Lubrizol

August 5, 2008

VIA Federal Express

U.S. Environmental Protection Agency
G. Marie Watts, SR-6J
Remedial Enforcement Services Section
77 West Jackson Blvd.
Chicago, IL 60604-3590

Re: The Chemical Recovery Systems Site, Elyia, Ohio ("Site")
General Notice of Potential Liability and
Request for Information

Dear Ms. Watts:

In response to the above-referenced Request for Information, The Lubrizol Corporation ("Lubrizol") submits the enclosed information. While Lubrizol intends to cooperate with US EPA's investigation of the above described Site, Lubrizol objects to the overly-broad nature of the Request for Information to the extent that it seeks documents or information protected from disclosure by privilege or similar confidentiality doctrines, including without limitation the attorney-client privilege, the joint defense privilege, the self-critical analysis privilege, the attorney work product doctrine, and any other privilege of doctrine recognized by law. In addition, Lubrizol expressly reserves and does not intend to waive any rights or defenses to which it may be entitled under applicable law as to US EPA's Information Request, including without limitation its right to further object to the above-referenced Information Request.

Subject to these objections, Lubrizol hereby submits its response to US EPA's Request for Information pertaining to waste disposal practices during the time period of 1960 through 1981 at the Chemical Recovery Systems Site in Elyria, Ohio. Defined terms utilized in the following responses shall have the same meaning as used in the above referenced Request for Information.

If you should have any questions regarding this matter, please contact me at the address listed below or at 440-347-5028.

Sincerely,
The Lubrizol Corporation

Karen L. Walter
Counsel

Enclosure

The Lubrizol Corporation
29400 Lakeland Boulevard
Wickliffe, OH 44092-2298
Telephone: 440.943.4200
www.lubrizol.com

EPA Region 5 Records Ctr.
363453

The Lubrizol Corporation Information Request Response
Chemical Recovery Systems Site, Elyria. Ohio

Response to Questions:

1. Lubrizol consulted the following personnel while preparing this response:
   David Cowen, former Corporate HSE Manager
   Richard Hardesty, Avon Lake HSE Manager
   Michael L. Kuta, Manager, Treasury & Capital Markets
   Patty Maloyan, Corporate HSE Manager
   Gwendolyn McDay, Painesville HSE Manager
   Meera Raghuram, Corporate Remediation Manager
   Mark Silbiger, Director Domestic Tax
   Denise Szanyi, Legal Assistant
   Greg A. Taylor, Wickliffe HSE Manager
   Karen L. Walter, Legal Counsel

2. Lubrizol performed a diligent review of documents related to historic disposal practices and information related to waste generation pertinent to the Site. In addition, for information related to insurance, financial and tax information; corporate records, such as annual reports, transaction bibles, corporate record archives, and corporate record books were consulted.

3. Lubrizol contacted Ms. G. Marie Watts to determine what information linked Lubrizol to the Site and determined that a former subsidiary. R.O. Hull & Company, Inc. had sent materials to the Site. Lubrizol divested this subsidiary in April 1979 wherein the purchasers of the company, ROHCO, Inc. assumed all liabilities, known and unknown. A copy of this purchase agreement is included in Appendix A. Lubrizol has no other relevant records associated with this former subsidiary.

In addition, Lubrizol understands that the Lubrizol Advanced Materials Avon Lake facility may have sent material to the Site during the relevant time period as a subsidiary of the Goodrich Corporation. In accordance with the asset purchase agreement, Goodrich has assumed all liability associated with historic disposal sites and is identified as a PRP in the Information Request attachments received by Lubrizol. As a result, no records have been reviewed in relation to historic disposal activities associated with the former Goodrich operating facilities.

Additionally, information related to Lubrizol's disposal activities beyond the relevant time period associated with the operation of the Site have not been reviewed and are believed to be beyond the scope of the Information Request.

