particulates;

- extreme pressure/antiwear agents, which reduce wear on moving engine and machinery parts;

- viscosity index modifiers, which improve the viscosity and temperature characteristics of lubricants and help the lubricant flow evenly to all parts of an engine or machine; and

- antioxidants, which prevent oil from degrading over time.

We are one of the leading global suppliers of specially formulated lubricant additives that combine some or all of the components described above to develop our products. Our products are highly formulated, complex chemical compositions derived from extensive research and testing to ensure all additive components work together to provide the intended results. Our products are engineered to meet specifications prescribed by either the industry generally or a specific customer. Purchasers of lubricant additives tend to be oil companies, distributors, refineries, and compounder/blenders.

Key drivers of demand for lubricant additives include total vehicle miles driven, vehicle production, equipment production, the average age of vehicles on the road, new engine and driveline technologies, and drain/refill intervals.

We view our participation in the lubricant marketplace in three primary areas: engine oil additives, driveline additives, and industrial additives. Our view is not necessarily the same way our competitors view the market.

Engine Oil Additives The largest submarket within the lubricant additives marketplace is engine oils, which we estimate represents approximately 65% of the overall lubricant additives market volume, but a much lower percentage of the overall market profitability. The engine oils market s ultimate customers include consumers, service dealers, and OEMs. The extension of drain intervals has generally offset increased demand due to higher vehicle population and more miles driven. The primary functions of engine oil additives are to reduce friction, prevent wear, control formation of sludge and oxidation, and prevent rust. Engine oil additives are typically sold to lubricant manufacturers who combine them with a base oil fluid to meet internal, industry, and OEM specifications.

Key drivers of the engine oils market are the number of vehicles on the road, drain intervals for engine oils, engine and crankcase size, changes in engine design, and temperature and specification changes driven by the OEMs. Afton s goal is to continue to improve the profitability of this product line by developing additives that are specially formulated for the vehicles people drive and the way they drive them. Afton offers additives for oils that protect the modern engine and makes additives that are specially formulated to protect high mileage vehicles. Afton offers products that enhance the performance of mineral, part-synthetic, and fully-synthetic engine oils.

Driveline Additives The driveline additives submarket is comprised of additives designed for products such as automatic transmission fluids (ATF), gear oils, and tractor fluids. This submarket shares in the 35% of the market not covered by engine oils. ATFs primarily serve as the power transmission and heat transfer medium in the area of the transmission where the torque of the drive shaft is transferred to the gears of the vehicle. Gear additives lubricate gears, bearings, clutches, and bands in the gear-box and are used in vehicles, off-highway, hydraulic, and marine equipment. Other products in this area consist of hydraulic transmission fluids, universal tractor fluids, power steering fluids, shock absorber fluids, gear oils, lubricants for heavy machinery, and vehicle greases. These products must conform to highly prescribed specifications developed by vehicle OEMs for specific models or designs. These additives are generally sold to oil companies and often ultimately sold to vehicle OEMs for new vehicles (factory-fill). End-products are also sold to service dealers for aftermarket servicing (service-fill), as well as retailers and distributors.

Key drivers of the driveline additives marketplace are the number of vehicles manufactured, drain intervals for ATF and gear applications, changes in engine and transmission design and temperatures, and specification changes driven by the OEMs.

Industrial Additives The industrial additives submarket is comprised of additives designed for products for industrial applications such as hydraulic fluids, grease, industrial gear fluids, industrial specialty applications, and metalworking additives. This submarket also shares in the 35% of the market not covered by engine oils. These products must conform to industry specifications, OEM requirements and/or application and operating environment demands. Industrial additives are generally sold to oil companies, service dealers for aftermarket servicing, and distributors.

Key drivers of the industrial additives marketplace are gross domestic product growth and industrial production.

Fuel Additives

Fuel additives are chemical compounds that are used to improve both the oil refining process and the performance of gasoline, diesel, residual, biofuels, and other fuels. Benefits of fuel additives in the oil refining process include reduced use of crude oil, lower processing costs, and improved fuel storage properties. Fuel performance benefits include ignition improvements, combustion efficiency, reduced emission particulates, fuel

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economy improvements, and engine cleanliness, as well as protection against deposits in fuel injectors, intake valves, and the combustion chamber. Our fuel additives are extensively tested and designed to meet stringent industry, government, OEM, and individual customer requirements.

Many different types of additives are used in fuels. Their use is generally determined by customer, industry, OEM, and government specifications, and often differs from country to country. The types of fuel additives we offer include:

- gasoline performance additives, which clean and maintain key elements of the fuel delivery systems, including fuel injectors and intake valves, in gasoline engines;
- diesel fuel performance additives, which perform similar cleaning functions in diesel engines;
- cetane improvers, which increase the cetane number (ignition quality) in diesel fuel by reducing the delay between injection and ignition;
- stabilizers, which reduce or eliminate oxidation in fuel;
- corrosion inhibitors, which minimize the corrosive effects of combustion by-products and prevent rust;
- lubricity additives, which restore lubricating properties lost in the refining process;
- cold flow improvers, which improve the pumping and flow of diesel in cold temperatures; and
- octane enhancers, which increase octane ratings and decrease emissions.

We offer a broad line of fuel additives worldwide and sell our products to major fuel marketers and refiners, as well as independent terminals and other fuel blenders.

Key drivers in the fuel additive marketplace include total vehicle miles driven, the introduction of more sophisticated engines, regulations on emissions (both gasoline and diesel), quality of the crude oil slate and performance standards, and marketing programs of major oil companies.

Competition

We believe we are one of the four largest manufacturers and suppliers in the petroleum additives marketplace.

In the lubricant additives submarket of petroleum additives, our major competitors are The Lubrizol Corporation, Infineum (a joint venture between ExxonMobil Chemical and Royal Dutch Shell plc), and Oronite (a subsidiary of Chevron). There are several other suppliers in the worldwide market who are competitors in their particular product areas.

The fuel additives submarket is fragmented and characterized by many competitors. While we participate in many facets of the fuel additives market, our competitors tend to be more narrowly focused. In the gasoline detergent market, we compete mainly against BASF AG, Oronite, and Lubrizol; in the cetane improver market, we compete mainly against Innospec, Groupe SNPE of France, and Exchem EPC Groupe of the U.K.; and in the diesel markets, we compete mainly against Lubrizol, Infineum, BASF, and Innospec.

The competition among the participants in these industries is characterized by the need to provide customers with cost effective, technologically capable products that meet or exceed industry specifications. The need to continually increase technology performance and lower cost through formulation technology and cost improvement programs is vital for success in this environment.

Raw Materials and Product Supply

We use a variety of raw materials and chemicals in our manufacturing and blending processes and believe the sources of these are adequate for our current operations. The most important raw materials for Afton are base oil, polyisobutylene, maleic anhydride, olefin copolymers, antioxidants, alcohols, and methacrylates.

As the performance requirements of our products become more complex, we often work with highly specialized suppliers. In some cases, we source from a single supplier. In cases where we decide to source from a single supplier, we manage our risk by maintaining safety stock of the raw material, qualifying alternate supply, or identifying a backup position. The backup position could take additional time to implement, but we are confident we could ensure continued supply for our customers. We continue to monitor the raw material supply situation and will adjust our procurement strategies as conditions require.

Research, Development, and Testing

Research, development, and testing (R&D) provides the basis for our global petroleum additives technology. We develop products through a combination of chemical synthesis, formulation, engineering design and performance testing. In addition to products, R&D also provides our customers with technical support and product differentiation to assure total customer satisfaction.

We are committed to providing the most advanced products, comprehensive testing programs, and superior technical support to our customers and to OEMs worldwide. R&D expenditures, which totaled $82 million in 2008, $77 million in 2007, and $70 million in 2006, are expected to grow again in 2009 in support of our core technology areas. R&D is growing in research and testing capacity and customer support capabilities with the addition of a new rig testing building to our Richmond, Virginia laboratory; the addition of a customer technical service facility in Shanghai, China; and the move of our Tsukuba, Japan formulation and testing center to a new, larger laboratory in the same area. The objective of the new Asia Pacific laboratories is to improve response time to customers and to develop additional products that meet the specific needs of the region.

Afton continues to develop new technology and products to meet the changing requirements of OEMs and to keep our customers well positioned for the future. A significant portion of our R&D investment is dedicated to the development of the next-generation additive technologies that will be required for future hardware designs, changing use patterns, and the technical differentiation of our customers products.

In 2008, we continued to enhance our strong position in additive technologies for ATF, gear, and tractor fluids. New technologies were launched in multiple areas including step type automatic transmission fluids, dual clutch transmission fluids, fluids for off-road applications, and axle fluids. These new fluids offer enhanced hardware protection, durability, fuel economy, and increased driver satisfaction. We continue to conduct fundamental research into wear, pitting, frictional performance, noise vibration and harshness, and fuel economy improvements in support of our customers and new product development.

We also continued to broaden our product portfolio in the industrial lubricant area with the launch of new additive products and components designed to meet the changing needs of our industry and customers. New products introduced in 2008 included hydraulic additives, greases, and metalworking additives. New testing capacity has been added to allow us to better differentiate our customers products.

New engine oil technologies continue to generate growth in both passenger car and heavy duty areas. Component development programs are generating new formulation options for future categories, and formulation developments for key category changes including, ILSAC GF5 and ACEA 2008, are well under way.

We developed new fuel additive products for both gasoline and diesel fuels that enhance both the performance and effectiveness of our additive solutions. Changing fuel specifications, the increasing use of

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bio-fuels, and new hardware technologies such as direct injection gasoline, and high-speed direct injection (HSDI) diesel offer opportunities for innovation on the additive side. New products directed toward enhanced injector cleanliness in modern HSDI engines and approval tests are complete and are being introduced to the market. We have expanded our product offerings in the finished fuel additive area by both internal development and acquisition.

Intellectual Property

Our intellectual property, including our patents, licenses, and trademarks, is an important component of our business. We actively protect our inventions, new technologies, and product developments by filing patent applications or maintaining trade secrets. We currently own approximately 1,500 issued or pending United States and foreign patents. The use of technology covered by several of these patents and trade secrets is licensed to others through a royalty-generating licensing program. In addition, we have acquired the rights under patents and inventions of others through licenses or otherwise. We take care to respect the intellectual property rights of others and we believe our products do not infringe upon those rights. We vigorously participate in patent opposition proceedings around the world, where necessary, to secure a technology base free of infringement. We believe our patent position is strong, aggressively managed, and sufficient for the conduct of our business.

We also have several hundred trademark registrations throughout the world for our marks, including NewMarket®, Afton Chemical®, Ethyl®, mmt®, HiTEC®, TecGARD®, GREENBURN®, and BioTEC®, as well as several pending trademark and service mark applications, including Axcel .

Commitment to Environmental and Safety Excellence

We are committed to continuous improvement and vigilant management of the health and safety of our employees, neighbors, and customers, as well as the stewardship of the environment. One way our companies demonstrate this is through our commitment to the principles of the American Chemistry Council (ACC) Responsible Care® program. In 2006, the Environmental, Health, Safety and Security Management Systems of both Afton and Ethyl were certified by an independent auditing process as established by the ACC as a requirement of membership. Additionally, Afton s Sauget, Illinois and Feluy, Belgium plants were certified to the environmental standard ISO 14001. Sauget also continues to be an OSHA Star VPP (Voluntary Protection Program) location.

Safety and environmental responsibility are a way of life at NewMarket enhancing operations, the way we work, and the relationships we maintain with our customers and our communities. Our executive management meetings begin with a review of our environmental and safety performance.

Our objective is to establish a culture where our employees understand that good environmental and safety performance is good business and understand that environmental compliance and safety is their personal responsibility.

Our worldwide injury/illness recordable rate (which is the number of injuries per 200,000 hours worked) in 2008 was 0.84. The rate in 2007 was 0.87 and the 2006 rate was 0.99. We plan to continue to demonstrate our safety culture with continuous improvement in our safety record. This represents a focused effort by all of our employees. We are extremely proud of our accomplishments in the safety area, especially when compared to safety records in other industries.

As members of the ACC, Afton and Ethyl provide data on twelve metrics used to track environmental, safety, energy use, and product stewardship performance of ACC member companies. These can be viewed at *www.responsiblecare-us.com*. The information on this website is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated by reference in this Annual Report on Form 10-K or any other filings we make with the Securities and Exchange Commission (SEC).

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Environmental

We operate under policies that we believe comply with federal, state, local, and foreign requirements regarding the handling, manufacture, and use of materials. One or more regulatory agencies may classify some of these materials as hazardous or toxic. We also believe that we comply in all material respects with laws, regulations, statutes, and ordinances protecting the environment, including those related to the discharge of materials. We expect to continue to comply in all material respects.

We regularly review the status of significant existing or potential environmental issues. We accrue and expense our proportionate share of environmental remediation and monitoring costs in accordance with Statement of Financial Accounting Standards (SFAS) No. 5 and Financial Accounting Standards Board Interpretation No. 14, as clarified by the American Institute of Certified Public Accountants Statement of Position 96-1. As necessary, we adjust our accruals based on current information.

Total gross liabilities accrued at year-end for environmental remediation were $21 million for 2008 and $22 million for 2007. In addition to the accruals for environmental remediation, we also had accruals for dismantling and decommissioning costs of $1 million at December 31, 2008 and $3 million at December 31, 2007. The decrease in these amounts between 2008 and 2007 primarily reflects remediation activities at various environmental sites.

As new technology becomes available, it may be possible to reduce accrued amounts. While we believe that we are fully accrued for known environmental issues, it is possible that unexpected future costs could have a significant financial impact on our financial position and results of operations.

We spent approximately $17 million in 2008, $18 million in 2007, and $16 million in 2006 for ongoing environmental operating and clean-up costs, excluding depreciation of previously capitalized expenditures. These environmental operating and clean-up expenses are included in cost of goods sold.

For capital expenditures on pollution prevention and safety projects, we spent $7 million in 2008, as well as 2007, and $6 million in 2006.

Our estimate of the effects of complying with governmental pollution prevention and safety regulations is subject to:

- potential changes in applicable statutes and regulations (or their enforcement and interpretation);
- uncertainty as to the success of anticipated solutions to pollution problems;
- uncertainty as to whether additional expense may prove necessary; and
- potential for emerging technology to affect remediation methods and reduce associated costs.

We are subject to liabilities associated with the investigation and cleanup of hazardous substances, as well as personal injury, property damage, or natural resource damage arising from the release of, or exposure to, such hazardous substances. Further, we may have environmental liabilities imposed in many situations without regard to violations of laws or regulations. These liabilities may also be imposed jointly and severally (so that a responsible party may be held liable for more than its share of the losses involved, or even the entire loss) and may be imposed on many different entities with a relationship to the hazardous substances at issue, including, for example, entities that formerly owned or operated the property and entities that arranged for the disposal of the hazardous substances at an affected property. We are subject to many environmental laws, including the federal Comprehensive Environmental Response, Compensation and Liability Act, commonly known as CERCLA or Superfund, in the United States, and similar foreign and state laws.

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Under CERCLA, we are currently considered a potentially responsible party (PRP), at several sites, ranging from a *de minimis* PRP or a minor PRP, to an involvement considered greater than the minor PRP involvement. At some of these sites, the remediation methodology, as well as the proportionate shares of each PRP, has been well established. Other sites are not as mature, which makes it more difficult to reasonably estimate our share of the future clean-up or remediation costs. In 2000, the Environmental Protection Agency (EPA) named us as a PRP for the clean-up of soil and groundwater contamination at the Sauget Area 2 Site in Sauget, Illinois. Without admitting any fact, responsibility, fault, or liability in connection with this site, we are participating with other PRPs in site investigations and feasibility studies. The Sauget Area 2 Site PRPs are currently working with EPA to submit an acceptable Remedial Investigation and Feasibility Study (RI/FS) to the EPA which we expect to occur in late 2009. We have accrued our estimated proportional share of the expenses for the RI/FS, as well as our best estimate of our proportional share of the remediation liability proposed in our ongoing discussions and submissions with the agencies involved. We do not believe there is any additional information available as a basis for revision of the liability that we have established. The amount accrued for this site is not material. We also have several other sites where we are in the process of environmental remediation and monitoring.

Geographic Areas

We have operations in the United States, Europe, Asia, Latin America, Australia, India, the Middle East, and Canada. The economies are stable in most of the countries where we operate. In countries with more political or economic uncertainty, we generally minimize our risk of loss by utilizing U.S. Dollar-denominated transactions, letters of credit, and prepaid transactions. We also participate in selective foreign currency forward contracts at certain times. Our foreign customers consist of financially viable government organizations, as well as both large and smaller companies.

The table below reports net sales and long-lived assets by geographic area. Except for the United States, no country exceeded 10% of net sales during any year. The United States was the only country that exceeded 10% of long-lived assets in any year. We assign revenues to geographic areas based on the location to which the product was shipped. The change in net sales during the three-year period is discussed more fully in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operation.

Geographic Areas

(in millions of dollars)

	2008	2007	2006
Net sales			
United States	$ 625	$ 564	$ 517
Foreign	992	811	746
Consolidated net sales	$ 1,617	$ 1,375	$ 1,263
Long-lived assets (a)			
United States	$ 267	$ 203	$ 191
Foreign	29	26	31
Total long-lived assets	$ 296	$ 229	$ 222

(a) Long-lived assets include property, plant, and equipment, net of depreciation, as well as intangible assets and prepayments for services, both net of amortization.

Net sales to one customer of our petroleum additives segment exceeded 10% of total net sales in 2008 and 2007. Net sales to two customers of our petroleum additives segment exceeded 10% of total net sales in 2006. Sales to Royal Dutch Shell plc and its affiliates (Shell) amounted to $261 million (16% of total net sales) in

2008, $202 million (15% of total net sales) in 2007, and $169 million (13% of total net sales) in 2006. Sales to BP plc and its affiliates (BP) amounted to $127 million (10% of total net sales) in 2006. These net sales represent a wide-range of products sold to these two customers in multiple regions of the world.

Availability of Reports Filed with the Securities and Exchange Commission and Corporate Governance Documents

Our internet website address is *www.newmarket.com*. We make available, free of charge through our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the SEC. In addition, our Corporate Governance Guidelines, Code of Conduct, and the charters of our Audit; Compensation; and Nominating and Corporate Governance Committees, are available on our website and are available in print, without charge, to any shareholder upon request by contacting our Corporate Secretary at NewMarket Corporation, 330 South Fourth Street, Richmond, Virginia 23219. The information on our website is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated by reference in this Annual Report on Form 10-K or any other filings we make with the SEC.

Executive Officers of the Registrant

The names and ages of all executive officers as of February 20, 2009 follow.

Name	Age	Positions
Thomas E. Gottwald	48	President and Chief Executive Officer (Principal Executive Officer)
David A. Fiorenza	59	Vice President and Treasurer (Principal Financial Officer)
Steven M. Edmonds	56	Vice President General Counsel
Bruce R. Hazelgrove, III	48	Vice President Corporate Resources
Wayne C. Drinkwater	62	Controller (Principal Accounting Officer)
M. Rudolph West	55	Secretary
C. S. Warren Huang	59	President, Afton Chemical Corporation
Alexander McLean	52	Senior Vice President, Afton Chemical Corporation

Our officers hold office until the meeting of the Board of Directors following the next annual shareholders meeting. All of the officers, with the exception of C.S. Warren Huang and Alexander McLean, have served in these capacities with NewMarket or were employed by Ethyl in similar capacities for at least the last five years. Mr. Huang and Mr. McLean have both been employed by Afton or Ethyl for at least the last five years in various senior management capacities.

ITEM 1A. RISK FACTORS

Our business is subject to many factors that could materially adversely affect our future performance and cause our actual results to differ materially from those expressed or implied by forward-looking statements made in this Annual Report on Form 10-K. Those risk factors are outlined below.

Competition could adversely affect our operating results.

We face intense competition in certain of the product lines and markets in which we compete. We expect that our competitors will develop and introduce new and enhanced products, which could cause a decline in the market acceptance of certain products we manufacture. In addition, as a result of price competition, we may be compelled to reduce the prices for some of our products, which could adversely affect our margins and profitability. Competitive pressures can also result in the loss of major customers. Our inability to compete successfully could have a material adverse effect on our results of operations, financial condition, and cash flows in any given period. In addition, some of our competitors may have greater financial, technological, and other resources than we have. Some of our competitors may also be able to maintain greater operating and financial flexibility than we are able to maintain. As a result, these competitors may be able to better withstand changes in conditions within our industry, changes in the prices for raw materials, and changes in general economic conditions.

Sudden or sharp raw materials price increases may adversely affect our profit margins.

We utilize a variety of raw materials in the manufacture of our products, including base oil, polyisobutylene, maleic anhydride, olefin copolymers, antioxidants, alcohols, and methacrylates. Our profitability is sensitive to changes in the costs of these materials caused by changes in supply, demand or other market conditions, over which we have little or no control. Political and economic conditions in the Middle East and Latin America have caused, and may continue to cause, the cost of our raw materials to fluctuate. War, armed hostilities, terrorist acts, civil unrest, or other incidents may also cause a sudden or sharp increase in the cost of our raw materials. We cannot assure you that we will be able to pass on to our customers any future increases in raw material costs in the form of price increases for our products.

Availability of raw materials and transportation systems could have a material adverse effect on our operations.

The chemical industry can experience some tightness of supply of certain materials or transportation systems. Any significant disruption in supply could affect our ability to obtain raw materials or transportation systems. This could have a material adverse effect on our operations.

Our reliance on a small number of significant customers may have a material adverse effect on our results of operations.

Our principal customers are major multinational oil companies. The oil industry is characterized by the concentration of a few large participants as a result of consolidation. The loss of a significant customer or a material reduction in purchases by a significant customer could have a material adverse effect on our results of operations, financial condition, and cash flow.

Our customers are concentrated in the lubricant and fuel industries and, as a result, our reliance on that industry is significant.

Most of our customers are primarily engaged in the fuel and lubricant industries. This concentration of customers affects our overall risk profile, since our customers will be similarly affected by changes in economic, geopolitical, and industry conditions. Many factors affect the level of our customers spending on our products, including, among others, general business conditions, changes in technology, interest rates, gasoline prices, and consumer confidence in future economic conditions. A sudden or

protracted downturn in these industries could adversely affect the buying power and purchases by our customers.

We may be unable to respond effectively to technological changes in our industry.

Our future business success will depend upon our ability to maintain and enhance our technological capabilities, develop and market products and applications that meet changing customer needs, and successfully anticipate or respond to technological changes on a cost-effective and timely basis. Our industry is characterized by frequent changes in industry performance standards, which affect the amount and timing of our research and development costs and other technology-related costs. As a result, the life cycle of our products is often hard to predict. Further, technological changes in some or all of our customers products or processes may make our products obsolete. Any inability to anticipate, respond to, or utilize changing technologies could have a material adverse effect on our results of operations, financial condition, and cash flow in any given period.

We may not be able to complete future acquisitions or successfully integrate future acquisitions into our business, which could result in unanticipated expenses and losses.