4. Based upon its investigation, Lubrizol believes that he following Lubrizol facilities are the only potential sources of the materials disposed at the Site. The addresses and

associated Ohio EPA and US EPA identification numbers for these facilities is listed below:

Wickliffe Facility 29400 Lakeland Boulevard Wickliffe, Ohio 44092 EPA ID: OHD 004 172 565 Ohio Facility ID: 02-43-0177	Painesville Facility 155 Freedom Road Painesville, Ohio 44077 EPA ID: OHD 004 172 623 Ohio Facility ID: 02-43-0178	Avon Lake Facility 550 Moore Road Avon Lake, OH 44012 EPA ID: OHD 004 165 171 Ohio Facility ID: 02-47-030004

5. Lubrizol does not have any information responsive to this question.

6. Lubrizol does not have any information responsive to this question.

7. Lubrizol does not have any information responsive to this question.

8. Lubrizol does not have any information responsive to this question.

9. Lubrizol does not have any information responsive to this question.

10. Included in Attachment B is a summary of liability insurance policies believed to have been held by Lubrizol. In some instances, a copy of the insurance policy is not available and is noted on the chart. Copies of all other insurance policies are available upon request.

11. Due to the voluminous nature of the request for copies of all tax returns, Lubrizol requested guidance of necessary documents requested to comply with this question. In accordance with direction received from Mr. Tom Nash, the following tax information is provided in Appendix C:

Form 1120 – pages 1 to 4;
Schedule 4562;
Page with "Other Deductions;"
Page listing other costs part of costs of goods sold;
Schedule of officer's salaries; and
Schedule of amortization.

Additional documentation associated with Lubrizol's tax returns is available and will be submitted upon request.

12. Lubrizol is an Ohio corporation. A copy of Lubrizol's corporate regulations, the articles of incorporation and annual reports for the past five (5) fiscal years are included

in Appendix D. Please note that Lubrizol's current assets and liabilities are summarized in the annual reports and are owned by the corporation.

13. Lubrizol is not a Partnership; therefore this question is not applicable.

14. Lubrizol is not a Trust; therefore this question is not applicable.

The Lubrizol Corporation Information Request Response
Chemical Recovery Systems Site, Elyria. Ohio

Certification Statement

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted.

Based upon my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Karen L. Walter
Counsel

8/5/08
Date

Appendix A

Purchase and Sale Agreement

The Lubrizol Corporation
The R.O. Hull & Company, Inc.
and
ROHCO, Inc.

→ Acquisitions — R.O. Hull File

→ Insurance Matters — General file 10/25/90

cc: ~~JWB~~, CAC, TBH

ASSET PURCHASE AND SALE AGREEMENT

DATED AS OF

APRIL 30, 1979

AMONG

THE LUBRIZOL CORPORATION,

THE R.O. HULL & COMPANY, INC.

AND

ROHCO, INC.

RECEIVED
EHS LAW DEPT.
OCT 25 1990

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ASSET PURCHASE AND SALE AGREEMENT

THIS AGREEMENT, entered into as of the 30th day of April, 1979, by and between THE LUBRIZOL CORPORATION, an Ohio corporation ("Lubrizol"), THE R.O. HULL & COMPANY, INC., an Ohio Corporation and a wholly-owned subsidiary of Lubrizol ("Hull"), and ROHCO, INC., an Ohio corporation (the "Buyer"),

WITNESSETH, that

WHEREAS, Lubrizol is the owner of all the issued and outstanding shares of Hull, which is engaged in the business of developing and manufacturing specialized plating and metal finishing products for the metal finishing industry;

WHEREAS, Buyer desires to purchase from Hull, and Hull desires to sell to Buyer, the business and all of the property and assets of Hull, real and personal, tangible and intangible, known and unknown, on the terms and conditions hereinafter set forth;

WHEREAS, Buyer desires to assume all of Hull's debts, obligations and liabilities, known and unknown, contingent and liquidated, and all of Hull's executory contracts, agreements and commitments of any kind; and

WHEREAS, Lubrizol and Buyer desire to enter into (i) a supply agreement whereby Lubrizol will supply Buyer with certain items manufactured by Lubrizol; (ii) a sales representation agreement whereby Buyer will act as Lubrizol's representative in promoting sales of certain products of Lubrizol in the United States and Canada; (iii) a loan agreement whereby Lubrizol will commit, under certain circumstances, to lend to Buyer a specified sum, such loan to be evidenced by a subordinated negotiable promissory note and to be used in settlement of certain litigation; and (iv) a noncompetition agreement whereby Lubrizol will agree, under certain circumstances, not to compete with Buyer's principal lines of business;

NOW, THEREFORE, for and in consideration of the premises, the covenants of the parties set forth herein, and for other good and valuable consideration, the mutual receipt and sufficiency of which is hereby acknowledged by each party, the parties hereto agree as follows:

ARTICLE I

PURCHASE AND SALE OF ASSETS

1.1 Description of Assets. Upon the terms and subject to the conditions set forth in this Agreement, and except as otherwise provided in Sections 1.2, 1.3 and 6.1, at the Closing and as of the Effective Date (as said terms

are hereinafter defined), Hull shall convey, sell, transfer, assign and deliver to Buyer, and Buyer shall purchase from Hull, all of Hull's right, title and interest in its properties, assets and business of every kind, nature and description, real and personal, tangible and intangible, known and unknown, wherever located, as the same shall exist at the Effective Date, including, without limiting the generality of the foregoing, the following: (a) the real estate described in Exhibit A hereto and the improvements, buildings, fixtures and construction in process, if any, thereon; (b) the leasehold interests described in Exhibit B hereto and the improvements, buildings, fixtures and construction in process, if any, thereon; (c) all production and raw materials, work in process, finished goods and other inventories, office, repair, maintenance and operating supplies, and all other materials and goods held for disposition, use or consumption in the business of Hull; (d) all private passenger automobiles, motor vehicles, machinery, equipment, furniture, fixtures, tools, molds, jigs, dies and furnishings; (e) the patents, trademarks, marks, names (including without limitation the names R.O. Hull & Company, Inc. and ROHCO and any variations thereof), trade names, symbols, service marks, logos and copyrights, domestic and foreign, and the applications therefor, registrations thereof and licenses in respect thereof, listed on Exhibit C hereof; (f) all inventions, trade secrets, proprietary rights, technical

know-how, research and research materials, customers' lists and files, business good will, judgments and demands of all kinds, and claims and causes of action of whatever kind or description; (g) the contracts, agreements, contract rights, including, without limitation, the leases, insurance policies, license agreements, franchises, franchise agreements and franchise rights, listed on Exhibit D hereof, and all quotations, purchase and sales orders and other such executory commitments; (h) all licenses, permits, consents, certificates and authorizations of any governmental body, agency, political subdivision or regulatory or administrative authority (to the extent the same are transferable); (i) all books of account, files, papers and records (except as specifically reserved to Hull in this Section 1.1 below); (j) the cash, savings deposits and other bank accounts, certificates of deposit, checks and drafts of others not yet collected, securities and investments, deposits (including, without limitation, deposits held by any federal, state or local governmental agency or instrumentality), notes, advances or debts owed to Hull and accrued interest, listed on Exhibit E hereof, and all receivables (including accounts and notes receivable) whether or not accrued on the books of Hull as of the Effective Date, and credits of all kinds; (k) subject to Section 1.3 hereof, the shares of capital stock of any subsidiary or affiliate of Hull held by Hull, listed on Exhibit F hereof; (l) the pension plans, profit sharing