As part of our business growth strategy, we intend to pursue acquisitions and joint venture opportunities. Our ability to implement this component of our growth strategy will be limited by our ability to identify appropriate acquisition or joint venture candidates and our financial resources, including available cash and borrowing capacity. The expense incurred in completing acquisitions or entering into joint ventures, the time it takes to integrate an acquisition, or our failure to integrate businesses successfully, could result in unanticipated expenses and losses. Furthermore, we may not be able to realize any of the anticipated benefits from acquisitions or joint ventures.

The process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of existing operations.

Several of our products are produced solely at one facility, and a significant disruption or disaster at such a facility could have a material adverse effect on our results of operations.

Several of the products we sell are produced only in one location. We are dependent upon the continued safe operation of these production facilities. These production facilities are subject to various hazards associated with the manufacture, handling, storage, and transportation of chemical materials and products, including leaks and ruptures, explosions, fires, inclement weather and natural disasters, unscheduled downtime, and environmental hazards. Some of our products involve the manufacture and handling of a variety of reactive, explosive, and flammable materials. Many of these hazards could cause a disruption in the production of our products. We cannot assure you that these facilities will not experience these types of hazards and disruptions in the future or that these incidents will not result in production delays or otherwise have an adverse effect on our results of operations, financial condition or cash flows in any given period.

We face risks related to our foreign operations that may negatively affect our business.

In 2008, net sales to customers outside of the United States accounted for approximately 61% of total net sales. We do business in all major regions of the world, some of which do not have stable economies or governments. In particular, we sell and market products in countries experiencing political and economic instability in the Middle East, Asia Pacific, and Latin America. Our international operations are subject to international business risks, including unsettled political conditions, expropriation, import and export restrictions, increases in royalties, exchange controls, national and regional labor strikes, taxes, government royalties, inflationary economies and currency exchange rate fluctuations, and changes in laws and policies governing operations of foreign-based

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companies (such as restrictions on repatriation of earnings or proceeds from liquidated assets of foreign subsidiaries). The occurrence of any one or a combination of these factors may increase our costs or have other adverse effects on our business.

We are exposed to fluctuations in foreign exchange rates, which may adversely affect our results of operations.

We conduct our business in the local currency of most of the countries in which we operate. The financial condition and results of operations of our foreign operating subsidiaries are reported in the relevant local currency and then translated to U.S. Dollars at the applicable currency exchange rate for inclusion in our consolidated financial statements. Changes in exchange rates between these foreign currencies and the U.S. Dollar will affect the recorded levels of our assets and liabilities as foreign assets and liabilities are translated into U.S. Dollars for presentation in our financial statements, as well as our net sales, cost of goods sold, and operating margins. The primary foreign currencies in which we have exchange rate fluctuation exposure are the European Union Euro, British Pound Sterling, Japanese Yen, and Canadian Dollar. Exchange rates between these currencies and U.S. Dollars have fluctuated significantly in recent years and may do so in the future.

Our failure to protect our intellectual property rights could adversely affect our future performance and growth.

Protection of our proprietary processes, methods, compounds, and other technologies is important to our business. We depend upon our ability to develop and protect our intellectual property rights to distinguish our products from those of our competitors. Failure to protect our existing intellectual property rights may result in the loss of valuable technologies or having to pay other companies for infringing on their intellectual property rights. We rely on a combination of patent, trade secret, trademark, and copyright law, as well as judicial enforcement, to protect such technologies. We currently own approximately 1,500 issued and pending U.S. and foreign patents. Some of these patents are licensed to others. In addition, we have acquired the rights under patents and inventions of others through licenses or otherwise. We have developed, and may in the future develop, technologies with universities or other academic institutions, or with the use of government funding. In such cases, the academic institution or the government may retain certain rights to the developed intellectual property. We also own several hundred trademark and service mark registrations throughout the world for our marks, including NewMarket®, Afton Chemical®, Ethyl®, HiTEC®, TecGARD®, GREENBURN® BioTEC®, and mmt®, as well as pending trademark and service mark applications, including Axcel . In the event that we are unable to continue using certain of our marks, we may be forced to rebrand our products, which could result in the loss of brand recognition, and could require us to devote resources to advertise and market brands. In particular, the loss of our HiTEC® mark would have a material adverse effect on our business.

We cannot assure you that the measures taken by us to protect these assets and rights will provide meaningful protection for our trade secrets or proprietary manufacturing expertise or that adequate remedies will be available in the event of an unauthorized use or disclosure of our trade secrets or manufacturing expertise. We cannot assure you that any of our intellectual property rights will not be challenged, invalidated, circumvented, or rendered unenforceable. Furthermore, we cannot assure you that any pending patent application filed by us will result in an issued patent, or if patents are issued to us, that those patents will provide meaningful protection against competitors or against competitive technologies. The failure of our patents or other measures to protect our processes, apparatuses, technology, trade secrets and proprietary manufacturing expertise, methods, and compounds could have an adverse effect on our results of operations, financial condition, and cash flow.

We could face patent infringement claims from our competitors or others alleging that our processes or products infringe on their proprietary technologies. If we were found to be infringing on the proprietary technology of others, we may be liable for damages, and we may be required to change our processes,

to redesign our products partially or completely, to pay to use the technology of others or to stop using certain technologies or producing the infringing product entirely. Even if we ultimately prevail in an infringement suit, the existence of the suit could prompt customers to switch to products that are not the subject of infringement suits. We may not prevail in any intellectual property litigation and such litigation may result in significant legal costs or otherwise impede our ability to produce and distribute key products.

Our business is subject to government regulation and could be adversely affected by future governmental regulation.
We are subject to regulation by local, state, federal, and foreign governmental authorities. In some circumstances, before we may sell certain products, these authorities must approve these products, our manufacturing processes, and facilities. We are also subject to ongoing reviews of our products, manufacturing processes, and facilities by governmental authorities.

In order to obtain regulatory approval of certain new products, we must, among other things, demonstrate to the relevant authority that the product is safe and effective for its intended uses and that we are capable of manufacturing the product in accordance with current regulations. The process of seeking approvals can be costly, time consuming, and subject to unanticipated and significant delays. There can be no assurance that approvals will be granted to us on a timely basis, or at all. Any delay in obtaining, or any failure to obtain or maintain, these approvals would adversely affect our ability to introduce new products and to generate net sales from those products.

New laws and regulations, including climate change regulations, may be introduced in the future that could result in additional compliance costs, seizures, confiscation, recall, or monetary fines, any of which could prevent or inhibit the development, distribution, and sale of our products. If we fail to comply with applicable laws and regulations, we may be subject to civil remedies, including fines, injunctions, and recalls or seizures, any of which could have an adverse effect on our results of operations, financial condition, and cash flows.

Our business and our customers are subject to significant new regulations under the European Commission s Registration, Evaluation and Authorization of Chemicals (REACH) regulation. REACH became effective on June 1, 2007. It imposes obligations on European Union manufacturers and importers of chemicals and other products into the European Union to compile and file comprehensive reports, including testing data, on each chemical substance, perform chemical safety assessments, and obtain pre-market authorization with respect to certain substances of particularly high concern. The new regulation imposes significant additional burdens on chemical producers and importers, and, to a lesser extent, downstream users of chemical substances and preparations. Our manufacturing presence and sales activities in the European Union will likely require us to incur significant additional compliance costs.

Political, economic, and regulatory factors concerning one of our products, mmt®, could adversely affect our sales of mmt®.
The EPA studied mmt® and determined that it does not cause or contribute to the failure of vehicle emission systems. The Canadian government has made similar findings. However, the EPA is requiring additional testing to fill some data gaps, including potential risks to public health, and a change in current determinations could have a material adverse effect on our results of operations. In addition, certain industry groups are urging greater regulation of all metal-based gasoline additives, including mmt®. In 2002, the Alliance of Automobile Manufacturers (AAM) issued a fleet test report on mmt® based on tests conducted by the AAM, the Association of International Automobile Manufacturers, and the Canadian Vehicle Manufacturers Association. The report alleges that mmt® significantly raises vehicle emissions, increases fuel emissions, increases fuel consumption, and impairs the proper operation of vehicle emission control systems. In December 2003, the government of Canada released its Proposed Framework for an Independent Third-Party Review of New Information on the Effects of

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mmt® Vehicle Emissions. In its proposal, the Canadian government provided no timetable for the commencement or completion of the review. Substantially all of our customers in Canada have suspended the use of mmt®, pending the results of the government of Canada-sponsored independent third-party review. To date, the government of Canada has not initiated the review. We expect that the European Union will also review all metal-based petroleum additives, including mmt®, for their impact on pollution abatement technology. Increased government regulation of mmt®, if it occurs, or additional studies evaluating mmt®, even if government regulation does not occur, could have a material adverse effect on our sales of that product.

Legal proceedings and other claims could impose substantial costs on us.

We are involved in numerous administrative and legal proceedings that result from, and are incidental to, the conduct of our business. From time to time, these proceedings involve environmental, product liability, TEL, premises asbestos liability, and other matters. See Item 3, Legal Proceedings. We have insurance coverage that we believe would be available to mitigate potential damages in many of these proceedings. However, there is no assurance that our available insurance will cover these claims, that our insurers will not challenge coverage for certain claims, or that final damage awards will not exceed our available insurance coverage. Any of the foregoing could have a material adverse effect on our results of operations, financial condition, and cash flows in any given period.

Environmental matters could have a substantial negative impact on our results of operations.

As a manufacturer and distributor of chemical products, we are generally subject to extensive local, state, federal, and foreign environmental, safety, and health laws and regulations concerning, among other things, emissions to the air, discharges to land and water, the generation, handling, treatment, and disposal of hazardous waste and other materials, and remediation of contaminated soil, surface, and ground water. Our operations entail the risk of violations of those laws and regulations, many of which provide for substantial fines and criminal sanctions for violations. We believe that we comply in all material respects with laws, regulations, statutes, and ordinances protecting the environment, including those related to the discharge of materials. However, we cannot assure you that we have been or will be at all times in compliance with all of these requirements.

In addition, these requirements, and the enforcement or interpretation of these requirements, may become more stringent in the future. Although we cannot predict the ultimate cost of compliance with any such requirements, the costs could be material. Non-compliance could subject us to material liabilities, such as government fines, damages arising from third-party lawsuits, or the suspension and potential cessation of non-compliant operations. We may also be required to make significant site or operational modifications at substantial cost. Future developments could also restrict or eliminate the use of or require us to make modifications to our products, which could have an adverse effect on our results of operations, financial condition, and cash flows in any given period.

At any given time, we are involved in claims, litigation, administrative proceedings, and investigations of various types in a number of jurisdictions involving potential environmental liabilities, including clean-up costs associated with waste disposal sites, natural resource damages, property damage, and personal injury. We cannot assure you that the resolution of these environmental matters will not have an adverse effect on our results of operations, financial condition, and cash flows in any given period.

There may be environmental problems associated with our properties of which we are unaware. Some of our properties contain, or may have contained in the past, on-site facilities or underground tanks for the storage of chemicals, hazardous materials, and waste products that could create a potential for release of hazardous substances or contamination of the environment. The discovery of environmental liabilities attached to our properties could have a material adverse effect on our results of operations, financial condition, and cash flows.

We may also face liability arising from current or future claims alleging personal injury, product liability, property damage due to exposure to chemicals or other hazardous substances, such as premises asbestos, at or from our facilities. We may also face liability for personal injury, product liability, property damage, natural resource damage, or clean-up costs for the alleged migration of contaminants or hazardous substances from our facilities or for future accidents or spills. A significant increase in the number or success of these claims could adversely affect our financial condition, results of operations, and cash flows. For further discussion of some related claims, see Item 1, Business Environmental.

The ultimate costs and timing of environmental liabilities are difficult to predict. Liability under environmental laws relating to contaminated sites can be imposed retroactively and on a joint and several basis. A liable party could be held responsible for all costs at a site, whether currently or formerly owned or operated regardless of fault, knowledge, timing of the contamination, cause of the contamination, percentage of contribution to the contamination, or the legality of the original disposal. We could incur significant costs, including clean-up costs, natural resource damages, civil or criminal fines and sanctions, and third-party claims, as a result of past or future violations of, or liabilities under, environmental laws.

We have been identified, and in the future may be identified, as a PRP in connection with state and federal laws regarding environmental clean-up projects.

We are subject to the federal, state and local environmental laws under which we may be designated as a PRP. As a PRP, we may be liable for a share of the costs associated with cleaning up hazardous waste sites, such as a landfill to which we may have sent waste.

In *de minimis* PRP matters and in some minor PRP matters, we generally negotiate a consent decree to pay an apportioned settlement. This relieves us of any further liability as a PRP, except for remote contingencies. We are also a PRP at sites where our liability may be in excess of the *de minimis* or minor PRP levels. Most sites where we are a PRP represent environmental issues that are quite mature. The sites have been investigated, and in many cases, the remediation methodology, as well as the proportionate shares of each PRP, has been established. Other sites are not as mature, which makes it more difficult to reasonably estimate our share of future clean-up or remediation costs. Generally, environmental remediation and monitoring will go on for an extended period. As a result, we may incur substantial expenses for all these sites over a number of years.

Liability for investigation and remediation of hazardous substance contamination at currently or formerly owned or operated facilities or at third-party waste disposal sites is joint and several. Currently, we are involved in active remediation efforts at several sites where we have been named a PRP. If other PRPs at these sites are unable to contribute to the remediation costs, we could be held responsible for some, or all, of their portion of the remediation costs, in addition to the portions for which we have already accounted.

Our financial results will vary according to the timing of customer orders and other external factors, which reduces your ability to gauge our performance.

External factors beyond our control, such as customer orders, product shipment dates, and other factors can cause shifts in net sales and income from quarter to quarter. These external factors can magnify the impact of industry cycles. As a result, our income and cash flows may fluctuate significantly on a quarter-to-quarter basis, and your ability to gauge trends in our business may be impaired.

Restrictive covenants in our debt instruments may adversely affect our business.

Our senior credit agreement, senior notes, and construction loan contain restrictive covenants. These covenants may constrain our activities and limit our operational and financial flexibility. The failure to comply with these covenants could result in an event of default, which, if not cured or waived, could have a material adverse effect on our business, financial condition, and results of operations.

Our business is subject to hazards common to chemical businesses, any of which could interrupt our production or our transportation systems and adversely affect our results of operations.

Our business is subject to hazards common to chemical manufacturing, storage, handling, and transportation, including explosions, fires, inclement weather, natural disasters, mechanical failure, unscheduled downtime, transportation interruptions, remediation, chemical spills, discharges or releases of toxic or hazardous substances or gases, and other risks. These hazards can cause personal injury and loss of life, severe damage to, or destruction of, property and equipment, and environmental contamination. In addition, the occurrence of material operating problems at our facilities due to any of these hazards may diminish our ability to meet our output goals. Accordingly, these hazards and their consequences could have a material adverse effect on our operations as a whole, including our results of operations, and cash flows, both during and after the period of operational difficulties.

We could be required to make additional contributions to our pension funds, which may be underfunded due to any underperformance of the equities markets.

Our pension plan asset allocation is predominantly weighted towards equities. Cash contribution requirements to our pension plans are sensitive to changes in our plans actual return on assets. Reductions in our plans expected return on assets due to poor performance of the equities markets could cause our pension plans to be underfunded and require us to make additional cash contributions.

The insurance that we maintain may not fully cover all potential exposures.

We maintain property, business interruption, and casualty insurance, but such insurance may not cover all risks associated with the hazards of our business and is subject to limitations, including deductibles and maximum liabilities covered. We may incur losses beyond the limits, or outside the coverage, of our insurance policies, including liabilities for environmental remediation. In the future, we may not be able to obtain coverage at current levels, and our premiums may increase significantly on coverage that we maintain.

The occurrence or threat of extraordinary events, including natural disasters and domestic and international terrorist attacks may disrupt our operations, decrease demand for our products, and increase our expenses.

Chemical-related assets may be at greater risk of future terrorist attacks than other possible targets in the United States and throughout the world. Federal legislation could impose significant new site security requirements specifically on chemical manufacturing facilities that may increase our overhead expenses. The significance of the cost will depend upon how our manufacturing facilities are classified by the federal government. That classification is pending. Federal regulations have also been enacted to increase the security of the transportation of hazardous chemicals in the United States.

The occurrence of extraordinary events, including future terrorist attacks and the outbreak or escalation of hostilities, cannot be predicted, and their occurrence can be expected to continue to affect negatively the economy in general, and specifically the markets for our products. The resulting damage from a direct attack on our assets or assets used by us could include loss of life and property damage. In addition, available insurance coverage may not be sufficient to cover all of the damage incurred or, if available, may be prohibitively expensive.

The worldwide economic slowdown and the turbulent financial markets may adversely affect our business.

Worldwide economic problems have become more pronounced in the fourth quarter of 2008 resulting in a significant decrease in demand for our products. Although many of our products are not discretionary, as equipment and engines require their use, the forecast of demand for our products in this economic environment is difficult.

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Development, construction, and permanent financing risks associated with Foundry Park I could adversely affect our financial results.

We own approximately 64 acres of real estate in downtown Richmond, Virginia, adjacent to our principal executive offices, which we have accumulated over many decades as the property became available. Of this total land holding, approximately seven acres, including those currently under construction, are the most desirable for further development should the demand arise in the community. In January 2007, Foundry Park I entered into a Deed of Lease Agreement with MeadWestvaco under which MeadWestvaco will lease an office building that we are constructing on approximately three acres of this real property. Our development and construction activities may subject us to the following risks:

- we may be unable to obtain, or suffer delays in obtaining, necessary governmental permits and authorizations, including building occupancy permits;
- we may incur development and construction costs that exceed our original estimates;
- we may be unable to complete a project on schedule, which could result in increased construction costs and penalties;
- we may be unable to obtain the permanent financing on favorable terms; and
- we may incur losses, which could be material, for breakage fees under an interest rate lock agreement in connection with our application for permanent financing.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal operating properties are shown below. Unless indicated, we own the research, development, and testing facilities and manufacturing properties, which primarily support the petroleum additives business segment.

Research, Development, and Testing	Richmond, Virginia Bracknell, England *(leased)* Tsukuba, Japan *(leased)* Ashland, Virginia *(leased)* Shanghai, China *(leased)*
Manufacturing and Distribution	Feluy, Belgium *(lubricant additives)* Houston, Texas *(lubricant and fuel additives; also TEL storage and distribution)* Orangeburg, South Carolina *(fuel additives)* Port Arthur, Texas *(lubricant additives)* Rio de Janeiro, Brazil *(petroleum additives storage and distribution; leased)* Sarnia, Ontario, Canada *(fuel additives)* Sauget, Illinois *(lubricant and fuel additives)*

We own our corporate headquarters located in Richmond, Virginia, and generally lease our regional and sales offices located in a number of areas worldwide.

We own approximately 64 acres of real estate in downtown Richmond, Virginia, adjacent to our principal executive offices, which we have accumulated over many decades as the property became available. Of this total

land holding, approximately seven acres, including those currently under construction, are the most desirable for further development should the demand arise in the community. In January 2007, Foundry Park I entered into a Deed of Lease Agreement with MeadWestvaco under which it will lease an office building which we are constructing on approximately three acres.

Production Capacity

We believe our plants and supply agreements are sufficient to meet expected sales levels. Operating rates of the plants vary with product mix and normal sales swings. We believe that our facilities are well maintained and in good operating condition.

ITEM 3. LEGAL PROCEEDINGS

We are involved in legal proceedings that are incidental to our business and include administrative or judicial actions seeking remediation under environmental laws, such as Superfund. Some of these legal proceedings relate to environmental matters and involve governmental authorities. For further information see Environmental in Part I, Item 1.

While it is not possible to predict or determine with certainty the outcome of any legal proceeding, we believe the outcome of any of these proceedings, or all of them combined, will not result in a material adverse effect on our financial condition or results of operations.

Asbestos

Like many other companies, we are a defendant in personal injury lawsuits involving exposure to asbestos. These cases involve exposure to asbestos in premises owned or operated, or formerly owned or operated, by subsidiaries of NewMarket. We have never manufactured, sold, or distributed products that contain asbestos. Nearly all of these cases are pending in Texas, Louisiana, or Illinois and involve multiple defendants. We maintain an accrual for these proceedings, as well as a receivable for expected insurance recoveries.

During 2005, we entered into an agreement with Travelers Indemnity Company (Travelers) resolving certain long-standing issues regarding our coverage for certain premises asbestos claims. In addition, our agreement with Travelers provides a procedure for allocating defense and indemnity costs with respect to certain future premises asbestos claims. The lawsuit we had previously filed against Travelers in the Southern District of Texas was dismissed. We also settled our outstanding receivable from Albemarle Corporation (Albemarle) for certain premises asbestos liability obligations.

The accrual for our premises asbestos liability related to currently asserted claims is based on the following assumptions and factors:

- We are often one of many defendants. This factor influences both the number of claims settled against us and also the indemnity cost associated with such resolutions.

- The estimated percent of claimants in each case that will actually, after discovery, make a claim against us, out of the total number of claimants in a case, is based on a level consistent with past experience and current trends.

- We utilize average comparable plaintiff cost history as the basis for estimating pending premises asbestos related claims. These claims are filed by both former contractors employees, and former employees who worked at past and present company locations. We also include an estimated inflation factor in the calculation.

- No estimate is made for unasserted claims.

The estimated recoveries from insurance and Albemarle for these cases are based on, and are consistent with, the 2005 settlement agreements.

Based on the above assumptions, we have provided an undiscounted liability related to premises asbestos claims of $13 million at both year-end 2008 and year-end 2007. The liabilities related to asbestos claims are included in accrued expenses (current portion) and other noncurrent liabilities on the balance sheet. Certain of these costs are recovered through our insurance coverage and agreement with Albemarle. The receivable for these recoveries related to premises asbestos liabilities was $9.5 million at December 31, 2008 and $9.0 million at December 31, 2007. These receivables are included in trade and other accounts receivable for the current portion. The noncurrent portion is included in other assets.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no issues submitted to a vote of security holders during the fourth quarter of 2008.

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock, with no par value, has traded on the New York Stock Exchange (NYSE) under the symbol NEU since June 21, 2004 when we became the parent holding company of Ethyl, Afton, NewMarket Services, and their subsidiaries.

There were 15,199,207 shares of our common stock outstanding as of December 31, 2008. We had 3,335 shareholders of record at December 31, 2008.

During the period January 2, 2008 through January 7, 2008, we purchased 124,855 shares of our common stock at an average price per share of $54.55, including transaction fees. The purchase of these shares was under the share repurchase program approved by our Board of Directors on October 25, 2007. The Board of Directors approved a share repurchase program that authorized management to repurchase up to $50 million of NewMarket Corporation s outstanding common stock until December 31, 2009, as market conditions warranted and covenants under our existing agreements permitted. The share repurchase program allowed us to conduct the share repurchases in the open market and in privately negotiated transactions. The repurchase program did not require NewMarket to acquire any specific number of shares. This repurchase plan was terminated on July 31, 2008.