plans and other retirement and fringe benefit plans and plan assets held by or on behalf of Hull, in trust or otherwise, for its employees, listed on Exhibit G hereof (except that as to the pension and profit sharing plans, transfer shall be effective on May 29, 1979, but then retroactive to the Effective Date); and (m) all of the other business and property and assets of Hull, real and personal, tangible and intangible, known and unknown; provided, however, that there shall be excluded from said properties and assets to be conveyed, sold, transferred, assigned and delivered to Buyer: (i) all corporate charters, minute books, stock record books and corporate seals of Hull; (ii) all shares of capital stock of Hull, if any, now held by Hull as treasury shares; (iii) all tax returns of Hull, the supporting schedules thereto and all underlying accounting records; (iv) any and all rights which accrue or will accrue to Hull under this Agreement; (v) any assets with respect to which an adjustment is made in the book value of Hull under Section 2.1(c) hereof; and (vi) any properties or assets to be retained by Hull pursuant to Sections 1.2 or 1.3 of this Agreement. (All of said properties and assets to be conveyed, sold, transferred, assigned and delivered to Buyer under this Section 1.1 are hereinafter sometimes collectively referred to as the "Properties.") Hull, Lubrizol and Buyer shall have the right, during normal business hours, to inspect in a reasonable manner and copy (at the copying party's expense) any written document described in Section

1.1 of this Agreement which is held by any other party hereto.

1.2 Nonassignment of Certain Contracts. To the extent that the assignment of any lease, agreement (including any franchise, licensing or technical agreement, supply agreements or sales representation agreement), contract, contractual right, claim, cause of action or the like, otherwise assignable hereunder as part of the Properties, shall require the consent of any other party (including, without limitation, any governmental body, agency, political subdivision or regulatory or administrative authority) and such consent shall not have been obtained prior to the Closing, or in the event that any of the same shall be non-assignable, neither this Agreement nor any action taken pursuant hereto shall constitute an assignment or an agreement to assign if such assignment or attempted assignment would constitute a breach thereof or result in the loss or material diminution thereof. In each such case, Buyer shall use its best efforts to obtain the consent of such other party to such assignment to Buyer where such assignment may be made if such consent is obtained. Hull and Lubrizol shall cooperate with Buyer in this regard. If such consent is not obtained, Hull agrees to cooperate with Buyer, at Buyer's expense and with Buyer's best efforts, for a period of one (1) year after the Closing Date in any reasonable arrangement designed to provide for Buyer the benefits under such lease, agreement, contract, contractual rights, claims,

causes of action or the like, as the case may be, including enforcement, for the account and the benefit of Buyer, of any and all rights of Hull or Lubrizol against any other person arising out of the breach or cancellation by such other person or otherwise. Hull shall forthwith pay over to Buyer every payment received in respect of each such contract, contractual right, claim, cause of action or the like. Buyer shall be responsible for the performance of and all expenses in connection with, and shall indemnify, defend and hold Hull and Lubrizol harmless from and against all liabilities arising out of or in any way related to, any such contract, contractual right, claim, cause of action or the like (and the transfer of such hereunder), both before and after the Closing, and shall reimburse Hull and Lubrizol for all out-of-pocket expenses, including attorneys' fees, incurred in connection therewith; provided, however, that whenever feasible Lubrizol and Hull will give Buyer advance written notice before incurring any such out-of-pocket expense.

1.3 Transfer of Capital Stock of Hull Subsidiaries and Affiliates.

(a) Hull is currently the owner of one hundred percent (100%) of the capital stock of Rohco Chemicals Ltd., Mississauga, Ontario, Canada, and of R. O. Hull & Company Limited, Willenhall, England (collectively, the "Subsidiaries"). Hull is also currently the owner of (i) forty-nine

percent (49%) of the capital stock of each of R. O. Hull de Mexico, S.A., D.F. 13, Mexico, and Aikoh Rohco Co. Ltd, Tokyo, Japan, and (ii) fifty percent (50%) of the capital stock of R. O. Hull & Co. (Aust.) Pty Limited, N.S.W. 2068, Australia (collectively, the "Affiliates").