Also on July 31, 2008, our Board of Directors approved a share repurchase program that authorizes management to repurchase up to $100 million of NewMarket Corporation s outstanding common stock until December 31, 2010, as market conditions warrant and covenants under our existing agreements permit. We may conduct the share repurchases in the open market and in privately negotiated transactions. The repurchase program does not require NewMarket to acquire any specific number of shares and may be terminated or suspended at any time. During the period August 4, 2008 through August 12, 2008, we purchased 316,168 shares of common stock at an average price of $63.26, including transaction fees, under this authorization. Approximately $80 million remains available under the authorization at December 31, 2008. There were no repurchases under this authorization during the fourth quarter 2008.

As shown in the table below, cash dividends declared and paid totaled 80 cents per share for the twelve months ended December 31, 2008 and 57.5 cents per share for the twelve months ended December 31, 2007.

Year	Date Declared	Date Paid	Per Share Amount
2008	February 28, 2008	April 1, 2008	20 cents
	April 24, 2008	July 1, 2008	20 cents
	July 31, 2008	October 1, 2008	20 cents
	October 23, 2008	January 2, 2009	20 cents
2007	February 22, 2007	April 2, 2007	12.5 cents
	April 26, 2007	July 2, 2007	12.5 cents
	July 20, 2007	October 1, 2007	12.5 cents
	October 25, 2007	January 2, 2008	20 cents

The declaration and payment of dividends is subject to the discretion of our Board of Directors. Future dividends will depend on various factors, including our financial condition, earnings, cash requirements, legal requirements, restrictions in agreements governing our outstanding indebtedness, and other factors deemed relevant by our Board of Directors. For a discussion of the restrictions on our ability to declare and pay dividends, see Note 12 in the Notes to Consolidated Financial Statements.

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The following table shows the high and low prices of our common stock on the NYSE for each of the last eight quarters.

	2008			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
High	$ 76.94	$ 93.57	$ 73.41	$ 52.88
Low	$ 42.79	$ 61.52	$ 49.44	$ 23.37

	2007			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
High	$ 60.36	$ 50.43	$ 51.82	$ 58.76
Low	$ 39.47	$ 38.81	$ 40.40	$ 45.07

The performance graph showing the five-year cumulative total return on our common stock as compared to Lubrizol, specialty chemical companies, and the S&P 500 is shown below. The graph assumes $100 invested on the last day of December 2003. Dividends are assumed to be reinvested quarterly.

Performance Graph

Comparison of Five-Year Cumulative Total Return

Performance through December 31, 2008

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ITEM 6. SELECTED FINANCIAL DATA

NewMarket Corporation and Subsidiaries

Five Year Summary

	Years Ended December 31				
	2008	**2007**	**2006**	**2005**	**2004**
	(in thousands except per-share amounts)				
Results of Operations					
Net sales	$ 1,617,431	$ 1,374,874	$ 1,263,297	$ 1,075,544	$ 894,109
Costs and expenses	1,501,071	1,266,251	1,178,665	1,037,490	878,020
Special item income, net (1) (2) (3)			14,825	11,668	13,245
Operating profit	116,360	108,623	99,457	49,722	29,334
Interest and financing expenses	12,046	11,557	15,403	16,849	18,254
Loss on early extinguishment of debt (4)			11,209		
Other income, net (5)	1,012	3,358	7,117	925	324
Income from continuing operations before income taxes	105,326	100,424	79,962	33,798	11,404
Income tax expense (benefit) (6) (7)	32,099	21,874	27,651	6,166	(489)
Income from continuing operations	73,227	78,550	52,311	27,632	11,893
Income from operations of discontinued business (net of tax) (8)		16,771	5,211	14,749	21,165
Net income	$ 73,227	$ 95,321	$ 57,522	$ 42,381	$ 33,058
Financial Position and Other Data					
Total assets	$ 811,452	$ 770,934	$ 744,793	$ 701,532	$ 676,195
Operations:					
Working capital	$ 310,265	$ 317,380	$ 301,777	$ 244,912	$ 220,072
Current ratio	3.28 to 1	2.79 to 1	2.88 to 1	2.47 to 1	2.57 to 1
Depreciation and amortization	$ 28,968	$ 29,126	$ 31,592	$ 36,396	$ 44,775
Capital expenditures	$ 74,619	$ 36,656	$ 26,161	$ 17,830	$ 14,650
Gross profit as a % of net sales	19.4	21.6	20.9	18.6	19.9
Research, development, and testing expenses (9)	$ 81,752	$ 76,834	$ 70,263	$ 65,394	$ 65,356
Total debt	$ 237,162	$ 157,797	$ 153,439	$ 153,829	$ 184,438
Common and other shareholders equity	$ 291,123	$ 317,007	$ 301,402	$ 266,060	$ 231,882
Total debt as a % of total capitalization (debt plus equity)	44.9	33.2	33.7	36.6	44.3
Net income as a % of average shareholders equity	24.1	30.8	20.3	17.0	15.3
Common Stock					
Basic earnings per share:					
Income from continuing operations	$ 4.77	$ 4.66	$ 3.04	$ 1.62	$ .70
Income from operations of discontinued business (net of tax) (8)		1.00	.30	.87	1.25
Net income	$ 4.77	$ 5.66	$ 3.34	$ 2.49	$ 1.95
Diluted earnings per share:					
Income from continuing operations	$ 4.75	$ 4.63	$ 3.00	$ 1.60	$ .69
Income from operations of discontinued business (net of tax) (8)		.99	.30	.85	1.23
Net income	$ 4.75	$ 5.62	$ 3.30	$ 2.45	$ 1.92
Shares used to compute basic earnings per share	15,362	16,841	17,223	17,028	16,916

Shares used to compute diluted earnings per share		15,430		16,957		17,407		17,320		17,199
Equity per share	$	19.15	$	20.37	$	17.43	$	15.58	$	13.66
Cash dividends declared per share	$	.80	$	.575	$	.50	$		$	

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Notes to the Five Year Summary

(1) Special item income, net was $14.8 million in 2006 and included a $5.3 million gain related to an earn-out agreement for certain pharmaceutical intellectual property that we sold in 1994; a $3.3 million gain associated with a legal settlement related to transportation charges; a $5.5 million gain resulting from a class action lawsuit related to raw materials; a $2.5 million loss from a legal settlement; and a $3.3 million gain on the sale of property.

(2) Special item income, net was $12 million in 2005 and included an aggregate $8 million gain on the sales of corporate property and a $4 million gain on an insurance settlement related to our premises asbestos liabilities.

(3) The special item in 2004 was $13 million income and represents the gain on the environmental insurance settlement.

(4) In December 2006, we purchased $149.75 million of the outstanding $150 million aggregate principal amount of our 8.875% senior notes due 2010 in a tender offer. As a result of the transaction, we recognized a loss of $11 million on the early extinguishment of debt. This loss included the write-off of unamortized deferred financing costs of $2.6 million and cash paid of $8.6 million related to the premium and other costs of the purchase of the senior notes. Subsequently in December 2006, we issued $150 million aggregate principal amount of our 7.125% senior notes due in 2016.

(5) Other income, net in both 2008 and 2007 consists primarily of investment income. Other income, net in 2006 includes a gain of $4 million for interest on an income tax settlement, as well as $2 million investment income.

(6) Income tax expense in 2007 includes a special item of $9.5 million primarily representing a reversal of deferred tax provisions that were previously provided on the undistributed earnings of certain foreign subsidiaries.

(7) Income tax expense in 2005 and 2004 includes a favorable impact of approximately $1 million from the settlement of certain tax years with the IRS.

(8) Discontinued operations for all years reflect the April 1, 2007 termination of all marketing agreements between the subsidiaries of Ethyl and Innospec. The gain on the termination of this business was $22.8 million ($14.6 million after tax). The remaining amounts reflect the after-tax earnings of this business.

(9) Of the total research, development, and testing expenses, the portion related to new products and processes was $44 million in 2008, $42 million in 2007, $37 million in 2006, $34 million in 2005, and $33 million in 2004.

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION
Forward-Looking Statements

The following discussion, as well as other discussions in this Annual Report on Form 10-K, contains forward-looking statements about future events and expectations within the meaning of the Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current expectations and projections about future results. When we use words in this document, such as anticipates, intends, plans, believes, estimates, expects, should, could, may, will, and similar expressions, we do so to identify forward-looking statemer of forward-looking statements include statements we make regarding future prospects of growth in the petroleum additives market, our ability to maintain or increase our market share, and our future capital expenditure levels.

We believe our forward-looking statements are based on reasonable expectations and assumptions, within the bounds of what we know about our business and operations. However, we offer no assurance that actual results will not differ materially from our expectations due to uncertainties and factors that are difficult to predict and beyond our control.

These factors include, but are not limited to, timing of sales orders, gain or loss of significant customers, competition from other manufacturers, resolution of environmental liabilities, changes in the demand for our products, significant changes in new product introduction, increases in product cost, the impact of fluctuations in foreign exchange rates on reported results of operations, changes in various markets, geopolitical risks in certain of the countries in which we conduct business, and our ability to complete the construction of the office building for MeadWestvaco Corporation within budget and in a timely manner. In addition, certain risk factors are also discussed in Item 1A, Risk Factors.

You should keep in mind that any forward-looking statement made by us in this discussion or elsewhere speaks only as of the date on which we make it. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this discussion after the date hereof, except as may be required by law. In light of these risks and uncertainties, you should keep in mind that any forward-looking statement made in this discussion, or elsewhere, might not occur.

OVERVIEW

The petroleum additives segment had an excellent year with operating profit ending slightly ahead of last year. However, our business experienced two significantly different business environments in 2008.

During the first three quarters, our plants operated at very high rates and crude oil prices continued to escalate ranging from $70 to $140 per barrel. The entire commodity chemicals market was one of tightness of supply and rapidly escalating prices. We managed the demands these factors placed on us during this period. We maintained uninterrupted supply to our customers and implemented multiple price increases to recover the rapidly escalating raw material and other costs increases. This growth period had a significant negative impact on our cash flow position as our working capital needs consumed $72 million during this period.

The last two months of 2008 were significantly different from the first ten months of 2008. Our business through October was excellent, but beginning in November, demand decreased dramatically. During the last quarter of 2008, the cost of crude oil plummeted to under $50 per barrel and commodity chemical companies began idling facilities and reducing their work forces. We believe that there were two primary factors that resulted in such a dramatic decrease in demand for our products in the last two months of 2008. We believe our customers were destocking while using their existing higher priced inventory and anticipating price decreases since the price of base oil had fallen. The second factor was the worldwide economic slowdown.

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We immediately took action upon recognizing the change in conditions. We reduced production at our plants in order to manage inventory levels. To support the existing business levels during the first ten months of 2008, our inventories had been at higher levels than were necessary to support the demand for our products in the last two months of 2008. We took internal actions to control spending and focused on managing customer accounts and the related accounts receivables. We believe we have taken the appropriate actions needed at this time, and we will continue to monitor demand, taking further actions as necessary. We know that modern machinery requires the products our industry produces to function properly, but we are uncertain as to when the destocking at our customers will cease, as well as what the ultimate level of business activity will be while the worldwide economy recovers.

Our project to build an office building for MeadWestvaco continued on schedule and within budget during the year.

RESULTS OF OPERATIONS

Net Sales

Following the trend from the last several years, net sales increased in 2008. The increase between 2008 and 2007 was 18%. When comparing 2007 with 2006, consolidated net sales increased nearly 9%.

Net sales to one customer of our petroleum additives segment exceeded 10% of total net sales in 2008 and 2007. Net sales to two customers of our petroleum additives segment exceeded 10% of total net sales in 2006. Sales to Royal Dutch Shell plc and its affiliates (Shell) amounted to $261 million (16% of total net sales) in 2008, $202 million (15% of total net sales) in 2007, and $169 million (13% of total net sales) in 2006. Sales to BP plc and its affiliates (BP) amounted to $127 million (10% of total net sales) in 2006. These net sales represent a wide-range of products sold to these two customers in multiple regions of the world.

No other single customer accounted for 10% or more of our total net sales in 2008, 2007, or 2006.

The following table shows our net sales by segment for each of the last three years.

Net Sales by Segment

(in millions of dollars)

	2008	2007	2006
Petroleum additives	$ 1,604	$ 1,358	$ 1,251
All other	13	17	12
Consolidated net sales	$ 1,617	$ 1,375	$ 1,263

Petroleum Additives We continued to realize an increase in petroleum additives net sales over the prior year with petroleum additives net sales improving over both 2007 and 2006.

When comparing 2008 to 2007, petroleum additives net sales were up $246 million or 18%. The increase in net sales reflects higher selling prices, including a significant favorable foreign currency impact of approximately $29 million. The favorable foreign currency impact reflects the weakness of the U.S. Dollar during the year versus the other currencies in which we conduct business. In addition, net sales increased due to higher product shipments. The volume of product shipments was approximately 4% higher during 2008 than 2007. The increase was across all product lines, but predominantly in the lubricant additives product lines.

Petroleum additives net sales for 2007 increased $107 million, or 9%, over 2006 levels. The increase was across both lubricant additives and fuel additives. Higher selling prices, including a favorable foreign currency

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impact, resulted in approximately half of the increase in net sales when comparing 2007 and 2006. A favorable mix of products sold contributed the remaining increase in net sales between the two periods. Shipments were essentially unchanged between 2007 and 2006.

The approximate components of the petroleum additives increase in net sales of $246 million when comparing 2008 to 2007 and $107 million when comparing 2007 to 2006 are shown below in millions.

Net sales for year ended December 31, 2006	$ 1,251
Increase in shipments and changes in product mix	51
Changes in selling prices, customer mix, and foreign currency	56
Net sales for year ended December 31, 2007	1,358
Increase in shipments and changes in product mix	61
Changes in selling prices, customer mix, and foreign currency	185
Net sales for year ended December 31, 2008	$ 1,604

Segment Operating Profit

NewMarket evaluates the performance of the petroleum additives business based on segment operating profit. NewMarket Services departmental and other expenses are billed to NewMarket and each subsidiary pursuant to services agreements between the companies. Depreciation on segment property, plant, and equipment, as well as amortization of segment intangible assets is included in the segment operating profit.

Beginning with the first quarter 2008, we are reporting our real estate development activities in segment operating profit. Because of the current immateriality of the real estate development operating segment, its results are reported in the All other category. The real estate development operating segment represents the activities of Foundry Park I.

Also included in the All other category are the continuing operations of the TEL business (primarily sales of TEL in North America), as well as certain contract manufacturing Ethyl provides to Afton and to third parties.

The table below reports operating profit by segment for the last three years.

Segment Operating Profit

(in millions of dollars)

	2008	2007	2006
Petroleum additives	$ 130	$ 129	$ 104
All other	$ 2	$ (7)	$ (1)

Petroleum Additives Petroleum additives operating profit in 2008 was almost unchanged from 2007, reflecting a small increase of less than 1%. Despite the small change in operating profit between the two years, there were a number of factors which impacted the results.

Comparing the operating profit margin for the two years reflects a margin of 8.1% for 2008 and 9.5% for 2007. The significant reduction in operating margins includes several key components. Costs of raw material, as well as energy and other manufacturing costs, increased significantly during 2008. The cost of crude oil reached record-high levels during the year, reflecting an increase in base oil costs, one of our primary raw materials. We successfully increased selling prices during 2008 to begin recovering these cost increases, but margins remained compressed as we recovered some of the cost increases. The favorable impact from increased selling prices, as well as a favorable impact from higher product shipments during 2008, is discussed in the Net Sales section

above. Despite the increase in product shipments over the course of 2008, in the fourth quarter of the year, we experienced a reduction in demand for our products of approximately 20% from the average of the first nine months of 2008 due to the worldwide economic slowdown and destocking by our customers. Finally, our selling, general, and administrative expenses (SG&A), as well as research, development, and testing expenses (R&D), were higher in 2008 than 2007, and included an approximate $3 million unfavorable foreign currency impact. For further information, see the discussion on SG&A and R&D below.

The 2008 results also include the recognition of a $3 million gain resulting from a legal settlement related to raw materials, as well as a favorable foreign currency impact. When the U.S. Dollar is weak versus other currencies in which we conduct business, as it was during 2008, our revenues and operating profit are favorably impacted. We believe favorable foreign currency impacts contributed approximately $10 million to operating profit results when comparing the two years.

Petroleum additives operating profit improved $25 million, or 24%, from $104 million in 2006 to $129 million in 2007. The improved profit is reflected in the lubricant additives product lines with some offset in the fuel additives product line. The increase in operating profit reflects the increase of 9% in net sales when comparing 2007 to 2006, as well as a favorable mix of products sold and a favorable foreign currency impact. Total shipments were essentially unchanged between the two years on a unit basis. We experienced the benefit of a full year of price increases achieved throughout 2006, as our pricing caught up to the rapid rise in raw material costs that we experienced during 2006. We benefited from improved margins on certain products through the introduction of more cost-effective product formulations for our customers and a better mix of sales of higher-margin products.

SG&A of the petroleum additives segment was approximately 7% higher when comparing 2008 and 2007. The increase primarily resulted from higher personnel related costs and unfavorable foreign currency. When comparing 2007 and 2006, SG&A in 2007 for this segment was substantially unchanged from 2006 levels. Total R&D for petroleum additives was $82 million in 2008, $77 million in 2007, and $70 million in 2006. The increase in R&D between 2008 and 2007, as well as 2007 and 2006 was across all product lines. We continue to invest in SG&A and R&D to support our customers programs and to develop the technology required to remain a leader in this industry. We expect this to continue for the foreseeable future. R&D related to new products and processes was $44 million in 2008, $42 million in 2007, and $37 million in 2006. All of our R&D was related to the petroleum additives segment.

The following discussion references certain captions on the Consolidated Statements of Income.

Special Item Income

Special item income was $15 million in 2006 and included a $5.3 million gain related to an earn-out agreement for certain pharmaceutical intellectual property that was sold in 1994; a $3.3 million gain associated with a legal settlement related to transportation charges; a $5.5 million gain resulting from a class action lawsuit related to raw materials; a $2.5 million loss from a legal settlement; and a $3.3 million gain on the sale of property.

Interest and Financing Expenses

Interest and financing expenses were $12.0 million in 2008, $11.6 million in 2007, and $15.4 million in 2006. The increase in interest and financing expenses in 2008 as compared to 2007 resulted primarily from the increase in borrowing under the revolving credit facility during 2008. The decrease between 2006 and 2007 reflects lower interest rates, as well as lower fees and amortization of deferred financing costs both resulting from the restructuring of our debt. In December 2006, we purchased substantially all of our 8.875% senior notes in a tender offer and issued $150 million of 7.125% senior notes. We had no drawn bank debt under our revolving credit facility during 2007 or 2006.

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Loss on Early Extinguishment of Debt

In December 2006, we purchased $149.75 million of the outstanding $150 million aggregate principal amount of our 8.875% senior notes due 2010 in a tender offer. As a result of the transaction, we recognized a loss of $11 million on the early extinguishment of debt. This loss included the write-off of unamortized deferred financing costs of $2.6 million and cash paid of $8.6 million related to the premium and other costs of the purchase of the 8.875% senior notes.

Other Income, Net

Other income, net was $1 million in 2008 and $3 million in 2007 resulting primarily from investment income in both years. Other income, net was $7 million in 2006. The 2006 year included a $4 million gain on interest income on an income tax settlement, as well as $2 million in investment income.

Income Tax Expense

Income tax expense on income from continuing operations was $32 million in 2008, $22 million in 2007, and $28 million in 2006. The effective tax rate on income from continuing operations was 30.5% in 2008, 21.8% in 2007, and 34.6% in 2006. Excluding the special tax item discussed below, the effective tax rate in 2007 was 32%. The 2008 effective income tax rate includes the benefit of a lowered tax rate for certain foreign operations. The effective tax rate in each year reflects certain foreign and other tax benefits. Income taxes for all periods exclude income tax expense on discontinued operations. See Note 22 in the Notes to Consolidated Financial Statements for details on income taxes.

The increase in the 2008 effective tax rate is primarily due to the special item tax benefit of $9.5 million in 2007 discussed below. The remaining increase of approximately $1 million between the two years resulted from increased income from continuing operations before income taxes.

The overall decrease in income tax expense of $6 million in 2007 compared to 2006 is primarily due to the special item income tax benefit discussed below. The year 2007 also included a $1 million higher tax benefit from the Domestic Manufacturing Tax Benefit. These benefits were partially offset by increased income taxes resulting from higher income from continuing operations.

Income taxes for 2007 benefited from the following special items totaling $9.5 million. During fourth quarter 2007, we concluded certain of our foreign subsidiaries would not be able to distribute dividends back to the U.S. parent for the foreseeable future. Accordingly, we designated the undistributed earnings of these subsidiaries as indefinitely reinvested. The deferred income tax liability of $7.0 million previously provided on these earnings was reversed and reduced deferred income tax expense by the same amount. During our detailed review, we determined our deferred tax liability accounts provided for the undistributed earnings of foreign subsidiaries were overstated by $1.9 million at year-end 2006. We recorded an additional deferred income tax benefit of $1.9 million during the fourth quarter 2007 for this overprovision. An overprovision of $1.2 million had also occurred during the first three quarters of 2007 which was reversed in the fourth quarter and had no impact on the results of operations for the year ended December 31, 2007. The impact of these adjustments did not have a material effect on our reported financial position and results of operations for the year ended December 31, 2007 or any prior periods presented. The remaining $600 thousand benefit related to changes in our liability for unrecognized tax benefits from uncertain tax positions.

To comply with international trade rules, the *American Jobs Creation Act of 2004* (the Act), signed into law on October 22, 2004, repealed the *FSC Repeal and Extraterritorial Income Exclusion Act of 2000*. The Act repealed the Extraterritorial Income Exclusion for transactions entered into after December 31, 2004 subject to a phase-out that allowed current beneficiaries to claim benefits through 2006. In 2006, the benefit of excluding approximately $5 million from taxable income was 60% of the amount calculated under prior law. For 2007 and beyond, no benefit was allowed.

Our deferred taxes are in a net asset position. Based on current forecast operating plans and historical profitability, we believe that we will recover the full benefit of our deferred tax assets and have, therefore, not recorded a valuation allowance.

Income from Continuing Operations

Income from continuing operations was $73 million ($4.75 per diluted share) for 2008, $79 million ($4.63 per diluted share) for 2007, and $52 million ($3.00 per diluted share) for 2006.

Discontinued Operations

On June 15, 2007, Ethyl and Innospec resolved all pending arbitration actions commenced in 2006 between the subsidiaries of Innospec and Ethyl arising out of the tetraethyl lead marketing agreements and the North American TEL supply agreement between the companies and terminated the marketing agreements. Ethyl received $28 million in cash as compensation for the termination of the marketing agreements, as well as the return of approximately $12 million of a working capital advance. Upon receipt of this payment, all marketing agreements between the subsidiaries of Ethyl and Innospec were terminated effective April 1, 2007. Accordingly, both the gain on the settlement, as well as the previous operations under the TEL marketing agreements, are reported as discontinued operations.

The gain on the termination of this business was $22.8 million ($14.6 million after tax) in 2007. The income from operations before tax of the discontinued business amounted to $3.5 million ($2.2 million after tax) for 2007 and $8.2 million ($5.2 million after tax) for 2006. These results are presented net of tax in the Consolidated Statements of Income under discontinued operations for all periods presented.

Net Income

Net income was $73 million ($4.75 per diluted share) in 2008, $95 million ($5.62 per diluted share) in 2007, and $58 million ($3.30 per diluted share) in 2006.

CASH FLOWS DISCUSSION

We generated cash from operating activities of $21 million in 2008, $110 million in 2007, and $37 million in 2006.

As of December 31, 2008, we had $42 million outstanding under our revolving credit agreement and had made draws of $38 million under the Foundry Park I construction loan. We used these borrowings, as well as cash provided from operating activities to fund $75 million of capital expenditures, $27 million for repurchase of our common stock, $15 million for dividends on our common stock, and $15 million for the acquisition of a business. Further information on the acquisition of the business is in Note 10 in Notes to Consolidated Financial Statements. In addition, we also funded $10.5 million cash for a deposit on the interest rate lock agreement, which is discussed more fully in Note 17 in Notes to Consolidated Financial Statements. Our book overdraft decreased $5 million. These items, combined with an unfavorable foreign exchange effect on cash of $4 million, resulted in a decrease in cash and cash equivalents of $50 million. Cash flows from operating activities included a decrease of $89 million due to higher working capital requirements, payments of $17 million to fund our pension and postretirement plans, and proceeds of $3 million for a legal settlement related to raw materials. The higher working capital requirements during the year primarily reflected a reduction in outstanding accounts payable at the end of 2008, as well as higher inventory costs during the year.

During 2007, we received proceeds of $28 million from the settlement of the arbitration actions and termination of the TEL marketing agreements and $12 million from the Foundry Park I bridge and construction loans. We used these proceeds in addition to cash provided from operating activities to fund $83 million for the repurchase of common stock, $37 million of capital expenditures, $7 million repayment of the Foundry Park I

bridge loan, $7 million of dividends on our common stock, $4 million of deferred leasing costs related to the construction of the office building by Foundry Park I, $3 million for a payment on the fourth quarter 2006 acquisition of an intangible asset, $2 million of debt issuance costs, and $1 million for a deposit on an interest rate guarantee related to the construction of the office building by Foundry Park I. Our book overdraft increased $4 million. These items, including a favorable fluctuation in foreign currency rates during 2007 of $2 million, resulted in an increase of $12 million in cash and cash equivalents. The 2007 cash flows from operating activities included a $12 million reimbursement of our TEL working capital advance, as well as payments of $21 million to fund our retirement plans. Cash flows from operating activities for 2007 also included an increase of $4 million in working capital.

During 2006, we realized cash flows of $3 million from the sale of property, as well as $5 million from a payment under an earn-out agreement related to our pharmaceuticals business, which we sold in 1994. In addition, we had gross proceeds of $150 million from the issuance of our 7.125% senior notes due 2016. We used these proceeds, as well as the cash from operations to purchase $149.75 million of our 8.875% senior notes due 2010, fund capital expenditures of $26 million, acquire an intangible asset for $4 million, pay dividends on our common stock of $9 million, and pay debt issuance costs of $4 million. Our book overdrafts decreased $2 million. These items resulted in an increase of $4 million in cash and cash equivalents. Fluctuations in foreign currency rates resulted in a favorable impact of $1 million on cash and cash equivalents throughout 2006. Included in the 2006 cash flows from operating activities were collections of $11 million from settlements, including $4 million related to the 2004 environmental insurance settlement, as well as payments of $20 million to fund our retirement plans and $9 million for costs related to the early extinguishment of our 8.875% senior notes.

Excluding the expenditures for the construction of the office building by Foundry Park I, we expect that cash from operations, together with borrowing available under our senior credit facility, will continue to be sufficient to cover our operating expenses and planned capital expenditures for the foreseeable future. We expect to borrow 80% to 85% of the total projected cost of construction of the office building by Foundry Park I and to fund the remaining cost of construction with cash on hand. We expect the total project cost to be approximately $130 million.

FINANCIAL POSITION AND LIQUIDITY

Cash

At December 31, 2008, we had cash and cash equivalents of $22 million as compared to $72 million at the end of 2007.

At both December 31, 2008 and December 31, 2007, we had a book overdraft for some of our disbursement cash accounts. A book overdraft represents disbursements that have not cleared the bank accounts at the end of the reporting period. We transfer cash on an as-needed basis to fund these items as they clear the bank in subsequent periods.

Debt

Senior Notes On November 21, 2006, we commenced a cash tender offer for any and all $150 million aggregate principal amount of our then outstanding 8.875% senior notes due 2010. Upon the expiration of the tender offer on December 21, 2006, we accepted for purchase and purchased $149.75 million aggregate principal amount of our 8.875% senior notes. As a result of this transaction, we recognized a loss of $11 million on the early extinguishment of debt. The loss included the write-off of $2.6 million in unamortized deferred financing costs and cash paid of $8.6 million related to the premium and other costs of the purchase of the 8.875% senior notes. We redeemed the remaining outstanding $250 thousand aggregate principal amount of our 8.875% senior notes on February 7, 2007.

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On December 12, 2006, we issued $150 million aggregate principal amount of our 7.125% senior notes due 2016. These notes were not registered under the Securities Act. The purchase of our 8.875% senior notes in the tender offer was financed with net proceeds from the issuance of the 7.125% senior notes, as well as cash on hand. During the second quarter 2007, we completed an offer to exchange up to $150 million of 7.125% senior notes due 2016 that had been registered under the Securities Act for a like principal amount of our then outstanding 7.125% senior notes that were issued in December 2006 and that were not registered under the Securities Act. All senior notes were exchanged.

The 7.125% senior notes are our senior unsecured obligations and are jointly and severally guaranteed on an unsecured basis by all of our existing and future wholly-owned domestic restricted subsidiaries. We incurred financing costs of approximately $3 million related to the 7.125% senior notes, which are being amortized over ten years.

The 7.125% senior notes and the subsidiary guarantees rank:

- effectively junior to all of our and the guarantors existing and future secured indebtedness, including any borrowings under the senior credit facility described below;
- equal in right of payment with any of our and the guarantors existing and future unsecured senior indebtedness; and
- senior in right of payment to any of our and the guarantors existing and future subordinated indebtedness.

The indenture governing the 7.125% senior notes contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness;
- create liens;
- pay dividends or repurchase capital stock;
- make certain investments;
- sell assets or consolidate or merge with or into other companies; and
- engage in transactions with affiliates.

We were in compliance with the covenants in the indenture governing the 7.125% senior notes as of December 31, 2008 and December 31, 2007.

Senior Credit Facility On December 21, 2006, we entered into a Second Amended and Restated Credit Agreement. This credit agreement amended and restated the credit agreement that we entered into on June 18, 2004. On December 22, 2008, we entered into a Supplement Agreement to the Second Amended and Restated Credit Agreement to increase the commitment level by $7 million. Subsequently, on January 5, 2009, we entered into another Supplement Agreement to increase the commitment level by an additional $5 million, bringing the total commitment level to $112 million.

After the two Supplement Agreements, the credit agreement includes a $112 million revolving senior credit facility for working capital and other general corporate purposes for NewMarket and our subsidiaries, as well as a $50 million sub-facility for letters of credit. Borrowings bear interest, at our election, at either a base rate plus a margin (50 basis points as of December 31, 2008) or LIBOR plus a margin (150 basis points as of December 31, 2008). The revolving credit facility matures on December 21, 2011. During 2008, we borrowed under the revolving credit facility resulting in an outstanding balance of $41.9 million at December 31, 2008. Our average interest rate during 2008 under the revolving credit facility was 4.2%. There were no borrowings outstanding at December 31, 2007 under the senior credit facility, nor did we borrow during 2007 under the facility. At

December 31, 2008, we had outstanding letters of credit of $20.7 million, resulting in the unused portion of the senior credit facility amounting to $44.4 million. We believe the existing commitment level of $112 million is sufficient for our currently foreseeable working capital requirements and other general corporate purposes. For further information on the outstanding letters of credit, see Note 17 in the Notes to Consolidated Financial Statements.

The senior credit facility is secured by liens on a significant portion of our U.S. assets. In addition, the senior credit facility is guaranteed by our U.S. subsidiaries.

The credit agreement contains covenants, representations, and events of default that management considers typical of a credit agreement of this nature. The financial covenants include:

- minimum consolidated net worth;
- a minimum fixed charge coverage ratio; and
- a maximum leverage ratio.

We were in compliance with these covenants at December 31, 2008 and December 31, 2007.

Construction Loan Agreement Foundry Park I and NewMarket Corporation entered into a construction loan agreement with a group of banks on August 7, 2007 to borrow up to $116 million to fund the development and construction of an office building. The construction loan bears interest at LIBOR plus a margin of 140 basis points. The term of the loan is for a period of 36 months and is unconditionally guaranteed by NewMarket Corporation. No principal reduction payment is due during the construction period. As a condition of the construction loan and concurrently with the closing of the loan, Foundry Park I also obtained interest rate risk protection in the form of an interest rate swap (swap). The objective in obtaining the swap was to manage our exposure to interest rate movements and add stability to capitalized interest expense. The interest rate swap involves the receipt of variable-rate amounts based on LIBOR in exchange for fixed-rate payments over the life of the agreement without exchange of the underlying notional amount. The fixed-rate payments are at a rate of 4.975%. The notional amount of the swap was approximately $52.9 million at December 31, 2008 and $8.2 million at December 31, 2007 and accretes to approximately $94 million over the term of the swap. The accreting notional amount is necessary to maintain the swap notional at an amount that represents approximately 85% of the projected construction loan principal balance over the loan term. The maturity date of the swap is January 1, 2010.

The swap is designated and qualifies as a cash flow hedge under SFAS 133. As such, the effective portion of changes in the fair value of the swap is recorded in accumulated other comprehensive loss and the ineffective portion of changes in the fair value of the swap is recognized immediately in earnings. We assess the effectiveness of the swap quarterly by comparing the changes in the fair value of the derivative hedging instrument with the change in fair value of the designated hedged transaction.

The fair value of the swap was approximately $3.1 million at December 31, 2008 and $1.6 million at December 31, 2007 and was recorded in accrued expenses at year-end 2008 and other noncurrent liabilities at year-end 2007. The net unrealized loss of approximately $3.0 million ($1.9 million, net of tax) at December 31, 2008 and $1.6 million ($1.0 million, net of tax) at December 31, 2007 was recorded as a component of accumulated other comprehensive loss in shareholders equity on the Consolidated Balance Sheets. Hedge ineffectiveness of approximately $100 thousand expense at December 31, 2008 and $20 thousand expense at December 31, 2007 was recognized in other income, net on the Consolidated Statements of Income. Also recorded as a component of accumulated other comprehensive loss in shareholders equity on the Consolidated Balance Sheets was the net amount of swap receipts and payments made since the inception of the swap. This amounted to approximately $400 thousand, net of tax effects at December 31, 2008 and $3 thousand, net of tax effects, at December 31, 2007. Any amounts remaining in accumulated other comprehensive loss related to the

swap will be recognized in the Consolidated Statements of Income over the depreciable life of the office building beginning at the completion of the construction project, which is currently expected to be late 2009. No related amounts currently recognized in accumulated other comprehensive loss are expected to be reclassified into earnings over the next twelve months.

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We had combined current and noncurrent long-term debt of $237 million at December 31, 2008 and $158 million at December 31, 2007.

During 2008, we also paid $700 thousand on the capital lease obligations. All of our debt is discussed more fully in Note 12 in the Notes to Consolidated Financial Statements.

As a percentage of total capitalization (total long-term debt and shareholders equity), our total debt increased from 33.2% at the end of 2007 to 44.9% at the end of 2008. The change in the percentage was primarily the result of the increase in debt, as well as a decrease in shareholders equity. The decrease in shareholders equity reflects the impact of the stock repurchase program, dividend payments, a significant increase in the underfunded position of our pension plans due to the decline in the equities market, and a significant foreign currency impact on our balance sheet translations due to rate fluctuations between December 31, 2007 and December 31, 2008. These factors were partially offset by our earnings. Normally, we repay long-term debt with cash from operations or refinancing activities.

Interest Rate Lock Agreement

The Foundry Park I project to construct an office building for MeadWestvaco is proceeding on schedule and within budget. The construction loan is being financed by a group of banks and matures in August 2010. Prior to commencing construction, we took actions to identify the possible permanent lending source after construction. To that end, Foundry Park I entered into an Application with Principal Commercial Funding II, LLC (Principal) dated February 26, 2007 which outlined the terms and conditions under which Principal would provide permanent, fixed-rate financing in the maximum amount of $116,000,000 amortized over 25 years with all amounts due 13.5 years after the date of the loan. The Application was not a loan commitment due to the lengthy time period of thirty-four months until the completion of the building.

In order to obtain a fixed-rate loan we entered into a Rate Lock Agreement with Principal dated February 26, 2007. Principal simultaneously entered into a hedge with a third party based mainly on the forward rates of ten-year Treasuries. At the time, ten-year Treasuries were trading at approximately 4.63%. We are not party to that hedging agreement. Under the Rate Lock Agreement, we agreed to post a deposit with Principal and to increase the amount of that deposit if the exposure to Principal on the hedge increased. As of December 31, 2008, the forward swap yield on ten-year Treasuries has dropped, and we have fully complied with all deposit requirements. As of December 31, 2008, we have deposited approximately $27 million with Principal, including $10.5 million in cash, which was deposited in December 2008, and $16.4 million in irrevocable letters of credit, of which $10.4 million was deposited in November and December 2008. As of December 31, 2008, ten-year Treasuries were trading at 2.25%, near all-time historical lows. As of February 19, 2009, our deposit requirement had decreased to approximately $19 million. The Rate Lock Agreement provides that all of the deposits will be returned to us at the loan closing. Since we are entitled to a return of our deposits at the loan closing, the cash deposits for the Rate Lock Agreement are recorded as an asset on our Consolidated Balance Sheets at December 31, 2008. In the event that the loan does not close as scheduled, we would be required to pay Principal s breakage costs including costs associated with the hedge. We do not believe it is probable that a loss has been incurred; however, in the event that financing is not obtained through Principal or on terms substantially similar to those in the Application, the loss for the breakage fees incurred could have a material adverse impact on our financial statements and compliance with debt covenants.

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Principal has informed us that it intended to syndicate the permanent loan to third parties. We understand that the syndication market is currently impaired, and we have no way to determine at this time when, or if, this market will recover. Principal informed us in a letter dated October 28, 2008 that it has taken the position that it is not obligated to make the permanent loan commitment unless the syndication market recovers and the loan can be syndicated on terms acceptable to Principal. As a result of current market conditions, Principal has asserted that a material adverse change has occurred that could impair the syndication of the proposed loan. We have disputed the occurrence of a material adverse change. Principal has further informed us that the Application remains open, but they have reserved all of their rights. We are currently investigating possible alternative financing in the event that Principal does not make the loan on substantially all of the terms and conditions outlined in the Application. We have until August 2010 before financing needs to be in place. We cannot predict the financing terms which will be available at that time.

Working Capital

At December 31, 2008, we had working capital of $310 million, resulting in a current ratio of 3.28 to 1. Our working capital at year-end 2007 was $317 million resulting in a current ratio of 2.79 to 1.

The increase in the working capital ratio primarily reflects significantly lower accounts payable, which was partially offset by a decrease in cash. The decrease in accounts payable reflects the significant reduction in demand for our products in the last two months of the year resulting in our purchasing lower amounts of raw materials, while paying out the existing accounts payable commitments. The changes in the working capital components include a foreign currency impact.

Capital Expenditures

Excluding the construction of the office building by Foundry Park I, we expect capital expenditures to be approximately $30 million in 2009. We expect to continue to finance this capital spending through cash provided from operations, together with borrowing available under our senior credit facility. We expect capital expenditures in 2009 related to the construction of the office building to be approximately $63 million which will be borrowed under our construction loan.

Environmental Expenses

We spent approximately $17 million in 2008, $18 million in 2007, and $16 million in 2006 for ongoing environmental operating and clean-up costs, excluding depreciation of previously capitalized expenditures. These environmental operating and clean-up expenses are included in cost of goods sold. Further, we expect to continue to fund these costs through cash provided by operations.

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Contractual Obligations

The table below shows our year-end contractual obligations by year due.

	Payments due by period (in millions of dollars)				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Long-term debt obligations (a)	$ 235	$	$ 85	$	$ 150
Interest payable on long-term debt and capital lease obligations	89	12	24	21	32
Letters of credit (b)	21				21
Capital lease obligations (c)	2	1	1		
Operating lease obligations	34	11	12	3	8
Property, plant, and equipment purchase obligations	5	5			
Raw material purchase obligations (d)	263	61	106	75	21
Other long-term liabilities (e)	40	24	2	2	12
FIN 48 Reserves	2	1	1		
Real estate development (f)	63	63			
Total	$ 754	$ 178	$ 231	$ 101	$ 244

(a) Amounts represent contractual payments due on the senior notes and the senior credit facility, as well as the repayment of the outstanding balance on the construction loan.

(b) We intend to renew letters of credit when necessary as they mature; therefore, the obligations do not have a definitive maturity date.

(c) Amounts represent the debt obligation under the capital lease, as well as future minimum lease payments in excess of the capital lease debt obligation.

(d) Raw material purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Purchase obligations exclude agreements that are cancelable without penalty.

Purchase orders made in the ordinary course of business are excluded from the above table. Any amounts for which we are liable under purchase orders are reflected in our Consolidated Balance Sheets as accounts payable and accrued liabilities.

(e) These represent other long-term liability amounts reflected in our Consolidated Balance Sheets that have known payment streams. Amounts include environmental liabilities, including asset retirement obligations, as well as contributions associated with pension and postretirement benefit plans. Amounts accrued for the potential exposure with respect to litigation, claims, and assessments are not included in the table above.

(f) Foundry Park I entered into a Deed of Lease Agreement in January 2007, with MeadWestvaco under which it will lease an office building which we are constructing in Richmond, Virginia. We plan to invest approximately $130 million for the construction of the building and parking facilities.

Pension and Postretirement Benefit Plans

We apply SFAS No. 87, Employers Accounting for Pensions, SFAS No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions, and SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans to account for our pension and postretirement plans. We use a December 31 measurement date to determine our pension and postretirement expenses and related financial disclosure information. Additional information on our pension and postretirement plans is in Note 18 in the Notes to Consolidated Financial Statements. Our U.S. and foreign benefit plans are discussed separately below. Our U.S. pension and postretirement plans are similar and therefore, the information discussed below applies to all of our U.S. benefit plans. Our foreign plans are quite diverse, and the actual assumptions used by the various

foreign plans are based upon the circumstances of each particular country and retirement plan. The discussion below surrounding our foreign retirement benefits focuses only on our pension plan in the United Kingdom (U.K.) which represents the majority of the impact on our financial statements from foreign pension plans.

U.S. Pension and Postretirement Benefit Plans The following information applies to our U.S. pension and postretirement benefit plans. The average remaining service period of participants for our U.S. plans is 13.0 years, while the average remaining life expectancy of participants is 25.6 years. We utilize the Optional Combined Mortality Tables for males and females based on the RP-2000 Mortality Tables projected with Scale AA as published by the IRS on February 2, 2007 in determining the impact of the U.S. benefit plans on our financial statements.

Investment Return Assumptions under SFAS 87 and Asset Allocation We periodically review our assumptions for the long-term expected return on pension plan assets. As part of the review and to develop expected rates of return, we considered a stochastic analysis of expected returns based on the U.S. plans asset allocation as of both January 1, 2007 and January 1, 2008. This forecast reflects our expected long-term rates of return for each significant asset class or economic indicator. As of January 1, 2009, the expected rates were 9.1% for U.S. large cap stocks, 5.2% for U.S. long-term corporate bonds, and 1.8% for inflation. The range of returns developed relies both on forecasts and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class.

Our asset allocation is predominantly weighted toward equities. Through our ongoing monitoring of our investments and taking into consideration the impact of the 2008 stock market downturn on future equity market returns, we have determined that we should increase the expected long-term rate of return for our U.S. plans from 8.75% to 9.0% at December 31, 2008.

An actuarial loss, where the actual return was lower than the expected return, occurred during 2008 resulting in the actual investment return being approximately $38 million lower than the expected return for all of our U.S. pension plans. This is consistent with the steep decline in the global stock markets during 2008. A small actuarial loss also occurred during 2007 resulting in the one-year investment return being $350 thousand lower in 2007 than the expected return for all of our U.S. pension plans. An actuarial gain, where the actual return exceeds the expected return, occurred during 2006 resulting in the actual investment return exceeding the assumed return in 2006 by approximately $3 million for all of our U.S. pension plans. Investment gains and losses enter earnings on an amortized basis over a period of years so that the recent years results caused an increase in expense of approximately $20 thousand in 2008, as well as an expected $1.7 million increase in expense in 2009. We expect that there will be continued volatility in pension expense as actual investment returns vary from the expected return, but we continue to believe the potential long-term benefits justify the risk premium for equity investments.

Pension expense and the retiree medical portion of postretirement expense are sensitive to changes in the expected return on assets. For example, decreasing the expected rate of return by 25 basis points to 8.75% for pension assets and 6.0% for postretirement benefit assets (while holding other assumptions constant) would increase the forecasted 2009 expense for our U.S. pension and postretirement plans by approximately $300 thousand. Similarly, a 25 basis point increase in the expected rate of return to 9.25% for pension assets and 6.5% for postretirement benefit assets (while holding other assumptions constant) would reduce forecasted 2009 pension and postretirement expense by approximately $300 thousand.

Discount Rate Assumption under SFAS 87 and SFAS 106 We utilize the Citigroup Pension Discount Curve (discount curve) and Liability Index and other bond market indicators in developing the discount rate assumption. We initially develop an estimated discount rate using the discount curve by applying the expected cash flows for each specific defined benefit retirement plan to the interest rates provided in the discount curve. We then weigh the cash flows of each plan and incorporate other relevant market information. Our discount rate is developed based on the discount curve on the last date of December. The discount rate at December 31, 2008 was 6.25% for all plans.

Pension expense is also sensitive to changes in the discount rate. For example, decreasing the discount rate by 25 basis points to 6.0% (while holding other assumptions constant) would increase the forecasted 2009 expense for our U.S. pension plans by approximately $650 thousand. A 25 basis point increase in the discount rate to 6.50% would reduce forecasted 2009 pension expense by approximately $625 thousand.

Rate of Projected Compensation Increase We have decreased our rate of projected compensation increase at December 31, 2008 from 4.0% to 3.75%. The rate assumption was based on an analysis of our projected compensation increases for the foreseeable future.