(b) Buyer shall use its best efforts to obtain, and shall be responsible for all expenses in connection with obtaining, any and all necessary consents of any governmental body, agency, political subdivision, regulatory or administrative authority or any person to the conveyance, sale, transfer, assignment and delivery to Buyer of the capital stock of the Subsidiaries and Affiliates owned by Hull (including, without limitation, (i) the consent of the Canadian government or any agency thereof to the sale of all of the capital stock of Rohco Chemicals Ltd. required under the Canadian Foreign Investment Review Act and (ii) any necessary consents of the Australian, English, Japanese and Mexican governments to the sale of Hull's capital stock in R. O. Hull & Co. (Aust.) Pty Limited, R. O. Hull & Company, Limited, Aikoh Rohco Co., Ltd. and R. O. Hull de Mexico, S.A., respectively). Hull and Lubrizol shall cooperate with Buyer in this regard.

(c) If such consents are not obtained prior to the Closing, and subject to Subsection (d) below, Hull and Lubrizol shall cooperate with Buyer in the continued operation and business of the Subsidiaries and Affiliates, in

reasonable manner and arrangements designed to provide for Buyer the full benefits of such operation and business which would otherwise accrue to the benefit of Hull and Lubrizol. Buyer shall be responsible for all expenses in connection with, and shall indemnify, defend and hold Hull and Lubrizol harmless from and against all liabilities arising out of or in any way related to, any such Subsidiary or Affiliate (and the transfer of such hereunder), both before and after the Closing, and shall reimburse Hull and Lubrizol for all out-of-pocket expenses, including attorneys' fees, incurred in connection therewith; provided, however, that whenever feasible Lubrizol and Hull will give Buyer advance written notice before incurring any such out-of-pocket expense.

(d) In the event that, notwithstanding the best efforts of Buyer, and the cooperation of Hull and Lubrizol, all such consents are not obtained on or prior to December 31, 1979, then Hull and Lubrizol shall cooperate with Buyer, at Buyer's expense and with Buyer's best efforts, in any reasonable arrangement designed to provide for Buyer as promptly as possible the benefits of the ownership of such capital stock and the transfer of all rights and incidents of ownership thereof, including enforcement, for the account and the benefit of Buyer, of any and all rights of Hull or Lubrizol against any other person by virtue of the benefits, rights and incidents of ownership of said capital stock.

1.4 Conveyance.

(a) Hull shall convey, sell, transfer, assign and deliver to Buyer, by quitclaim deed, in the form attached hereto as Exhibit H, Hull's entire right, title and interest in any real property owned by Hull.

(b) Hull shall convey, sell, transfer, assign and deliver to Buyer, by General Conveyance, Assignment and Bill of Sale, in the form attached hereto as Exhibit I, and by such other instrument or instruments as counsel for Buyer may reasonably deem necessary or desirable to effect or evidence such conveyance to Buyer, Hull's entire right, title and interest in all of the Properties (other than the real property conveyed pursuant to the preceding paragraph). Without limiting the generality of the foregoing, Hull shall execute or endorse and deliver to Buyer certificates of title to all motor vehicles, and other separate instruments of sale, assignment or transfer, in form suitable, where appropriate, for filing or recording with the appropriate office or agency, for various items of the Properties (such as, without limiting the generality of the foregoing, leases, trademarks, and copyrights), where, in Buyer's judgment, the same are reasonably necessary or desirable in order to vest or evidence title thereto in Buyer.

1.5 Change of Name. Prior to Closing or as soon as possible thereafter, Hull and Lubrizol shall take such

action as may be necessary to obtain authorization by Hull's Board of Directors and by Lubrizol (as sole shareholder of Hull) for a change of Hull's corporate name to one not the same as or similar to The R. O. Hull & Company, Inc., ROHCO or any other trademark or trade style or name now used by Hull. Hull shall, at Buyer's request, at or before the Closing or as soon as possible thereafter, cause such change of name to become legally effective for all purposes in each state listed on Exhibit D, and shall promptly furnish Buyer with evidence that such change has become effective.