Liquidity Cash contribution requirements to the pension plan are sensitive to changes in assumed interest rates and investment gains or losses in the same manner as pension expense. We expect our aggregate cash contributions, before income taxes, to the U.S. pension plans will be in the range of $10 million to $12 million in 2009. We expect our contributions to the postretirement benefit plans will be approximately $2 million.

Other Assumptions under SFAS 106 During 2008, we reviewed our assumption for the health care cost trend rate under SFAS 106. Based on actual cost experience, we restarted our overall assumption for health care cost increases at 10%. Consequently, we modified our assumption for the health care cost trend rate to 10% in 2009 scaling down to 5.0% by 2018, with temporarily higher cost increases for our retiree prescription drug coverage. The initial health care cost trend rate was 10.0% at December 31, 2007.

At December 31, 2008, our expected long-term rate of return on our postretirement plans was 6.25%. This rate varies from the pension rate of 9.0% primarily because of the difference in investment of assets. The assets of the postretirement plan are held in an insurance contract, which results in a lower assumed rate of investment return.

Foreign Pension Benefit Plans As discussed above, our foreign pension plans are quite diverse. The following information applies only to our U.K. pension plan, which represents the majority of the impact on our financial statements from our foreign pension plans. The average remaining service period for our U.K. plan is 15 years, while the average remaining life expectancy is 31 years. We utilize PA92 mortality tables which allow for future medium cohort projected improvements in life expectancy with a minimum 1% per year improvement and a negative one year age rating based on the membership of the plan, in determining the impact of the U.K. pension plans on our financial statements.

Investment Return Assumptions under SFAS 87 and Asset Allocation We periodically review our assumptions for the long-term expected return on the U.K. pension plan assets. The expected long-term rate of return is based on both the asset allocation, as well as yields available in the U.K. markets.

The target asset allocation in the U.K. is to be invested 60% in equities and 40% in a mixture of government and corporate bonds, although the actual allocation at the end of 2008 was 52% in equities and 48% in government and corporate bonds. Based on the actual asset allocation and the expected yields available in the U.K. markets, the expected long-term rate of return for the U.K. pension plan is 5.20% at December 31, 2008.

An actuarial loss occurred during 2008 as the actual investment return was lower than the expected investment return by approximately $15 million for our U.K. pension plan. This compares to an actuarial loss of $500 thousand in 2007 and an actuarial gain of $300 thousand in 2006. Investment gains and losses enter earnings on an amortized basis resulting in increased expense of approximately $1 million in 2008, as well as an expected $1 million increased expense in 2009. We expect that there will be continued volatility in pension expense as actual investment returns vary from the expected return, but we continue to believe the potential benefits justify the risk premium for the target asset allocation.

Pension expense is sensitive to changes in the expected return on assets. For example, decreasing the expected rate of return by 25 basis points to 4.95% (while holding other assumptions constant) would increase

the forecasted 2009 expense for our U.K. pension plan by approximately $100 thousand. Similarly, a 25 basis point increase in the expected rate of return to 5.45% (while holding other assumptions constant) would reduce forecasted 2009 pension expense by approximately $100 thousand.

Discount Rate Assumption under SFAS 87 We utilize a yield curve based on AA-rated corporate bond yields provided by Barclays in developing a discount rate assumption (extrapolated at terms above 30 years based on government bond yields and the spread between these and corporate bond yields.) The yield appropriate to the duration of the U.K. plan liabilities is then used. The discount rate at December 31, 2008 was 5.60%.

Pension expense is also sensitive to changes in the discount rate. For example, decreasing the discount rate by 25 basis points to 5.35% (while holding other assumptions constant) would increase the forecasted 2009 expense for our U.K. pension plans by approximately $300 thousand. A 25 basis point increase in the discount rate to 5.85% would reduce forecasted 2009 pension expense by approximately $300 thousand.

Rate of Projected Compensation Increase We have decreased our rate of projected compensation increase at December 31, 2008 to 4.55%. The rate assumption was based on an analysis of our projected compensation increases for the foreseeable future.

Liquidity Cash contribution requirements to the U.K. pension plan are sensitive to changes in assumed interest rates in the same manner as pension expense. We expect our aggregate U.K. cash contributions, before income taxes, will be approximately $4 million in 2009.

OUTLOOK

Our company experienced two significantly different business environments during 2008. For the first ten months of the year, we managed rapidly escalating raw material costs, plants running at very high levels, and increasing cash requirements to fund rapidly growing working capital needs as the business grew. The last two months of the year, were significantly different from the first ten months of 2008. The price of crude oil decreased from the $140 per barrel range to $40 per barrel. Commodity prices sank, and demand for our products decreased.

In the petroleum additives segment, we are beginning 2009 with a great deal of uncertainty for the demand of our products due to the worldwide economic downturn and destocking by our customers. Our factory-fill lubricant additives business is down due to the slowdown of new car sales. The remaining lubricant additives business is also down. Our fuel additives business has not experienced the reductions in demand that the lubricant additives product lines have experienced. The products that our industry produces are not discretionary, as modern equipment requires a sophisticated level of lubrication. We believe the demand will return and have every expectation that our business will perform well over the long-term. We have a solid business base, a good technical product offering, and an excellent team which is dedicated to our customers and our business.

During 2008, we continued with the project to develop some of the downtown Richmond property that we own by constructing a multi-story office building for MeadWestvaco. The project is progressing on schedule and within budget. Our construction loan allows us to borrow up to $116 million of the project cost. We will be capitalizing the construction and interest cost throughout the building project. Total expenditures on this project for 2009 are projected to be approximately $63 million, which would bring the total project to approximately $130 million. We anticipate the project will be completed by the end of 2009. As discussed in Note 17 in the Notes to Consolidated Financial Statements, the markets to deliver long-term, non-recourse loans for such a project are currently uncertain due to the world economic conditions. We continue to work with all possible lenders with the intention of securing a non-recourse loan, but we are also addressing the realities of the marketplace. In summary, the long-term financing picture is presently unclear, and the debt may remain recourse to NewMarket for the foreseeable future.

As we have communicated in the past, we intend to leverage our financial strength to increase shareholder value by growing the business, with acquisitions being an area of primary interest. Our primary focus in the acquisition area remains on the petroleum additives industry. It is our view that this industry will provide the greatest opportunity for a good return on our investment while minimizing risk. In the past, we have grown the business through strategic acquisitions such as Amoco Petroleum Additives Company and Texaco Additives Company. We remain focused on this strategy and will evaluate any future opportunities. Nonetheless, we are patient in this pursuit and intend to make the right acquisition for our company when the opportunity arises. Meanwhile, we believe we have many internal opportunities for growth in the near term, from both geographical and product line extensions. Until an acquisition materializes, we will build cash on our balance sheet and will continue to evaluate all alternative uses for that cash to enhance shareholder value, including stock repurchases and dividends.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

It is our goal to clearly present our financial information in a manner that enhances the understanding of our sources of earnings and cash flows, as well as our financial condition. We do this by including the information required by the SEC, as well as additional information that gives further insight into our financial operations.

Our financial report includes a discussion of our accounting principles, as well as methods and estimates used in the preparation of our financial statements. We believe these discussions and statements fairly represent the financial position and operating results of our company. The purpose of this portion of our discussion is to further emphasize some of the more critical areas where a significant change in facts and circumstances in our operating and financial environment could cause a change in reported financial results.

Intangibles, Net of Amortization and Goodwill

We have certain identifiable intangibles, as well as goodwill, amounting to $54 million at year-end 2008 that are discussed in Note 10 in the Notes to Consolidated Financial Statements. These intangibles relate to our petroleum additives business and, except for the goodwill, are being amortized over periods with up to approximately twenty years of remaining life. We continue to assess the market related to these intangibles, as well as their specific values, and have concluded the values and amortization periods are appropriate. We also evaluate these intangibles for any potential impairment when significant events or circumstances occur that might impair the value of these assets. These evaluations continue to support the value at which these identifiable intangibles are carried on our financial statements. However, if conditions were to substantially deteriorate in this market, it could possibly cause a reduction in the periods of this amortization charge or result in a noncash write-off of a portion of the intangibles carrying value. A reduction in the amortization period would have no effect on cash flows. We do not anticipate such a change in the market conditions.

Environmental and Legal Proceedings

We have made disclosure of our environmental matters in Item 1 of this Annual Report on Form 10-K, as well as in the Notes to Consolidated Financial Statements. We believe our environmental accruals are appropriate for the exposures and regulatory guidelines under which we currently operate. While we currently do not anticipate significant changes to the many factors that could impact our environmental requirements, we continue to keep our accruals consistent with these requirements as they change.

Also, as noted in the discussion of Legal Proceedings in Item 3 of this Annual Report on Form 10-K, while it is not possible to predict or determine with certainty the outcome of any legal proceeding, it is our opinion, based on our current knowledge, that we will not experience any material adverse effects on our results of operations or financial condition as a result of any pending or threatened proceeding.

Pension Plans and Other Postretirement Benefits

We use assumptions to record the impact of the pension and postretirement plans in the financial statements. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of compensation increase, and health-care cost trend rate. A change in any one of these assumptions could result in different results for the plans. We develop these assumptions after considering available information that we deem relevant. Information is provided on the pension and postretirement plans in Note 18 in the Notes to Consolidated Financial Statements. In addition, further disclosure on the effect of changes in these assumptions is provided in the Financial Position and Liquidity section of Item 7.

Income Taxes

We file consolidated U.S. federal and state income tax returns, as well as individual foreign income tax returns, under which assumptions may be made to determine the deductibility of certain costs. We make estimates related to the impact of tax positions taken on our financial statements when we believe the tax position is likely to be upheld on audit. In addition, we make certain assumptions in the determination of the estimated future recovery of deferred tax assets.

Interest Rate Lock Agreement

Evaluation of the interest rate lock agreement related to the application for permanent financing on the Foundry Park I project requires significant management judgment. See Note 17 in the Notes to Consolidated Financial Statements for further information.

RECENTLY ISSUED ACCOUNTING STANDARDS

For a full discussion of the more significant pronouncements which may impact our financial statements, see Note 27 in the Notes to Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to many market risk factors, including fluctuations in interest and foreign currency rates, as well as changes in the cost of raw materials and marketable security prices. These risk factors may affect our results of operations, cash flows, and financial position.

We manage these risks through regular operating and financing methods, including the use of derivative financial instruments. When we have derivative instruments, they are with major financial institutions and are not for speculative or trading purposes. Also, as part of our financial risk management, we regularly review significant contracts for embedded derivatives, and record them in accordance with accounting standards.

The following analysis presents the effect on our earnings, cash flows, and financial position as if the hypothetical changes in market risk factors occurred at year-end 2008. We analyzed only the potential impacts of our hypothetical assumptions. This analysis does not consider other possible effects that could impact our business.

Interest Rate Risk

At December 31, 2008, we had total debt of $237 million. Of the total debt, $152 million is at fixed rates. There is no interest rate risk at the end of the year associated with the fixed rate debt.

At year-end 2008, we had outstanding variable rate debt of $42 million under our revolving credit facility. Holding all other variables constant, if the variable portion of the weighted-average interest on the variable rate debt hypothetically increased 10% (approximately 15 basis points), the effect on our earnings and cash flows would have been higher interest expense of approximately $50 thousand.

The remaining amount of debt represents the outstanding balance of the construction loan. During 2007, Foundry Park I entered into the construction loan to borrow up to $116 million. The loan bears interest at LIBOR plus 140 basis points. If interest rates were to increase, we would incur additional interest costs. As this loan is related to a capital project, all interest costs are being capitalized and will not have an impact on earnings until the completion of the project when the capitalized interest is amortized.

Concurrently with entering into the construction loan, Foundry Park I entered into an interest rate swap with a notional amount of 85% of the projected draws on the construction loan. The fixed rate on the interest rate swap is 4.975%, while the variable rate is based on LIBOR. As LIBOR fluctuates and the notional amount of the interest rate swap increases, the settlement amount, or the difference between the fixed rate and LIBOR, will also fluctuate. The settlement amount is recorded in accumulated other comprehensive loss and will not have an impact on earnings until the completion of the project when the balance will be amortized into earnings over the depreciable life of the building.

A hypothetical 10% decrease in interest rates, holding all other variables constant, would have resulted in a change of $7 million in fair value of our debt at year-end 2008.

See Note 17 in the Notes to Consolidated Financial Statements for a discussion on the impact of the worldwide economic downturn on the interest rate lock agreement related to the application for permanent financing on the Foundry Park I project.

Foreign Currency Risk

We sell to customers in foreign markets through our foreign subsidiaries, as well as through export sales from the United States. These transactions are often denominated in currencies other than the U.S. Dollar. Our primary currency exposures are the European Union Euro, British Pound Sterling, Japanese Yen, and Canadian Dollar.

We sometimes enter into forward contracts as hedges to minimize the fluctuation of intercompany accounts receivable denominated in foreign currencies. At December 31, 2008 we had outstanding $17 million of Euro-denominated forward contracts to minimize currency exposure from expected cash flows from foreign operations. The contracts have maturity dates in 2009. With other variables held constant, a hypothetical 10% adverse change in the December 31, 2008 forward Euro rates would have resulted in a decrease of approximately $1.7 million in the value of the contracts.

Raw Material Price Risk

We utilize a variety of raw materials in the manufacture of our products, including base oil, polyisobutylene, olefin copolymers, maleic anhydride, antioxidants, alcohols, and methacrylates. Our profitability is sensitive to changes in the costs of these materials caused by changes in supply, demand, or other market conditions, over which we have little or no control. If we experience sudden or sharp increases in the cost of our raw materials, we may not be able to pass on these increases in whole or in part to our customers. Political and economic conditions in the Middle East and Latin America have caused and may continue to cause the cost of our raw materials to fluctuate. War, armed hostilities, terrorist acts, civil unrest or other incidents may also cause a sudden or sharp increase in the cost of our raw materials. If we cannot pass on to our customers any future increases in raw material costs in the form of price increases for our products, there will be a negative impact on operating profit.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of NewMarket Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders equity and cash flows present fairly, in all material respects, the financial position of NewMarket Corporation and its subsidiaries at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Notes 18 and 22 to the consolidated financial statements, the Company changed the manner in which it accounts for defined benefit pension and other postretirement plans effective December 31, 2006 and the manner in which it accounts for uncertain tax positions in 2007, respectively.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Richmond, Virginia

February 18, 2009

NewMarket Corporation and Subsidiaries

Consolidated Statements of Income

	Years Ended December 31		
	2008	2007	2006
	(in thousands except per-share amounts)		
Net sales	$ 1,617,431	$ 1,374,874	$ 1,263,297
Cost of goods sold	1,302,937	1,078,302	999,211
Gross profit	314,494	296,572	264,086
Selling, general, and administrative expenses	116,382	111,115	109,191
Research, development, and testing expenses	81,752	76,834	70,263
Special item income			14,825
Operating profit	116,360	108,623	99,457
Interest and financing expenses, net	12,046	11,557	15,403
Loss on early extinguishment of debt			11,209
Other income, net	1,012	3,358	7,117
Income from continuing operations before income taxes	105,326	100,424	79,962
Income tax expense	32,099	21,874	27,651
Income from continuing operations	73,227	78,550	52,311
Discontinued operations:			
Gain on settlement of discontinued business (net of tax)		14,554	
Income from operations of discontinued business (net of tax)		2,217	5,211
Net income	$ 73,227	$ 95,321	$ 57,522
Basic earnings per share			
Income from continuing operations	$ 4.77	$ 4.66	$ 3.04
Discontinued operations		1.00	.30
Net income	$ 4.77	$ 5.66	$ 3.34
Diluted earnings per share			
Income from continuing operations	$ 4.75	$ 4.63	$ 3.00
Discontinued operations		.99	.30
Net income	$ 4.75	$ 5.62	$ 3.30
Shares used to compute basic earnings per share	15,362	16,841	17,223
Shares used to compute diluted earnings per share	15,430	16,957	17,407

See accompanying Notes to Consolidated Financial Statements.

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NewMarket Corporation and Subsidiaries

Consolidated Balance Sheets

	December 31	
	2008	**2007**
	(in thousands except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 21,761	$ 71,872
Trade and other accounts receivable, net	203,551	207,190
Inventories	201,072	193,694
Deferred income taxes	14,090	18,727
Prepaid expenses and other current assets	5,704	3,558
Total current assets	446,178	495,041
Property, plant, and equipment, at cost	848,011	789,634
Less accumulated depreciation and amortization	606,275	606,072
Net property, plant, and equipment	241,736	183,562
Prepaid pension cost	159	2,616
Deferred income taxes	37,744	21,396
Other assets and deferred charges	31,566	22,764
Intangibles, net of amortization and goodwill	54,069	45,555
TOTAL ASSETS	$ 811,452	$ 770,934
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 60,505	$ 104,636
Accrued expenses	63,715	57,043
Dividends payable	2,646	3,154
Book overdraft	999	6,249
Long-term debt, current portion	784	736
Income taxes payable	7,264	5,843
Total current liabilities	135,913	177,661
Long-term debt	236,378	157,061
Other noncurrent liabilities	148,038	119,205
Commitments and contingencies (Note 17)		
Shareholders equity:		
Common stock and paid in capital (without par value; authorized shares 80,000,000; outstanding 15,199,207 at December 31, 2008 and 15,566,225 at December 31, 2007)	115	5,235
Accumulated other comprehensive loss	(95,750)	(34,360)
Retained earnings	386,758	346,132
	291,123	317,007

TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 811,452	$ 770,934

See accompanying Notes to Consolidated Financial Statements.

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NewMarket Corporation and Subsidiaries

Consolidated Statements of Shareholders Equity

	Common Stock and Paid in Capital		Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Shareholders Equity
	Shares	Amount			
	(in thousands except share amounts)				
Balance at December 31, 2005	17,081,559	$ 85,162	$ (30,511)	$ 211,409	$ 266,060
Comprehensive income:					
Net income				57,522	57,522
Changes in (net of tax):					
Foreign currency translation adjustments			7,575		7,575
Unrealized loss on marketable securities			(19)		(19)
Minimum pension liability			8,929		8,929
Derivative net loss			(129)		(129)
Total comprehensive income					73,878
Initial adoption of Statement of Financial Accounting Standard No. 158, net of tax			(33,010)		(33,010)
Cash dividends ($0.50 per share)				(8,627)	(8,627)
Stock options exercised	196,700	856			856
Stock appreciation rights exercised	11,601	744			744
Stock option tax benefit		1,501			1,501
Balance at December 31, 2006	17,289,860	88,263	(47,165)	260,304	301,402
Comprehensive income:					
Net income				95,321	95,321
Changes in (net of tax):					
Foreign currency translation adjustments			5,817		5,817
Pension plans and other postretirement benefit adjustments:					
Prior service cost			(556)		(556)
Unrecognized gain /(loss)			8,389		8,389
Transition obligation			8		8
Derivative net loss			(853)		(853)
Total comprehensive income					108,126
Cash dividends ($0.575 per share)				(9,493)	(9,493)
Common stock repurchase	(1,739,700)	(83,189)			(83,189)
Stock options exercised	14,000	61			61
Issuance of stock	2,065	100			100
Balance at December 31, 2007	15,566,225	5,235	(34,360)	346,132	317,007
Comprehensive income:					
Net income				73,227	73,227
Changes in (net of tax):					
Foreign currency translation adjustments			(31,056)		(31,056)
Pension plans and other postretirement benefit adjustments:					
Prior service cost			243		243
Unrecognized loss			(29,268)		(29,268)
Transition obligation			10		10
Derivative net loss			(1,319)		(1,319)
Total comprehensive income					11,837
Cash dividends ($0.80 per share)				(12,271)	(12,271)

Common stock repurchase	(441,023)	(6,480)		(20,330)	(26,810)
Stock options exercised	72,500	315			315
Stock option tax benefit		945			945
Issuance of stock	1,505	100			100
Balance at December 31, 2008	15,199,207	$ 115	$ (95,750)	$ 386,758	$ 291,123

See accompanying Notes to Consolidated Financial Statements.

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NewMarket Corporation and Subsidiaries

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2008	2007	2006
		(in thousands)	
Cash and cash equivalents at beginning of year	$ 71,872	$ 60,300	$ 56,413
Cash flows from operating activities			
Net income	73,227	95,321	57,522
Adjustments to reconcile net income to cash flows from operating activities:			
Noncash foreign exchange impact on P&L	500	849	2,243
Depreciation and other amortization	27,967	28,128	29,738
Amortization of deferred financing costs	1,001	998	1,854
Noncash pension benefits expense	11,752	11,279	12,501
Noncash postretirement benefits expense	2,694	3,464	3,762
Noncash environmental remediation and dismantling	1,477	5,268	(1,300)
Deferred income tax (benefit) expense	3,318	(6,625)	3,059
Net gain on settlements	(3,227)		(4,201)
Gain on settlement and termination of TEL marketing agreements		(22,848)	
Loss on early extinguishment of debt			11,209
Pharmaceutical earn-out agreement			(5,274)
Interest on income tax settlement			(4,429)
Gains on sales of corporate property			(3,250)
Stock-based compensation			744
Change in assets and liabilities:			
Trade and other accounts receivable, net	(14,399)	(4,688)	(3,584)
Inventories	(36,437)	(2,758)	(24,348)
Prepaid expenses	(90)	321	(131)
Accounts payable and accrued expenses	(41,710)	16,510	(16,258)
Income taxes payable	3,453	(4,988)	3,584
Cash pension benefits contributions	(15,350)	(18,865)	(17,920)
Cash postretirement benefits contributions	(1,948)	(2,086)	(2,376)
Net proceeds from settlements	3,227		11,422
Excess tax benefits from stock-based payment arrangements	(945)		(1,501)
Long-term receivable TEL marketing agreements		11,983	957
Cash costs of 8.875% senior notes purchase			(8,609)
Other, net	6,138	(1,686)	(8,338)
Cash provided from operating activities	20,648	109,577	37,076
Cash flows from investing activities			
Capital expenditures	(31,799)	(31,072)	(26,161)
Foundry Park I capital expenditures	(42,820)	(5,584)	
Acquisition of business	(14,803)		
Deposit for interest rate lock agreement	(10,500)	(1,110)	
Proceeds from interest rate lock agreement	1,050		
Foundry Park I deferred leasing costs		(3,599)	
Proceeds from settlement and termination of TEL marketing agreements		28,000	
Payment for acquisition of intangible asset		(2,900)	(4,476)
Proceeds from pharmaceutical earn-out agreement			5,274
Proceeds from sale of certain assets			3,408
Other, net		(566)	108

Cash used in investing activities	(98,872)	(16,831)	(21,847)

NewMarket Corporation and Subsidiaries

Consolidated Statements of Cash Flows (continued)

	Years Ended December 31		
	2008	2007	2006
		(in thousands)	
Cash flows from financing activities			
Net borrowings under revolving credit agreement	41,900		
Draws on Foundry Park I construction loan	38,201	5,298	
Draws on Foundry Park I bridge loan		6,571	
Repayment of Foundry Park I bridge loan		(6,571)	
Repayment of 8.875% senior notes		(250)	(149,750)
Issuance of 7.125% senior notes			150,000
Repurchases of common stock	(26,810)	(83,189)	
Dividends	(15,131)	(6,641)	(8,627)
Change in book overdraft, net	(5,250)	3,700	(1,673)
Payment for financed intangible asset	(1,000)		
Debt issuance costs	(240)	(146)	(3,608)
Debt issuance costs-Foundry Park I		(1,696)	
Proceeds from exercise of stock options	315	61	856
Excess tax benefits from stock-based payment arrangements	945		1,501
Payments on the capital lease	(736)	(690)	(640)
Cash provided from (used in) financing activities	32,194	(83,553)	(11,941)
Effect of foreign exchange on cash and cash equivalents	(4,081)	2,379	599
(Decrease) increase in cash and cash equivalents	(50,111)	11,572	3,887
Cash and cash equivalents at end of year	$ 21,761	$ 71,872	$ 60,300

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

(tabular amounts in thousands, except per-share amounts)

1. Summary of Significant Accounting Policies

Consolidation Our consolidated financial statements include the accounts of NewMarket Corporation and its subsidiaries. All significant intercompany transactions are eliminated upon consolidation. References to we, our, and NewMarket, are to NewMarket Corporation and its subsidiaries on a consolidated basis, unless the context indicates otherwise.

NewMarket is the parent company of two operating companies, each managing its own assets and liabilities. Those companies are Afton, which focuses on petroleum additive products, and Ethyl, representing certain manufacturing operations and the TEL business. NewMarket is also the parent company of NewMarket Development, which is a real estate company, and NewMarket Services, which provides various administrative services to NewMarket, Afton, Ethyl, and NewMarket Development.

Foreign Currency Translation We translate the balance sheets of our foreign subsidiaries into U.S. Dollars based on the current exchange rate at the end of each period. We translate the statements of income using the weighted-average exchange rates for the period. NewMarket includes translation adjustments in the balance sheet as part of accumulated other comprehensive loss and transaction adjustments in cost of sales.

Revenue Recognition Our policy is to recognize revenue from the sale of products when title and risk of loss have transferred to the buyer, the price is fixed and determinable, and collectability is reasonably assured. Provisions for rebates to customers are recorded in the same period the related sales are recorded. Freight costs incurred on the delivery of product are included in cost of goods sold. The majority of our sales are sold FOB (free on board) shipping point or on an equivalent basis. Our standard terms of delivery are included in our contracts, sales order confirmation documents, and invoices.

Cash and Cash Equivalents Our cash equivalents generally consist of government obligations and commercial paper which mature in less than 90 days. We state cash and cash equivalents at cost, which approximates fair value.

Accounts Receivable We record our accounts receivable at net realizable value. We maintain an allowance for doubtful accounts for estimated losses resulting from our customers not making required payments. We determine the adequacy of the allowance by periodically evaluating each customer s receivable balance, considering our customers financial condition and credit history, and considering current economic conditions.

Inventories NewMarket values its U.S. petroleum additives and TEL inventories at the lower of cost or market, with cost determined on the last-in, first-out (LIFO) basis. In countries where the LIFO method is not permitted, we use the weighted-average method. Inventory cost includes raw materials, direct labor, and manufacturing overhead.

Property, Plant, and Equipment We state property, plant, and equipment at cost and compute depreciation by the straight-line method based on the estimated useful lives of the assets. We capitalize expenditures for significant improvements that extend the useful life of the related property. We expense repairs and maintenance, including plant turnaround costs, as incurred. When property is sold or retired, we remove the cost and accumulated depreciation from the accounts and any related gain or loss is included in earnings.

Our policy on capital leases is to record the asset at the lower of fair value at lease inception or the present value of the total minimum lease payments. We compute amortization by the straight-line method over the lesser of the estimated economic life of the asset or the term of the lease.

Notes to Consolidated Financial Statements Continued

(tabular amounts in thousands, except per-share amounts)

Real Estate Development and Construction Costs We capitalize in property, plant, and equipment the costs associated with real estate development projects, including the cost of land, as well as development and construction costs. Upon completion of the project, the accumulated depreciable costs will be recognized in the Consolidated Statements of Income over the estimated useful life of the asset. We also capitalize interest cost associated with the project and amortize these amounts upon completion of the project over the estimated useful life of the related asset.

Intangible Assets, Net of Amortization and Goodwill Intangible assets include identifiable intangibles and goodwill.

Identifiable intangibles include the cost of acquired favorable contracts, formulas, and a customer base. We assign a value to identifiable intangibles based on independent appraisals and internal estimates. NewMarket amortizes identifiable intangibles using the straight-line method over the estimated economic life of the intangible.

Goodwill arises from the excess of cost over net assets of businesses acquired. Goodwill represents the residual purchase price after allocation to all identifiable net assets. We test goodwill for impairment each year and whenever a significant event or circumstance occurs which could reduce the fair value of the reporting unit to which the goodwill applies below the carrying value of the goodwill.

Impairment of Long-Lived Assets When significant events or circumstances occur that might impair the value of long-lived assets, we evaluate recoverability of the recorded cost of these assets. Assets are considered to be impaired if their carrying value is not recoverable from the estimated undiscounted cash flows associated with the assets. If we determine an asset is impaired and its recorded cost is higher than fair market value based on the estimated present value of future cash flows, we adjust the asset to fair market value.

Asset Retirement Obligations Asset retirement obligations, including costs associated with the retirement of tangible long-lived assets, are recorded at the fair value of the liability for an asset retirement obligation when incurred instead of ratably over the life of the asset. The asset retirement costs must be capitalized as part of the carrying value of the long-lived asset. If the liability is settled for an amount other than the recorded balance, we recognize either a gain or loss at settlement.

Environmental Costs NewMarket capitalizes environmental compliance costs if they extend the useful life of the related property or prevent future contamination. Environmental compliance costs also include maintenance and operation of pollution prevention and control facilities. We expense these compliance costs as incurred.

Accrued environmental remediation and monitoring costs relate to an existing condition caused by past operations. NewMarket accrues these costs in current operations within cost of goods sold in the Consolidated Statements of Income when it is probable that we have incurred a liability and the amount can be reasonably estimated.

We generally record environmental liabilities on an undiscounted basis. When we can reliably determine the amount and timing of future cash flows, we discount these liabilities, incorporating an inflation factor.

Employee Savings Plan Most of our full-time salaried and hourly employees may participate in defined contribution savings plans. Employees who are covered by collective bargaining agreements may also participate in a savings plan according to the terms of their bargaining agreements. Employees, as well as NewMarket, contribute to the plans. We made contributions of $3 million in 2008, 2007, and 2006 related to these plans.

Notes to Consolidated Financial Statements Continued

(tabular amounts in thousands, except per-share amounts)

Research, Development, and Testing Expenses NewMarket expenses all research, development, and testing costs as incurred. Of the total research, development, and testing expenses, those related to new products and processes were $44 million in 2008, $42 million in 2007, and $37 million in 2006.

Income Taxes We recognize deferred income taxes for temporary differences between the financial reporting basis and the income tax basis of assets and liabilities. We also adjust for changes in tax rates and laws at the time the changes are enacted. A valuation allowance is recorded when it is more likely than not that a deferred tax asset will not be realized. We recognize accrued interest and penalties associated with uncertain tax positions as part of income tax expense on our Consolidated Statements of Income.

We provide for additional U.S. taxes that would be incurred when a foreign subsidiary returns its earnings in cash to Afton or Ethyl. Undistributed earnings of certain foreign subsidiaries for which U.S. taxes have not been provided totaled approximately $67 million as of December 31, 2008 and $73 million as of December 31, 2007. Deferred income taxes have not been provided on these earnings since we expect them to be indefinitely reinvested. Accordingly, no provision has been made for taxes that may be payable on the remittance of these earnings at December 31, 2008 or December 31, 2007, nor is it practicable to determine the amount of the liability.

Derivative Financial Instruments We use derivative financial instruments to manage interest rate and foreign currency exchange risk related to certain business activities. NewMarket s objective in using derivatives is to add stability to interest expense and to minimize currency exposure from expected cash flows from foreign operations. We do not enter into derivative financial instruments for trading or speculative purposes. Statement of Financial Accounting Standard No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133), as amended and interpreted, establishes accounting and reporting standards for derivative instruments and for hedging activities. As required by SFAS 133, NewMarket records all derivatives on the balance sheet at fair value.

The accounting for changes in fair value depends upon the intended use of the derivative and the resulting designation. Derivatives used to hedge the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, may be designated as fair value hedges. At December 31, 2008 and December 31, 2007, NewMarket had no derivatives designated as fair value hedges.

Derivatives used to hedge the exposure to variability in expected future cash flows, or other types of forecasted transactions, may be designated as cash flow hedges. For derivatives designated as cash flow hedges, the effective portion of the changes in the fair value of the derivative is initially reported in accumulated other comprehensive loss and subsequently reclassified to earnings when the hedged transaction affects earnings. The ineffective portion of the changes in the fair value of the derivative is recognized immediately in earnings.

For derivatives not designated as hedges, changes in fair value are recognized in earnings.

Earnings Per Share Basic earnings per share reflect reported earnings divided by the weighted-average number of common shares outstanding. Diluted earnings per share include the effect of dilutive stock options outstanding during the year. See Note 2 in the Notes to Consolidated Financial Statements.

Stock-Based Compensation On January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (SFAS 123R), using the modified prospective application. SFAS 123R requires that the cost from share-based payment transactions be recognized in the financial statements and be determined using a fair-value-based measurement method. We use an option-pricing model similar to Black-Scholes to estimate the fair value of options. This standard primarily applies to all awards granted or modified after January 1, 2006, as well as to non-vested awards.

Notes to Consolidated Financial Statements Continued

(tabular amounts in thousands, except per-share amounts)

Prior to adoption of SFAS 123R, we accounted for our stock-based compensation plan using the intrinsic-value method. Under this method, we did not record compensation cost for stock options unless the quoted market price of the stock at grant date or other measurement date exceeded the amount the employee must pay to exercise the stock option. Compensation cost for restricted stock grants, if issued, was recognized over the vesting period.

See Note 15 in the Notes to Consolidated Financial Statements for further information on our stock-based compensation plan.

Investments We classify marketable securities as available for sale and record them at fair value with the unrealized gains or losses, net of tax, included as a component of shareholders equity in accumulated other comprehensive loss. The fair value is determined based on quoted market prices.

When a decline in the fair value of a marketable security is considered other than temporary, we writedown the investment to estimated fair market value with a corresponding charge to earnings.

Estimates and Risks Due to Concentration of Business The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

In addition, our financial results can be influenced by certain risk factors. Some of our significant concentrations of risk include the following:

- Reliance on a small number of significant customers;
- Customers concentrated in the fuel and lubricant industries;
- Production of several of our products solely at one facility;
- Political, social, economic, and regulatory factors associated with various regions around the world; and
- Future availability of long-term permanent financing for the Foundry Park I Project.

Notes to Consolidated Financial Statements Continued

(tabular amounts in thousands, except per-share amounts)

2. Earnings Per Share

Basic and diluted earnings per share from continuing operations are calculated as follows:

	Years Ended December 31		
	2008	2007	2006
Basic earnings per share			
Numerator:			
Income from continuing operations	$ 73,227	$ 78,550	$ 52,311
Denominator:			
Weighted-average number of shares of common stock outstanding	15,362	16,841	17,223
Basic earnings per share from continuing operations	$ 4.77	$ 4.66	$ 3.04
Diluted earnings per share			
Numerator:			
Income from continuing operations	$ 73,227	$ 78,550	$ 52,311
Denominator:			
Weighted-average number of shares of common stock outstanding	15,362	16,841	17,223
Shares issuable upon exercise of stock options	68	116	184
Total shares	15,430	16,957	17,407
Diluted earnings per share from continuing operations	$ 4.75	$ 4.63	$ 3.00

Options are not included in the computation of diluted earnings per share when the option exercise price exceeds the average market price of the underlying common share, as the impact on earnings per share would be anti-dilutive. During 2006, we had outstanding options to purchase 50,000 shares of common stock at an exercise price of $44.375 per share. At December 31, 2006, these options were no longer outstanding as the related stock appreciation rights were exercised in November 2006. Prior to the second quarter 2006, these options were anti-dilutive and were not included in the computation of diluted earnings per share as the exercise prices exceeded the average market price of the underlying share of NewMarket common stock. These options were included in diluted earnings per share beginning in the second quarter 2006 when they were no longer anti-dilutive. During 2008 and 2007, we had no anti-dilutive options that were excluded from the calculation of earnings per share.

3. Discontinued Operations

On June 15, 2007, Ethyl and Innospec resolved all pending arbitration actions commenced in 2006 between the subsidiaries of Innospec and Ethyl arising out of the TEL marketing agreements and the North American TEL supply agreement between the companies and terminated the marketing agreements. Ethyl received $28 million in cash as compensation for the termination of the marketing agreements, as well as the return of approximately $12 million of a working capital advance. Upon receipt of this payment, all marketing agreements between the subsidiaries of Ethyl and Innospec were terminated effective April 1, 2007. Accordingly, both the gain on the termination, as well as the previous operations under the TEL marketing agreements, are reported as discontinued operations.

The gain on the termination of this business was $22.8 million ($14.6 million after tax) in 2007. The income from operations before tax of the discontinued business amounted to $3.5 million ($2.2 million after tax) for 2007 and $8.2 million ($5.2 million after tax) for 2006. These results

are presented net of tax in the Consolidated Statements of Income under discontinued operations for all periods presented.

Notes to Consolidated Financial Statements Continued

(tabular amounts in thousands, except per-share amounts)

Our 2007 Consolidated Balance Sheet does not include any assets or liabilities of the discontinued operation. The Consolidated Statements of Cash Flows summarizes the activity of discontinued and continuing operations together.

4. Supplemental Cash Flow Information

	Years Ended December 31		
	2008	2007	2006
Cash paid during the year for			
Interest and financing expenses (net of capitalization)	$ 12,644	$ 11,489	$ 15,406
Income taxes	$ 29,005	$ 41,132	$ 26,123

5. Cash and Cash Equivalents

	December 31	
	2008	2007
Cash and time deposits	$ 21,236	$ 50,973
Short-term securities	525	20,899
	$ 21,761	$ 71,872

The maturity of time deposits is less than 90 days. The $20.9 million of short-term securities in 2007 are primarily part of a money market mutual fund which maintains an average dollar-weighted portfolio maturity of 90 days or less and invests primarily in government obligations, high-grade commercial paper, and other high-quality U.S. dollar denominated obligations. We state these securities at cost and record accrued income on these securities in other accounts receivables. Throughout the year, we have cash balances in excess of federally insured amounts on deposit with various financial institutions.

At both December 31, 2008 and December 31, 2007, we had a book overdraft for some of our disbursement cash accounts. A book overdraft represents disbursements that have not cleared the bank accounts at the end of the reporting period. We transfer cash on an as-needed basis to fund these items as the items clear the bank in subsequent periods.

6. Trade and Other Accounts Receivable, Net

	December 31	
	2008	2007
Trade receivables	$ 189,688	$ 196,234
Income tax receivables	8,437	4,388
Other	6,567	7,627
Allowance for doubtful accounts	(1,141)	(1,059)
	$ 203,551	$ 207,190

Bad debt expense was $54 thousand in 2008, $149 thousand in 2007, and $44 thousand in 2006. The allowance for doubtful accounts amounted to $800 thousand at December 31, 2006. The change in the allowance for doubtful accounts between 2006 and 2007, as well as between 2007 and 2008, reflects allowances for disputed invoiced prices and quantities.

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7. Inventories

	December 31	
	2008	2007
Finished goods and work-in-process	$ 158,325	$ 158,286
Raw materials	34,657	27,749
Stores, supplies, and other	8,090	7,659
	$ 201,072	$ 193,694

The reserve for obsolete and slow moving inventory amounted to $2 million at December 31, 2008, $3 million at December 31, 2007, and $2 million at December 31, 2006. These amounts are included in the table above.

Our foreign inventories amounted to $127 million at year-end 2008 and $111 million at year-end 2007.

Our inventories which are stated on the LIFO basis amounted to $66 million at year-end 2008, which was below replacement cost by approximately $57 million. At year-end 2007, LIFO basis inventories were $77 million, which was approximately $42 million below replacement cost.

During 2008, the petroleum additives inventory quantities were reduced resulting in a liquidation of LIFO layers. The effect of this liquidation increased net income by $600 thousand. During 2006, TEL inventory quantities were reduced resulting in a liquidation of LIFO layers. The effect of this liquidation increased net income by $100 thousand.

8. Property, Plant, and Equipment, at cost

	December 31	
	2008	2007
Land	$ 33,826	$ 32,729
Land improvements	27,528	28,189
Buildings	91,450	91,752
Machinery and equipment	614,724	614,456
Construction in progress	80,483	22,508
	$ 848,011	$ 789,634

The construction in progress includes $59 million in 2008 and $6 million in 2007 related to the Foundry Park I project.

We depreciate the cost of property, plant, and equipment generally by the straight-line method and primarily over the following useful lives:

Land improvements	5 - 30 years
Buildings	10 - 40 years
Machinery and equipment	3 - 15 years

Interest capitalized was $1.7 million in 2008, $800 thousand in 2007, and $200 thousand in 2006. Of the total amount capitalized, $1.1 million in 2008 and $400 thousand in 2007 related to the construction of the office

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building by Foundry Park I. Capitalized interest is amortized generally over the same lives as the asset to which it relates. Depreciation expense was $21 million in 2008, as well as 2007, and $20 million in 2006. Amortization of capitalized interest, which is included in depreciation expense, was $200 thousand in 2008, $250 thousand in 2007, and $300 thousand in 2006.

9. Other Assets and Deferred Charges

	December 31	
	2008	**2007**
Deferred financing costs, net of amortization	$ 4,728	$ 5,489
Deposit for interest rate lock agreement	10,500	
Foundry Park I deferred leasing costs	3,858	3,599
Other	12,480	13,676
	$ 31,566	$ 22,764

The accumulated amortization on the deferred financing fees relating to our 7.125% senior notes and senior credit facility was $5 million at December 31, 2008 and $4 million at December 31, 2007. We incurred $200 thousand of additional deferred financing fees in 2008 related to the senior credit facility. See Note 12 in the Notes to Consolidated Financial Statements for further information on our long-term debt. See Note 17 in the Notes to Consolidated Financial Statements for further information on the deposit for interest rate lock agreement.

10. Intangibles, Net of Amortization and Goodwill

	December 31			
	2008		**2007**	
	Gross Carrying Amount	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**
Amortizing intangible assets				
Formulas	$ 88,687	$ 53,476	$ 85,910	$ 48,956
Contracts	16,380	3,687	10,376	1,775
Customer base	5,440	136		
Goodwill	861			
	$ 111,368	$ 57,299	$ 96,286	$ 50,731
Aggregate amortization expense		$ 6,568		$ 6,153

On September 26, 2008, Afton acquired the North American Fuel Additives Business from GE Water and Process Technologies for $15 million, which was paid upon acquisition. We performed a valuation of the assets acquired to determine the purchase price allocation. The results of the valuation resulted in the recognition of $14 million of identifiable intangibles, including contracts, formulas, and customer base. In addition, we recorded goodwill of approximately $1 million.

During 2006 we acquired contracts with a value of approximately $10 million. We paid approximately $1 million during 2008, $3 million during 2007, and $4 million during 2006 for the acquisition of these 2006 contracts and recorded the remaining amount payable under the contracts as a liability at both December 31, 2008 and December 31, 2007.

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The fair value of intangible assets is estimated based upon management s assessment, as well as independent third-party appraisals, in some cases. All of the intangibles relate to the petroleum additives segment.

Estimated amortization expense for the next five years is expected to be:

2009	$8,944
2010	$8,273
2011	$8,004
2012	$6,854
2013	$6,554

We amortize the cost of the customer base intangible by an accelerated method and the cost of the remaining intangible assets by the straight-line method over their economic lives. We generally amortize contracts over 1.5 to 11 years and formulas, as well as the customer base, over 20 years.

11. Accrued Expenses

	December 31	
	2008	2007
Employee benefits, payroll, and related taxes	$ 21,840	$ 20,720
Customer rebates	13,178	14,671
Retainage on capital projects	4,002	
Interest rate swap	3,231	
Environmental remediation	3,086	2,584
Environmental dismantling	604	1,813
Other	17,774	17,255
	$ 63,715	$ 57,043

Environmental remediation and environmental dismantling include asset retirement obligations.

12. Long-Term Debt

	December 31	
	2008	2007
Senior notes - 7.125% due 2016	$ 150,000	$ 150,000
Foundry Park I construction loan	43,499	5,298
Revolving credit agreement	41,900	
Capital lease obligations	1,763	2,499
	237,162	157,797
Current maturities	(784)	(736)
	$ 236,378	$ 157,061

Senior Notes On November 21, 2006, we commenced a cash tender offer for any and all $150 million aggregate principal amount of our then outstanding 8.875% senior notes due 2010. Upon the expiration of the tender offer on December 21, 2006, we accepted for purchase and purchased $149.75 million aggregate principal

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amount of our 8.875% senior notes. As a result of this transaction, we recognized a loss of $11 million on the early extinguishment of debt. The loss included the write-off of $2.6 million in unamortized deferred financing costs and cash paid of $8.6 million related to the premium and other costs of the purchase of the 8.875% senior notes. We redeemed the remaining outstanding $250 thousand aggregate principal amount of our 8.875% senior notes on February 7, 2007.

On December 12, 2006, we issued $150 million aggregate principal amount of our 7.125% senior notes due 2016. These notes were not registered under the Securities Act. The purchase of our 8.875% senior notes in the tender offer was financed with net proceeds from the issuance of the 7.125% senior notes, as well as cash on hand. During the second quarter 2007, we completed an offer to exchange up to $150 million of 7.125% senior notes due 2016 that had been registered under the Securities Act for a like principal amount of our then outstanding 7.125% senior notes that were issued in December 2006 and that were not registered under the Securities Act. All senior notes were exchanged.

The 7.125% senior notes are our senior unsecured obligations and are jointly and severally guaranteed on an unsecured basis by all of our existing and future wholly-owned domestic restricted subsidiaries. We incurred financing costs of approximately $3 million related to the 7.125% senior notes, which are being amortized over ten years.

The 7.125% senior notes and the subsidiary guarantees rank:

- effectively junior to all of our and the guarantors existing and future secured indebtedness, including any borrowings under the senior credit facility described below;
- equal in right of payment with any of our and the guarantors existing and future unsecured senior indebtedness; and
- senior in right of payment to any of our and the guarantors existing and future subordinated indebtedness.

The indenture governing the 7.125% senior notes contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness;
- create liens;
- pay dividends or repurchase capital stock;
- make certain investments;
- sell assets or consolidate or merge with or into other companies; and

engage in transactions with affiliates.