ARTICLE II

PURCHASE PRICE: ASSUMPTION OF LIABILITIES

2.1 Purchase Price.

(a) Upon and subject to the terms and conditions set forth in this Agreement, and in consideration of the representations, warranties, covenants and other undertakings of Hull and Lubrizol contained in this Agreement, Buyer agrees to pay to Hull for the Properties cash consideration in an aggregate amount equal to (i) the "Book Value of Hull as of April 30, 1979", as hereinafter defined, (ii) the sum of One Million One Hundred Thousand Dollars ($1,100,000), prior payment by Buyer and receipt by Hull of One Hundred Thousand Dollars ($100,000) of this amount being hereby

acknowledged by Hull and Lubrizol, and (iii) an additional sum equal to interest from May 1, 1979 to the Closing Date at the Prime Rate of the National City Bank of Cleveland, Ohio on Seven Million Nine Hundred Thousand Dollars ($7,900,000), computed on the basis of a 360 day year. As used herein the Prime Rate shall mean the rate of interest charged by said bank from time to time to its largest and most credit-worthy commercial borrowers on 90-day commercial loans.

(b) On the Closing Date, Buyer shall pay, by certified check payable to Hull, cash consideration in the amount of Seven Million Nine Hundred Thousand Dollars ($7,900,000) plus the sum described in Section 2.1(a)(iii) above. Any adjustment in the total cash consideration to be paid hereunder shall be paid by certified check of Hull to Buyer, or by Buyer to Hull, as the case may be, within ten (10) days after presentation to Buyer of the financial statements, hereinafter described, which determine the Book Value of Hull as of April 30, 1979.

(c) The Book Value of Hull as of April 30, 1979 shall be the book value as conclusively determined by the internal financial statements of Hull as of such date (using generally accepted accounting principles and including any adjustments thereto or in the method of preparation thereof recommended by Deloitte Haskins & Sells to the management

of Hull in connection with their review and audit of the financial statements of Hull for the year ended December 31, 1978), reduced by the amount, if any, to be received by Hull or Lubrizol with respect to any prepaid expenses or the like which Hull determines, in good faith reasonably exercised, cannot be transferred to Buyer, and increased by the amount, if any, accrued on April 30, 1979 and not paid to Lubrizol prior to the Closing Date for the expenses and liabilities expressly retained and assumed by Hull or Lubrizol in Section 2.2(b) and the amount, if any, owing to Lubrizol in inter-company accounts other than that for normal trade credit (which accounts shall thereby be satisfied).

2.2 Assumption of Liabilities.

(a) As additional consideration for the sale of the Property by Hull, on the Closing Date Buyer shall assume, by an Assumption Agreement in the form attached hereto as Exhibit J:

(i) all of Hull's debts, obligations and liabilities, known and unknown, contingent and liquidated; and

(ii) all of Hull's executory contracts, agreements, commitments and other obligations.

(b) Notwithstanding the above, the parties agree that the Buyer shall not assume or be responsible for:

(i) all Federal income taxes incurred by or with respect to Hull from the time Lubrizol acquired the shares of Hull to the Effective Date;

(ii) the cost of any independent public accountant incurred in the preparation of the financial statements of Hull for the year ended December 31, 1978; and

(iii) all costs and expenses, including attorneys' fees, incurred by Hull in connection with the negotiation, execution and consummation of this Agreement and the fulfillment of its obligations hereunder.

2.3 Defense of Claims and Causes of Actions. Buyer shall vigorously defend or settle all claims and causes of action assumed hereunder, including, without limitation, those listed in Exhibit L hereto, for and on behalf of itself and Hull; provided, however, that Buyer shall not settle any such claim or cause of action without providing for the release by all other parties of all obligations and liabilities of Hull, whether as surety or otherwise. Hull shall have the right to participate, at its expense, in the investigation and defense of any such claim or cause of action.