We were in compliance with the covenants in the indenture governing the 7.125% senior notes as of December 31, 2008 and December 31, 2007.

Senior Credit Facility On December 21, 2006, we entered into a Second Amended and Restated Credit Agreement. This credit agreement amended and restated the credit agreement that we entered into on June 18, 2004. We incurred additional financing costs of approximately $600 thousand, which resulted in total unamortized deferred financing costs of approximately $3 million related to the senior credit facility. These costs are being amortized over five years. On December 22, 2008, we entered into a Supplement Agreement to the Second Amended and Restated Credit Agreement to increase the commitment level by $7 million. Subsequently,

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on January 5, 2009, we entered into another Supplement Agreement to increase the commitment level by an additional $5 million, bringing the total commitment level to $112 million. We paid financing costs of $340 thousand related to these two Supplement Agreements, and we are amortizing these deferred financing costs over the remaining term of the credit agreement.

After the two Supplement Agreements, the credit agreement includes a $112 million revolving senior credit facility for working capital and other general corporate purposes for NewMarket and our subsidiaries, as well as a $50 million sub-facility for letters of credit. Borrowings bear interest, at our election, at either a base rate plus a margin (50 basis points as of December 31, 2008) or LIBOR plus a margin (150 basis points as of December 31, 2008). The revolving credit facility matures on December 21, 2011. During 2008, we borrowed under the revolving credit facility resulting in an outstanding balance of $41.9 million at December 31, 2008. Our average interest rate during 2008 under the revolving credit facility was 4.2%. There were no borrowings outstanding at December 31, 2007 under the senior credit facility, nor did we borrow during 2007 under the facility. At December 31, 2008, we had outstanding letters of credit of $20.7 million, resulting in the unused portion of the senior credit facility amounting to $44.4 million. For further information on the outstanding letters of credit, see Note 17 in the Notes to Consolidated Financial Statements.

The senior credit facility is secured by liens on a significant portion of our U.S. assets. In addition, the senior credit facility is guaranteed by our U.S. subsidiaries.

The credit agreement contains covenants, representations, and events of default that management considers typical of a credit agreement of this nature. The financial covenants include:

- minimum consolidated net worth;
- a minimum fixed charge coverage ratio; and
- a maximum leverage ratio.

We were in compliance with these covenants at December 31, 2008 and December 31, 2007.

Construction Loan Agreement Foundry Park I and NewMarket Corporation entered into a construction loan agreement with a group of banks on August 7, 2007 to borrow up to $116 million to fund the development and construction of an office building. The construction loan bears interest at LIBOR plus a margin of 140 basis points. The term of the loan is for a period of 36 months and is unconditionally guaranteed by NewMarket Corporation. No principal reduction payment is due during the construction period. As a condition of the construction loan and concurrently with the closing of the loan, Foundry Park I also obtained interest rate risk protection in the form of an interest rate swap. The objective in obtaining the swap was to manage our exposure to interest rate movements and add stability to capitalized interest expense. The interest rate swap involves the receipt of variable-rate amounts based on LIBOR in exchange for fixed-rate payments over the life of the agreement without exchange of the underlying notional amount. The fixed-rate payments are at a rate of 4.975%. The notional amount of the swap was approximately $52.9 million at December 31, 2008 and $8.2 million at December 31, 2007 and accretes to approximately $94 million over the term of the swap. The accreting notional amount is necessary to maintain the swap notional at an amount that represents approximately 85% of the projected construction loan principal balance over the loan term. The maturity date of the swap is January 1, 2010.

The swap is designated and qualifies as a cash flow hedge under SFAS 133. As such, the effective portion of changes in the fair value of the swap is recorded in accumulated other comprehensive loss and the ineffective portion of changes in the fair value of the swap is recognized immediately in earnings. We assess the effectiveness of the swap quarterly by comparing the changes in the fair value of the derivative hedging instrument with the change in fair value of the designated hedged transaction.

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The fair value of the swap was approximately $3.1 million at December 31, 2008 and $1.6 million at December 31, 2007 and was recorded in accrued expenses at year-end 2008 and other noncurrent liabilities at year-end 2007. The net unrealized loss of approximately $3.0 million ($1.9 million, net of tax) at December 31, 2008 and $1.6 million ($1.0 million, net of tax) at December 31, 2007 was recorded as a component of accumulated other comprehensive loss in shareholders equity on the Consolidated Balance Sheets. Hedge ineffectiveness of approximately $100 thousand expense at December 31, 2008 and $20 thousand expense at December 31, 2007 was recognized in other income, net on the Consolidated Statements of Income. Also recorded as a component of accumulated other comprehensive loss in shareholders equity on the Consolidated Balance Sheets was the net amount of swap receipts and payments made since the inception of the swap. This amounted to approximately $400 thousand, net of tax effects at December 31, 2008 and $3 thousand, net of tax effects, at December 31, 2007. Any amounts remaining in accumulated other comprehensive loss related to the swap will be recognized in the Consolidated Statements of Income over the depreciable life of the office building beginning at the completion of the construction project, which is currently expected to be late 2009. No related amounts currently recognized in accumulated other comprehensive loss are expected to be reclassified into earnings over the next twelve months.

Other Borrowings We record our capital lease obligations at the lower of fair market value of the related asset at the inception of the lease or the present value of the total minimum lease payments. Capital lease obligations, including interest, will be approximately $900 thousand each year for the next two years and approximately $100 thousand in the third year. The future minimum lease payments in excess of the capital lease obligation are included in the noncancelable future lease payments discussed in Note 17 in the Notes to Consolidated Financial Statements.

Principal debt payments for the next five years are scheduled as follows:

Year	Amount
2009	$ 0.8 million
2010	$ 44.3 million
2011	$ 42.1 million
2012	$ 0.0 million
2013	$ 0.0 million
After 2013	$ 150.0 million

13. Other Noncurrent Liabilities

	December 31	
	2008	**2007**
Employee benefits	$ 112,457	$ 77,267
Environmental remediation	17,534	19,688
Asbestos litigation reserve	11,705	11,113
Environmental dismantling	665	911
Other	5,677	10,226
	$ 148,038	$ 119,205

The increase in employee benefits primarily reflects the reduction in the funded status of our pension and postretirement plans. See Note 18 in Notes to Consolidated Financial Statements for further information on these employee benefit plans. Environmental remediation and environmental dismantling include our asset retirement obligations.

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14. Asset Retirement Obligations

Our asset retirement obligations are related primarily to TEL operations. The following table illustrates the 2008 and 2007 activity associated with our asset retirement obligations.

	Years Ended December 31	
	2008	2007
Asset retirement obligation, beginning of year	$ 5,048	$ 5,268
Accretion expense	240	485
Liabilities settled	(1,903)	(1,916)
Changes in expected cash flows and timing	(368)	1,016
Foreign currency impact	(8)	195
Asset retirement obligation, end of year	$ 3,009	$ 5,048

15. Stock-Based Compensation

On May 27, 2004, at the Ethyl annual meeting, Ethyl shareholders approved the 2004 Incentive Compensation and Stock Plan (the Plan). In connection with the holding company formation, NewMarket assumed all of Ethyl s rights, liabilities, and obligations under the Plan. Any employee of our company or an affiliate or a person who is a member of our board of directors or the board of directors of an affiliate is eligible to participate in the Plan if the Compensation Committee of the Board of Directors (the Administrator), in its sole discretion, determines that such person has contributed significantly or can be expected to contribute significantly to the profits or growth of our company or its affiliates (each, a participant). Under the terms of the Plan, we may grant participants stock awards, incentive awards, or options (which may be either incentive stock options or nonqualified stock options), or stock appreciation rights (SARs), which may be granted with a related option. Stock options entitle the participant to purchase a specified number of shares of our common stock at a price that is fixed by the Administrator at the time the option is granted; provided, however, that the price cannot be less than the shares fair market value on the date of grant. The maximum period in which an option may be exercised is fixed by the Administrator at the time the option is granted but, in the case of an incentive stock option, cannot exceed ten years.

The maximum aggregate number of shares of our common stock that may be issued under the Plan is 1,500,000. During 2008, 1,505 shares of our common stock were issued under the Plan resulting in 1,496,430 shares being available for grant at December 31, 2008. No participant may be granted or awarded in any calendar year options or SARs covering more than 200,000 shares of our common stock in the aggregate. For purposes of this limitation and the individual limitation on the grant of options, an option and corresponding SAR are treated as a single award.

The 1,505 shares of common stock issued during 2008 under the Plan were to five of our non-employee directors with an aggregate fair value of $100 thousand at the issue date of July 1, 2008. The fair value of the shares was based on the closing price of our common stock on the day prior to the date of issue. We recognized expense of $100 thousand related to the issuance of this common stock.

Our outstanding options became exercisable over a stated period of time. These previously granted outstanding options were awarded under Ethyl s 1982 Stock Option Plan, which terminated in March 2004, and pursuant to which no further options may be granted.

At December 31, 2008, we had outstanding 46,000 options to purchase shares of our common stock at an exercise price of $4.35 per share. None of these options include an associated SAR. These options are fully vested and exercisable at December 31, 2008. All of the outstanding options will expire on September 28, 2011.

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A summary of activity during 2008 in NewMarket s stock option plan is presented below in whole shares:

	Whole Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2008	118,500	$ 4.35		
Exercised	(72,500)	4.35		$ 4,239
Outstanding at December 31, 2008	46,000	$ 4.35	2.74	$ 1,406
Exercisable at December 31, 2008	46,000	$ 4.35	2.74	$ 1,406

We have neither granted nor modified any stock option awards in 2008, 2007, or 2006. The total intrinsic value of options exercised was $4 million for 2008, $700 thousand for 2007, and $8 million for 2006.

We recorded compensation costs of approximately $1 million during 2006 related to our $44.375 stock options. All of the 50,000 options outstanding to purchase shares of our common stock at $44.375 became exercisable and fully vested on November 13, 2006. Upon vesting, the fair value of these options to purchase 50,000 shares of our common stock was $1 million. At December 31, 2006, these options were no longer outstanding as the related SARs were exercised in November 2006. We paid approximately $100 thousand during 2006 for the exercise of related SARs. We recognized a tax benefit on the $4.35 options of $1 million for 2008, $0 for 2007, and $1.5 million for 2006. Since December 31, 2006, there has been no unrecognized compensation cost.

16. Financial Instruments and Fair Value Measurements

Effective January 1, 2008, we adopted Statement of Financial Accounting Standard No. 157, Fair Value Measurements (SFAS 157), as it applies to our financial instruments, and Statement of Financial Accounting Standard No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115 (SFAS 159). SFAS 157 defines fair value, outlines a framework for measuring fair value, and details the required disclosures about fair value measurements. SFAS 159 permits companies to irrevocably choose to measure certain financial instruments and other items at fair value. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparison between entities that choose different measurement attributes for similar types of assets and liabilities.

Under SFAS 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. SFAS 157 establishes a hierarchy in determining the fair value of an asset or liability. The fair value hierarchy has three levels of inputs, both observable and unobservable. SFAS 157 requires the utilization of the lowest possible level of input to determine fair value. Level 1 inputs include quoted market prices in an active market for identical assets or liabilities. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data.

Except for those assets and liabilities which are required by authoritative accounting guidance to be recorded at fair value in our Consolidated Balance Sheets, we have elected not to record any other assets or liabilities at fair value, as permitted by SFAS 159. No events occurred during the twelve months ended December 31, 2008, requiring adjustment to the recognized balances of assets or liabilities which are recorded at fair value on a nonrecurring basis.

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The following table provides information on those assets and liabilities measured at fair value on a recurring basis.

	Carrying Amount in Consolidated Balance Sheet December 31 2008	Fair Value December 31 2008	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Cash and cash equivalents	$ 21,761	$ 21,761	$ 21,761	$	$
Foreign currency forward contracts asset	$ 164	$ 164	$	$ 164	$
Interest rate swap liability	$ 3,231	$ 3,231	$	$ 3,231	$

We determine the fair value of the derivative instruments shown in the table above by using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each instrument. The analysis reflects the contractual terms of the derivatives, including the period to maturity and uses observable market-based inputs. The carrying value of cash and cash equivalents approximates fair value.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustment associated with the derivatives utilizes Level 3 inputs. These Level 3 inputs include estimates of current credit spreads to evaluate the likelihood of default by both us and the counterparties to the derivatives. As of December 31, 2008, we have assessed the significance of the impact of the credit valuation adjustment on the overall valuation of our derivatives and have determined that the credit valuation adjustment is not significant to the overall valuation of the derivatives. Accordingly, we have determined that our derivative valuations should be classified in Level 2 of the fair value hierarchy.

Foreign Currency Forward Contracts As part of our strategy to minimize currency exposure from expected cash flows from foreign operations, we sometimes use foreign currency forward contracts.

With this purpose, in April 2008, we entered into $11 million of Euro-denominated forward contracts. The contracts all matured in 2008. In December 2008, we entered into $17 million of Euro-denominated forward contracts for the same purpose. The December 2008 contracts have maturity dates from January 2009 to December 2009.

During 2007, we entered into $16 million of Euro-denominated forward contracts. The contracts had maturity dates from June 2007 to May 2008. At December 31, 2007, the outstanding Euro-denominated foreign currency forward contracts amounted to $7 million.

During 2006, NewMarket entered into $15 million of Euro-denominated forward contracts. Some of the contracts matured in 2006. The remaining contracts matured in 2007. At December 31, 2006, the outstanding Euro-denominated foreign currency forward contracts amounted to $6 million with related unrealized losses of $100 thousand, net of tax, in accumulated other comprehensive loss.

Any foreign currency rate change that affects the fair value of any of these forward contract transactions is offset by a corresponding change in the value of the Euro-denominated transactions. We did not use hedge accounting under SFAS No. 133 for the 2008 or 2007 forward contracts, and therefore immediately recognized any change in the fair value of the Euro-denominated forward contracts in earnings. The 2006 forward contracts were designated as cash flow hedges and were highly effective.

During 2008, we recognized a $100 thousand loss on the 2008 and 2007 contracts at the maturity dates, while during 2007, we recognized an $800 thousand loss on the 2007 and 2006 contracts at the maturity dates. During 2006, we recognized a $60 thousand loss on the 2006 contracts at the maturity dates. A corresponding change in the U.S. Dollar value of the Euro-denominated transaction offset the losses.

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The fair value of the foreign currency forward contracts at December 31, 2008 shown in the table above is based on interest differentials between the geographical areas and market forward points. In determining the fair value measurements, we incorporate credit valuation adjustments to appropriately reflect both our nonperformance risk and the counterparties nonperformance risk. Prior to the adoption of SFAS 157, the fair value, as well as the carrying value, of the foreign currency forward contracts at December 31, 2007 was a liability of $600 thousand.

Interest Rate Swap During 2007, Foundry Park I entered into an interest rate swap with a notional amount of 85% of the projected draws on the construction loan. The fixed rate on the interest rate swap is 4.975%, while the variable rate is based on LIBOR. See Note 12 in the Notes to Consolidated Financial Statements for further information.

The fair value of the interest rate swap at December 31 2008, shown in the table above is determined using the market standard methodology of netting the discounted future fixed cash receipts and the discounted expected variable cash payments. The variable cash payments are based on an expectation of future interest rates derived from observable market interest rate curves. Prior to the adoption of SFAS 157, the fair value, as well as the carrying value, of the interest rate swap at December 31, 2007 was a liability of $1.6 million.

Long-Term Debt We record the value of our long-term debt at historical cost. The estimated fair value of our long-term debt is shown in the table below and is based primarily on estimated current rates available to us for debt of the same remaining duration and adjusted for nonperformance risk and credit risk.

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current maturities	$ (237,162)	$ (199,315)	$ (157,797)	$ (157,158)

17. Contractual Commitments and Contingencies

Contractual Commitments NewMarket has operating lease agreements primarily for office space, transportation equipment, and storage facilities. Rental expense was $20 million in 2008 and $18 million in each of 2007 and 2006.

Future lease payments for all noncancelable operating leases as of December 31, 2008 are:

2009	$ 11 million
2010	$ 7 million
2011	$ 5 million
2012	$ 2 million
2013	$ 1 million
After 2013	$ 8 million

Future minimum lease payments in excess of the capital lease debt obligation as of December 31, 2008 amount to approximately $1 million for each year through 2010 and $100 thousand in 2011. We have contractual obligations for the construction of assets, as well as purchases of property and equipment of approximately $4 million at December 31, 2008. We expect capital expenditures in 2009 related to the Foundry Park I Project will be approximately $63 million.

Raw Material Purchase Obligations We have raw material purchase obligations over the next six years amounting to approximately $263 million at December 31, 2008 for agreements to purchase goods or services

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(tabular amounts in thousands, except per-share amounts)

that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Raw material purchase obligations exclude agreements that are cancelable without penalty. Purchase orders made in the ordinary course of business are excluded from this amount. Any amounts for which we are liable under purchase orders are reflected in our Consolidated Balance Sheets as accounts payable and accrued expenses.

Litigation We are involved in legal proceedings that are incidental to our business and include administrative or judicial actions seeking remediation under environmental laws, such as Superfund. Some of these legal proceedings relate to environmental matters and involve governmental authorities. For further information see Environmental below.

While it is not possible to predict or determine with certainty the outcome of any legal proceeding, we believe the outcome of any of these proceedings, or all of them combined, will not result in a material adverse effect on our financial condition or results of operations.

Asbestos

Like many other companies, we are a defendant in personal injury lawsuits involving exposure to asbestos. These cases involve exposure to asbestos in premises owned or operated, or formerly owned or operated, by subsidiaries of NewMarket. We have never manufactured, sold, or distributed products that contain asbestos. Nearly all of these cases are pending in Texas, Louisiana, or Illinois and involve multiple defendants. We maintain an accrual for these proceedings, as well as a receivable for expected insurance recoveries.

During 2005, we entered into an agreement with Travelers Indemnity Company resolving certain long-standing issues regarding our coverage for certain premises asbestos claims. In addition, our agreement with Travelers provides a procedure for allocating defense and indemnity costs with respect to certain future premises asbestos claims. The lawsuit we had previously filed against Travelers in the Southern District of Texas was dismissed. We also settled our outstanding receivable from Albemarle Corporation for certain premises asbestos liability obligations.

The accrual for our premises asbestos liability related to currently asserted claims is based on the following assumptions and factors:

- We are often one of many defendants. This factor influences both the number of claims settled against us and also the indemnity cost associated with such resolutions.

- The estimated percent of claimants in each case that will actually, after discovery, make a claim against us, out of the total number of claimants in a case, is based on a level consistent with past experience and current trends.

- We utilize average comparable plaintiff cost history as the basis for estimating pending premises asbestos related claims. These claims are filed by both former contractors employees and former employees who worked at past and present company locations. We also include an estimated inflation factor in the calculation.

- No estimate is made for unasserted claims.

- The estimated recoveries from insurance and Albemarle for these cases are based on, and are consistent with, the 2005 settlement agreements.

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(tabular amounts in thousands, except per-share amounts)

Based on the above assumptions, we have provided an undiscounted liability related to premises asbestos claims of $13 million at both year-end 2008 and year-end 2007. The liabilities related to asbestos claims are included in accrued expenses (current portion) and other noncurrent liabilities on the balance sheet. Certain of these costs are recovered through our insurance coverage and agreement with Albemarle. The receivable for these recoveries related to premises asbestos liabilities was $9.5 million at December 31, 2008 and $9.0 million at December 31, 2007. These receivables are included in trade and other accounts receivable, net for the current portion. The noncurrent portion is included in other assets and deferred charges.

Environmental During 2000, the EPA named us as a PRP under Superfund law for the clean-up of soil and groundwater contamination at the Sauget Area 2 Site in Sauget, Illinois. Without admitting any fact, responsibility, fault, or liability in connection with this site, we are participating with other PRPs in site investigations and feasibility studies.

The Sauget Area 2 Site PRPs are currently working with the EPA to submit an acceptable Remedial Investigation and Feasibility Study (RI/FS) to the EPA, which we expect to occur in late 2009. We have accrued our estimated proportional share of the expenses for the RI/FS, as well as our best estimate of our proportional share of the remediation liability proposed in our ongoing discussions and submissions with the agencies involved. We do not believe there is any additional information available as a basis for revision of the liability that we have established. The amount accrued for this site is not material.

At a former TEL plant site located in the state of Louisiana, we have completed significant environmental remediation, although we will be monitoring and treating the site for an extended period. The accrual for this site was $8.8 million at year-end 2008 and $9.6 million at year-end 2007. We based these amounts on the best estimate of future costs discounted at approximately 2% in both 2008 and 2007. We incorporated an inflation factor in determining the discount rate. The undiscounted liability was $9.6 million at year-end 2008 and $10.5 million at year-end 2007. The expected payments for each of the next five years amount to approximately $600 thousand. Expected payments thereafter amount to approximately $6 million.

At a plant site in Houston, Texas, we have an accrual of $6.7 million at December 31, 2008 and $8.5 million at December 31, 2007 for environmental remediation, dismantling, and decontamination. Included in these amounts are $5.8 million at year-end 2008 and $6.9 million at year-end 2007 for remediation. Of the total remediation, $4.3 million at December 31, 2008 and $4.8 million at December 31, 2007 relates to remediation of groundwater and soil. A portion of the accrual for this site is discounted at approximately 4% at both December 31, 2008 and December 31, 2007 and includes an inflation factor. The undiscounted accrual for this site was $7.8 million at year-end 2008 and $9.5 million at year-end 2007. The expected payments for each of the next five years amount to approximately $400 thousand for the portion of the accrual for this site which is discounted. Expected payments thereafter for the portion of the accrual for this site which is discounted amount to approximately $2.6 million.

The remaining environmental liabilities are not discounted.

We accrue for environmental remediation and monitoring activities for which costs can be reasonably estimated and are probable. These estimates are based on an assessment of the site, available clean-up methods, and prior experience in handling remediation. While we believe we are currently fully accrued for known environmental issues, it is possible that unexpected future costs could have a significant impact on our financial position and results of operations.

At December 31, our total accruals for environmental remediation were $20.6 million for 2008 and $22.3 million for 2007. In addition to the accruals for environmental remediation, we also have accruals for dismantling

Notes to Consolidated Financial Statements Continued

(tabular amounts in thousands, except per-share amounts)

and decommissioning costs of $1.3 million at December 31, 2008 and $2.7 million at December 31, 2007. The decrease in these amounts between 2008 and 2007 reflects ongoing activities at various environmental sites.

During 2004, we reached a $16 million environmental insurance settlement resulting in the collection of insurance reimbursements. The gain on this settlement amounted to $13 million and was reflected in the Consolidated Statements of Income under the caption special item income. We received $8 million during 2004. We received $4 million in both 2006 and 2005 in accordance with a previously agreed-upon payment schedule.

NewMarket spent $17 million in 2008, $18 million in 2007, and $16 million in 2006 for ongoing environmental operating and clean-up costs, excluding depreciation of previously capitalized expenditures. On capital expenditures for pollution prevention and safety projects, we spent $7 million in both 2008 and 2007, as well as $6 million in 2006.

Letters of Credit and Guarantees We have outstanding guarantees with several financial institutions in the amount of $34.5 million at December 31, 2008. The guarantees are secured by letters of credit, as well as cash collateral. The outstanding letters of credit amounted to $21.0 million at December 31, 2008. Of that amount, $20.7 million was issued under the letter of credit sub-facility of our senior credit agreement. See Note 12 in the Notes to Consolidated Financial Statements. The letters of credit primarily relate to insurance guarantees, performance guarantees, and the interest rate lock agreement discussed below. We renew letters of credit as necessary. The remaining amounts represent performance, lease, custom and excise tax guarantees. Expiration dates range from 2009 to 2012. Some of the guarantees have no expiration date.

We cannot estimate the maximum amount of potential liability under the letters of credit and guarantees. However, we accrue for potential liabilities when a future payment is probable and the range of loss can be reasonably estimated.

Interest Rate Lock Agreement The construction loan for the Foundry Park I project to construct an office building for MeadWestvaco is being financed by a group of banks and matures in August 2010. Prior to commencing construction, we took actions to identify the possible permanent lending source after construction. To that end, Foundry Park I entered into an Application with Principal Commercial Funding II, LLC (Principal) dated February 26, 2007 which outlined the terms and conditions under which Principal would provide permanent, fixed-rate financing in the maximum amount of $116,000,000 amortized over 25 years with all amounts due 13.5 years after the date of the loan. The Application was not a loan commitment due to the lengthy time period of thirty-four months until the completion of the building.

In order to obtain a fixed-rate loan we entered into a Rate Lock Agreement with Principal dated February 26, 2007. Principal simultaneously entered into a hedge with a third party based mainly on the forward rates of ten-year Treasuries. At the time, ten-year Treasuries were trading at approximately 4.63%. We are not party to that hedging agreement. Under the Rate Lock Agreement, we agreed to post a deposit with Principal and to increase the amount of that deposit if the exposure to Principal on the hedge increased. As of December 31, 2008, the forward swap yield on ten-year Treasuries has dropped, and we have fully complied with all deposit requirements. As of December 31, 2008, we have deposited approximately $27 million with Principal, including $10.5 million in cash, which was deposited in December 2008, and $16.4 million in irrevocable letters of credit, of which $10.4 million was deposited in November and December 2008. As of December 31, 2008, ten-year Treasuries were trading at 2.25%, near all-time historical lows. As of February 19, 2009, our deposit requirement had decreased to approximately $19 million. The Rate Lock Agreement provides that all of the deposits will be returned to us at the loan closing. Since we are entitled to a return of our deposits at the loan closing, the cash deposits for the Rate Lock Agreement are recorded as an asset on our Consolidated Balance Sheet at December 31, 2008. In the event that the loan does not close as scheduled, we would be required to pay Principal s breakage costs including costs associated with the hedge. We do not believe it is probable that a loss has been incurred; however, in the

Notes to Consolidated Financial Statements Continued

(tabular amounts in thousands, except per-share amounts)

event that financing is not obtained through Principal or on terms substantially similar to those in the Application, the loss for the breakage fees incurred could have a material adverse impact on our financial statements and compliance with debt covenants.

Principal has informed us that it intended to syndicate the permanent loan to third parties. We understand that the syndication market is currently impaired, and we have no way to determine at this time when, or if, this market will recover. Principal informed us in a letter dated October 28, 2008 that it has taken the position that it is not obligated to make the permanent loan commitment unless the syndication market recovers and the loan can be syndicated on terms acceptable to Principal. As a result of current market conditions, Principal has asserted that a material adverse change has occurred that could impair the syndication of the proposed loan. We have disputed the occurrence of a material adverse change. Principal has further informed us that the Application remains open, but they have reserved all of their rights. We are currently investigating possible alternative financing in the event that Principal does not make the loan on substantially all of the terms and conditions outlined in the Application. We have until August 2010 before financing needs to be in place. We cannot predict the financing terms which will be available at that time.

18. Pension Plans and Other Postretirement Benefits

NewMarket adopted Statement of Financial Accounting Standards No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans (SFAS No. 158) as of December 31, 2006. This standard requires an employer that is a business entity that sponsors one or more single employer benefit plans to (a) recognize the funded status (defined as the difference between the fair value of plan assets and the benefit obligation) of a benefit plan in the statement of financial position; (b) recognize as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost; (c) measure defined benefit plan assets and obligations as of the date of the employer s fiscal year end; and (d) disclose in the notes to the financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation.

Information presented below has been conformed to the disclosure provisions of SFAS No. 158. In accordance with SFAS No. 158, the disclosures for 2006 have not been modified from those reported in the 2006 Form 10K. The incremental effect of applying SFAS No. 158 on the domestic and foreign pension and postretirement plans at December 31, 2006 included an adjustment of $33 million in accumulated comprehensive loss and total shareholders equity. See Note 23 in the Notes to Consolidated Financial Statements.

NewMarket uses a December 31 measurement date for all of our plans.

U.S. Retirement Plans

NewMarket sponsors pension plans for most U.S. employees that offer a benefit based primarily on years of service and compensation. Employees do not contribute to these pension plans.

In addition, we offer an unfunded, nonqualified supplemental pension plan. This plan restores the pension benefits from our regular pension plans that would have been payable to designated participants if it were not for limitations imposed by U.S. federal income tax regulations.

We also provide postretirement health care benefits and life insurance to eligible retired employees. NewMarket and retirees share in the cost of postretirement health care benefits. NewMarket pays the premium for the insurance contract that holds plan assets for retiree life insurance benefits.

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(tabular amounts in thousands, except per-share amounts)

The components of net periodic pension and postretirement benefit costs, as well as other amounts recognized in other comprehensive loss, are shown below.

	Years Ended December 31					
	Pension Benefits			Postretirement Benefits		
	2008	2007	2006	2008	2007	2006
Net periodic benefit cost						
Service cost	$ 5,314	$ 4,723	$ 4,946	$ 1,009	$ 1,314	$ 1,524
Interest cost	7,497	6,450	6,177	3,491	3,800	3,891
Expected return on plan assets	(7,784)	(6,782)	(6,183)	(1,658)	(1,881)	(1,882)
Amortization of prior service cost (credit)	291	195	288	11	(21)	(21)
Amortization of net loss (gain)	1,886	2,223	2,324	(416)		
Net periodic benefit cost	$ 7,204	$ 6,809	$ 7,552	$ 2,437	$ 3,212	$ 3,512
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Loss						
Net loss (gain)	$ 39,903	$ 339		$ (5,199)	$ (9,797)	
Prior service cost		990				
Amortization of net (loss) gain	(1,886)	(2,223)		416		
Amortization of prior service (cost) credit	(291)	(195)		(11)	21	
Total recognized in other comprehensive loss	$ 37,726	$ (1,089)		$ (4,794)	$ (9,776)	
Total recognized in net periodic benefit cost and other comprehensive loss	$ 44,930	$ 5,720		$ (2,357)	$ (6,564)	

The estimated net loss which will be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2009 is expected to be $2 million for pension plans. The estimated net gain which will be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2009 is expected to be $400 thousand for postretirement benefit plans. The estimated prior service cost which will be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2009 is expected to be $300 thousand for pension plans and $9 thousand for postretirement benefit plans.

Notes to Consolidated Financial Statements Continued

(tabular amounts in thousands, except per-share amounts)

Changes in the plans benefit obligations and assets follow.

	Years Ended December 31			
	Pension Benefits		Postretirement Benefits	
	2008	2007	2008	2007
Change in benefit obligation				
Benefit obligation at beginning of year	$ 118,036	$ 110,460	$ 61,960	$ 70,942
Service cost	5,314	4,723	1,009	1,314
Interest cost	7,497	6,450	3,491	3,800
Plan amendments		990		
Actuarial net loss (gain)	1,915	(12)	(5,001)	(10,431)
Benefits paid	(4,851)	(4,575)	(3,391)	(3,665)
Benefit obligation at end of year	$ 127,911	$ 118,036	$ 58,068	$ 61,960
Change in plan assets				
Fair value of plan assets at beginning of year	$ 88,793	$ 76,602	$ 27,658	$ 28,090
Actual return on plan assets	(30,203)	6,430	1,857	1,247
Employer contributions	7,610	10,336	1,798	1,986
Benefits paid	(4,851)	(4,575)	(3,391)	(3,665)
Fair value of plan assets at end of year	$ 61,349	$ 88,793	$ 27,922	$ 27,658
Funded status	$ (66,562)	$ (29,243)	$ (30,146)	$ (34,302)
Amounts recognized in the consolidated balance sheet				
Noncurrent assets	$	$ 2,460	$	$
Current liabilities	(2,438)	(2,448)	(1,900)	(2,325)
Noncurrent liabilities	(64,124)	(29,255)	(28,246)	(31,977)
	$ (66,562)	$ (29,243)	$ (30,146)	$ (34,302)
Amounts recognized in accumulated other comprehensive loss				
Net actuarial loss (gain)	$ 73,286	$ 35,269	$ (11,362)	$ (6,579)
Prior service (cost) credit	(1,198)	(907)	53	64
	$ 72,088	$ 34,362	$ (11,309)	$ (6,515)

The accumulated benefit obligation for all domestic defined benefit pension plans was $106 million at December 31, 2008 and $96 million at December 31, 2007.

The accumulated benefit obligation and projected benefit obligation exceeded the fair market value of plan assets for all of the domestic plans at December 31, 2008.

The fair market value of the plan assets of all of the domestic pension plans, except for the nonqualified plan, exceeded its accumulated benefit obligation at December 31, 2007. The accumulated benefit obligation of the nonqualified plan exceeded the fair market value of the plan assets at December 31, 2007. The projected benefit obligation of the salaried plan and the nonqualified plan exceeded the fair market value of assets at

December 31, 2007. The fair market value of assets of all other domestic plans exceeded the projected benefit obligation at December 31, 2007.

The net liability position of plans in which the projected benefit obligation exceeds assets is included in other noncurrent liabilities on the balance sheet. A portion of the accrued benefit cost for the nonqualified plan is included in current liabilities at both December 31, 2008 and December 31, 2007. As the nonqualified plan is

Notes to Consolidated Financial Statements Continued

(tabular amounts in thousands, except per-share amounts)

unfunded, the amount reflected in current liabilities represents the expected benefit payments related to the nonqualified plan during 2009. The net asset position of plans in which the assets exceed the projected benefit obligation is included in prepaid pension cost on the balance sheet at December 31, 2007.

The following table shows information on domestic pension plans with the accumulated benefit obligation in excess of plan assets. The second table presents information on domestic pension plans with the projected benefit obligation in excess of plan assets.

	2008	2007
Plans with the accumulated benefit obligation in excess of the fair market value of plan assets		
Projected benefit obligation	$ 127,911	$ 24,622
Accumulated benefit obligation	105,670	24,197
Fair market value of plan assets	61,349	

	2008	2007
Plans with the projected benefit obligation in excess of the fair market value of plan assets		
Projected benefit obligation	$ 127,911	$ 92,037
Fair market value of plan assets	61,349	60,313

There are no assets held in the nonqualified plan by the trustee for the retired beneficiaries of the nonqualified plan. Payments to retired beneficiaries of the nonqualified plan are made with cash from operations.

Assumptions We used the following assumptions to calculate the results of our retirement plans:

	Pension Benefits			Postretirement Benefits		
	2008	2007	2006	2008	2007	2006
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31						
Discount rate	6.375%	5.875%	5.50%	6.375%	5.875%	5.50%
Expected long-term rate of return on plan assets	8.75%	8.75%	8.75%	6.25%	7.00%	7.00%
Rate of projected compensation increase	4.00%	3.75%	3.75%			
Weighted-average assumptions used to determine benefit obligations at December 31						
Discount rate	6.250%	6.375%	5.875%	6.250%	6.375%	5.875%
Rate of projected compensation increase	3.75%	4.00%	3.75%			

We base the assumed expected long-term rate of return for plan assets on an analysis of our actual investments, including our asset allocation, as well as a stochastic analysis of expected returns. This analysis reflects the expected long-term rates of return for each significant asset class and economic indicator. As of January 1, 2009, the expected rates were 9.1% for U.S. large cap stocks, 5.2% for U.S. long-term corporate bonds, and 1.8% for inflation. The range of returns developed relies both on forecasts and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class. Our asset allocation is predominantly weighted toward equities. Through our ongoing monitoring of our investments and taking into consideration the impact of the 2008 stock market downturn on future equity market returns, we have determined that we should increase the expected long-term rate of return for our U.S. plans from 8.75% to 9.0% at December 31, 2008. We expect to maintain a 9.0% rate for 2009.

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We utilize the Citigroup Pension Discount Curve (discount curve) and Liability Index and other bond market indicators in developing the discount rate assumption. We initially develop an estimated discount rate using the discount curve by applying the expected cash flows for each specific defined benefit retirement plan to the interest rates provided in the discount curve. We then weigh the cash flows of each plan and incorporate other relevant market information. Our discount rate is developed based on the discount curve on the last day of December.

Assumed health care cost trend rates at December 31 are shown in the table below. The expected health care cost trend rate for 2008 was 10.0% with temporarily higher cost increases for our retiree prescription drug coverage.

	2008	2007
Health care cost trend rate assumed for next year	9.5%	9.5%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2018	2012

A one-percentage point change in the assumed health care cost trend rate would have the following effects.

	1% Increase	1% Decrease
Effect on accumulated postretirement benefit obligation as of December 31, 2008	$ 6,189	$ (4,990)
Effect on net periodic postretirement benefit cost in 2008	$ 637	$ (498)

Plan Assets Pension plan assets are held and distributed by trusts and consist principally of common stock and investment-grade fixed income securities. Our target allocation is 90% to 97% in equities and 3% to 10% in debt securities or cash. The pension plan weighted-average asset allocations at December 31, 2008 and December 31, 2007 by asset category follow.

	2008	2007
Asset Category		
Equity securities	93%	92%
Debt securities	3%	3%
Cash	4%	5%
	100%	100%

The pension obligation is long-term in nature and the investment philosophy followed by the Pension Investment Committee is likewise long-term in its approach. The majority of the pension funds are invested in equity securities as historically, equity securities have outperformed debt securities and cash investments resulting in a higher investment return over the long-term. While in the short-term, equity securities may under-perform other investment classes, we are less concerned with short-term results and more concerned with long-term improvement. The pension funds are managed by eight different investment companies who predominantly invest in U.S. large cap stocks. Each investment company s performance is reviewed quarterly. A small portion of the funds is in investments, such as cash or short-term bonds, which historically has been less vulnerable to short-term market swings. This fund is used to provide the cash needed to meet our monthly obligations.

The equity securities do not include any NewMarket common stock for any year presented.

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(tabular amounts in thousands, except per-share amounts)

The assets of the postretirement benefit plan are invested completely in an insurance contract held by Metropolitan Life. No NewMarket common stock is included in these assets.

Cash Flows For U.S. plans, NewMarket expects to contribute $10 million to $12 million to the pension plans and $2 million to our other postretirement benefit plans in 2009. The expected benefit payments for the next ten years are as follows.

	Expected Pension Benefit Payments	Expected Postretirement Benefit Payments
2009	$ 5,576	$ 4,122
2010	6,010	4,137
2011	6,344	4,097
2012	6,679	4,021
2013	7,088	3,971
2014 through 2018	45,284	18,949

Foreign Retirement Plans

For most employees of our foreign subsidiaries, NewMarket has defined benefit pension plans that offer benefits based primarily on years of service and compensation. These defined benefit plans provide benefits for employees of our foreign subsidiaries located in Belgium, the United Kingdom, Germany, and Canada. NewMarket generally contributes to investment trusts and insurance policies to provide for these plans.

In addition to the foreign defined benefit pension plans, NewMarket also provides retirement benefits in Japan and Brazil which are not defined benefit plans. The total pension expense for these plans was $300 thousand for 2008, $200 thousand for 2007, and $100 thousand for 2006.

Our foreign subsidiary in Canada also sponsors a defined benefit postretirement plan. This postretirement plan provides certain health care benefits and life insurance to eligible retired employees. We pay the entire premium for these benefits.

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The components of net periodic pension and postretirement benefit costs, as well as other amounts recognized in other comprehensive loss, are shown below.

	Years Ended December 31					
	Pension Benefits			Postretirement Benefits		
	2008	2007	2006	2008	2007	2006
Net periodic benefit cost						
Service cost	$ 2,890	$ 2,919	$ 2,833	$ 18	$ 18	$ 17
Interest cost	5,733	5,152	4,342	149	120	113
Expected return on plan assets	(5,581)	(5,339)	(3,958)			
Amortization of prior service cost	79	80	131			
Amortization of transition (asset) obligation	(37)	(37)	(35)	50	49	47
Amortization of net loss	1,330	1,541	1,512	39	65	73
Net periodic benefit cost	$ 4,414	$ 4,316	$ 4,825	$ 256	$ 252	$ 250
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Loss						
Net loss (gain)	$ 9,269	$ (738)		$ (99)	$ (185)	
Prior service cost	6	151				
Amortization of transition asset (obligation)	37	37		(50)	(49)	
Amortization of net loss	(1,330)	(1,541)		(39)	(65)	
Amortization of prior service cost	(80)	(80)				
Total recognized in other comprehensive loss	$ 7,902	$ (2,171)		$ (188)	$ (299)	
Total recognized in net periodic benefit cost and other comprehensive loss	$ 12,316	$ 2,145		$ 68	$ (47)	

The estimated net loss which will be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2009 is expected to be $2 million for foreign pension plans and $16 thousand for foreign postretirement benefit plans. The estimated prior service cost which will be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2009 is expected to be $67 thousand for foreign pension plans. The estimated unrecognized transition asset which is expected to be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2009 is expected to be $32 thousand income for foreign pension plans. The estimated unrecognized transition obligation which is expected to be amortized from accumulated other comprehensive loss into net periodic benefit cost during 2009 is expected to be $43 thousand expense for postretirement benefit plans.

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Changes in the benefit obligations and assets of the foreign defined benefit plans follow.

	Years Ended December 31			
	Pension Benefits		Postretirement Benefits	
	2008	2007	2008	2007
Change in benefit obligation				
Benefit obligation at beginning of year	$ 110,481	$ 101,476	$ 2,556	$ 2,273
Service cost	2,890	2,919	18	18
Interest cost	5,733	5,152	149	120
Plan amendments		138		
Employee contributions	542	510		
Actuarial net gain	(5,286)	(1,131)	(115)	(169)
Benefits paid	(4,777)	(3,831)	(150)	(100)
Foreign currency translation	(24,435)	5,248	(504)	414
Benefit obligation at end of year	$ 85,148	$ 110,481	$ 1,954	$ 2,556
Change in plan assets				
Fair value of plan assets at beginning of year	$ 98,927	$ 84,997	$	$
Actual return on plan assets	(11,047)	4,878		
Employer contributions	7,710	8,511	150	100
Employee contributions	542	510		
Benefits paid	(4,777)	(3,831)	(150)	(100)
Foreign currency translation	(22,375)	3,862		
Fair value of plan assets at end of year	$ 68,980	$ 98,927	$	$
Funded Status	$ (16,168)	$ (11,554)	$ (1,954)	$ (2,556)
Amounts recognized in the consolidated balance sheet				
Noncurrent assets	$ 159	$ 156	$	$
Current liabilities	(394)	(397)	(120)	(133)
Noncurrent liabilities	(15,933)	(11,313)	(1,834)	(2,423)
	$ (16,168)	$ (11,554)	$ (1,954)	$ (2,556)
Amounts recognized in accumulated other comprehensive loss				
Net loss	$ 38,101	$ 30,162	$ 401	$ 539
Prior service cost	(2,104)	(2,030)		
Transition (asset) obligation	(61)	(98)	437	487
	$ 35,936	$ 28,034	$ 838	$ 1,026

The accumulated benefit obligation for all foreign defined benefit pension plans was $73 million at December 31, 2008 and $93 million at December 31, 2007.

The fair market value of plan assets exceeded both the accumulated benefit obligation and projected benefit obligation for the Canadian Hourly plan at year-end 2008 and year-end 2007. The accumulated benefit obligation and projected benefit obligation exceeded the fair market value of plan assets for the Canadian Salary plan for 2008. The fair market value of plan assets for the Canadian Salary plan exceeded both the accumulated benefit obligation and the projected benefit obligation at year-end 2007. For the United Kingdom plan, the fair market value of plan assets exceeded the accumulated benefit obligation, but not the projected benefit obligation, at year-end 2008 and year-end 2007. The net asset position of the Canadian Hourly plan is included in prepaid

Notes to Consolidated Financial Statements Continued

(tabular amounts in thousands, except per-share amounts)

pension cost on the balance sheet for both years. The net liability position in 2008 of the Canadian Salary plan and in both years of the United Kingdom plan is included in noncurrent liabilities. The net asset position of the Canadian Salary plan is included in prepaid pension cost on the balance sheet in 2007.

The accumulated benefit obligation and projected benefit obligation exceeded the fair market value of plan assets for the German and Afton Belgium plans at December 31, 2008 and for the German and both Belgium plans at December 31, 2007. The German plan has no assets. The accrued benefit cost of these plans is included in other noncurrent liabilities on the balance sheet. As the German plan is unfunded, a portion of the accrued benefit cost for the German plan is included in current liabilities at year-end 2008 and year-end 2007 reflecting the expected benefit payments related to the plan for the following year.

For the Ethyl Belgium plan, the fair market value of plan assets exceeded the projected benefit obligation and the accumulated benefit obligation at December 31, 2008. The net asset position of the Ethyl Belgium plan is included in prepaid pension cost on the balance sheet at 2008.

The following table shows information on foreign plans with the accumulated benefit obligation in excess of plan assets. The second table shows information on plans with the projected benefit obligation in excess of plan assets.

	2008	2007
Plans with the accumulated benefit obligation in excess of the fair market value of plan assets		
Projected benefit obligation	$ 25,407	$ 21,219
Accumulated benefit obligation	21,112	16,740
Fair market value of plan assets	14,238	9,604

	2008	2007
Plans with the projected benefit obligation in excess of the fair market value of plan assets		
Projected benefit obligation	$ 81,515	$ 99,047
Fair market value of plan assets	65,188	87,337

Assumptions The information in the table below provides the weighted-average assumptions used to calculate the results of our foreign defined benefit plans.

	Pension Benefits			Postretirement Benefits		
	2008	2007	2006	2008	2007	2006
Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31						
Discount rate	5.47%	4.94%	4.60%	5.00%	5.00%	6.00%
Expected long-term rate of return on plan assets	5.88%	5.88%	5.58%			
Rate of projected compensation increase	4.42%	4.30%	4.30%			
Weighted-average assumptions used to determine benefit obligations at December 31						
Discount rate	5.93%	5.47%	4.94%	7.00%	5.00%	5.00%
Rate of projected compensation increase	4.24%	4.42%	4.30%			