2.4 Allocation of Purchase Price. The sum of the cash payment provided for in Section 2.1 above and the total amount of the liabilities assumed by Buyer in accordance

with Section 2.2 above shall be allocated to the respective Properties of Hull as set forth in Exhibit M hereto, which allocation has been determined by negotiations between Buyer and Hull, and which allocation Buyer and Hull agree reflects accurate fair values for such assets and properties. Buyer and Hull agree to use such values for tax purposes and to furnish, upon request, such data and documentation as may be available to support such values.

2.5 Transferred Employees. Buyer shall employ and assume responsibility for all employees of Hull as of the Effective Date (all such employees herein collectively referred to as "Transferred Employees"). Buyer shall employ each Transferred Employee at the same job level, with the same seniority, and at the same compensation rate (or at a higher rate if Buyer desires) as that which such employee had immediately prior to the Effective Date as an employee of Hull, but shall be under no obligation or other commitment to continue to employ any Transferred Employee or to maintain any Transferred Employee at the same job level, seniority or compensation rate.

2.6 Employee Fringe Benefit Plans. As of the Effective Date, Buyer shall asssume responsibility for all Hull's employee fringe benefit plans and shall succeed Hull as the plan sponsor and administrator thereof. Buyer will cooperate to the fullest extent with Hull in the applications

to be made by Hull with respect to the Pension and Profit-Sharing Plans on May 24, 1979, as called for under Section 4.6, and agrees to be bound by such amendments to said Pension and Profit-Sharing Plans as Hull may be required to make in order to obtain favorable determination letters from the IRS.

2.7 No Registration of Capital Stock of Subsidiaries and Affiliates. Buyer and Hull acknowledge that the sale and transfer of shares of capital stock of the Subsidiaries and Affiliates of Hull will not be registered under the Securities Act of 1933 in reliance upon certain exemptions from such registration provided under said Act. Buyer acknowledges that it is purchasing such shares for investment and to maintain and operate the business of and with its Subsidiaries and Affiliates and not with the view, intent or purpose of selling or otherwise distributing said shares to the public.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to each of Hull and Lubrizol that:

3.1 Corporate Organization. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio, and has all requisite corporate power and authority to enter into this Agreement,

perform its obligations hereunder and consummate the transactions contemplated hereby. Neither the execution nor performance of this Agreement will violate the articles of incorporation or the by-laws of Buyer, or any indenture, contract or other commitment to which Buyer is a party, or by which it is bound, or will be in conflict with, or result in or constitute a breach or default on the part of Buyer (or an occurrence which by the lapse of time and/or the giving of notice would constitute a breach or default on the part of the Buyer) under, any such indenture, contract or other commitment.

3.2 Authorization. All necessary and appropriate corporate action has been taken by Buyer with respect to the execution and delivery of this Agreement and the performance by Buyer of its obligations hereunder, and this Agreement constitutes a valid and binding obligation of Buyer.

3.3 No Brokers and Finders. The transactions contemplated hereby were not submitted to Buyer by any broker or other person entitled to a commission or finder's fee thereon, were not, with the consent of Hull or Lubrizol, submitted to Hull or Lubrizol by any such broker or person, and the actions of Buyer have not given rise to any valid claim by any person against Hull or Lubrizol for a brokerage commission, finder's fee or like payment against any of the parties hereto.

3.4 Absence of Litigation. To the best knowledge of Buyer, no claim, proceeding or litigation, either administrative

or judicial, has been threatened or is pending against Buyer, Hull or Lubrizol for the purpose of enjoining or preventing the consummation of this Agreement or otherwise claiming that this Agreement, or the transactions contemplated hereunder, or the consummation thereof, is improper.

3.5 Renewal and Survival of Representations and Warranties. All of the representations and warranties set forth in this Article III shall be deemed renewed by Buyer at the Closing as if made at such time and shall survive the Closing for a period of one (1) year from and after the Closing Date (as hereinafter defined), and during said period shall be effective regardless of any investigation that may have been or may be made at any time by Hull or Lubrizol with respect to the subject matter thereof; thereafter, all such representations and warranties shall expire and be of no further force or effect.

3.6 Expenses of Purchase and Sale. Buyer shall bear its costs and expenses, including attorneys' fees, incurred in connection with the negotiation, execution and consummation of this Agreement and the fulfillment of its obligations hereunder.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF HULL

Hull hereby represents and warrants to Buyer that:

4.1 Corporate Organization. Hull is a corporation duly organized, validly existing and in good standing under

the laws of the State of Ohio, and has all requisite corporate power and authority to enter into this Agreement, perform its obligations hereunder and consummate the transactions contemplated hereby. Neither the execution nor performance of this Agreement will violate the articles of incorporation or the by-laws of Hull.

4.2 Authorization. All necessary and appropriate corporate action has been taken by Hull with respect to the execution and delivery of this Agreement and the performance by Hull of its obligations hereunder, and this Agreement constitutes a valid and binding obligation of Hull.

4.3 Expenses of Purchase and Sale. Hull shall bear its costs and expenses, including attorneys' fees, incurred in connection with the negotiation, execution and consummation of this Agreement and the fulfillment of its obligations hereunder.

4.4 Warranties or Representations as to Condition of Properties. HULL MAKES NO REPRESENTATIONS OR WARRANTIES CONCERNING THE CONDITION OF THE PROPERTIES OR THE FITNESS THEREOF FOR ANY PURPOSE; ALL WARRANTIES, EXPRESS AND IMPLIED, (INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE EXPRESSLY EXCLUDED FROM THE TERMS HEREOF; AND ALL PROPERTIES ARE SOLD "AS IS, WHERE IS."

4.5 Warranties as to Title to Properties. Hull warrants the Buyer shall receive title to the Properties as provided in Section 1.4 of this Agreement.

4.6 Employee Fringe Benefit Plans.

(a) Hull represents (i) that it submitted to the Internal Revenue Service (the "IRS") on September 14, 1976, an application on Form 5300 for a determination letter relating to the qualified status of The R.O. Hull & Company, Inc. Pension Plan (the "Pension Plan") and the First Amendment to the Pension Plan, (ii) that it submitted to the IRS on February 9, 1977, the Second Amendment to the Pension Plan, in proposed form, (iii) that a favorable determination letter was issued with regard to the Pension Plan, as amended by the First and Second Amendments thereto, on March 14, 1977, and (iv) that it adopted the Second Amendment on March 23, 1977. Hull further represents that on April 25, 1978, it adopted the Third Amendment to the Pension Plan, that on May 15, 1978, it adopted the Fourth Amendment thereto, and that on May 24, 1979, it will submit the Third and Fourth Amendments to the IRS. Except as set forth above in this Section 4.6(a), Hull makes no representation or warranty that the Pension Plan does or will comply with the requirements of Part I of Subchapter D of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954, as amended (the "Code").

(b) Hull represents that it submitted to the IRS on September 15, 1977, an application on Form 5301 for a determination letter relating to the qualified status of the Second Amended Trust Agreement Relating to the Profit Sharing Plan of The R.O. Hull & Company, Inc. (the "Profit Sharing

Plan") and that a favorable determination letter was issued with regard to that application on April 28, 1978. Hull represents that it adopted the First Amendment to the Profit Sharing Plan on May 15, 1979, and that on May 24, 1979, it will submit said First Amendment to the IRS. Except as set forth above in this Section 4.6(b), Hull makes no representation or warranty that the Profit Sharing Plan does or will comply with the requirements of Part I of Subchapter D of Chapter 1 of Subtitle A of the Code.

4.7 No Brokers and Finders. The transactions contemplated hereby were not submitted to Hull by any broker or other person entitled to a commission or finder's fee thereon, were not, with the consent of Buyer, submitted to Buyer by any such broker or person, and the actions of Hull have not given rise to any valid claim by any person against Buyer for a brokerage commission, finder's fee or like payment against any of the parties hereto.

4.8 Renewal and Survival of Representations and Warranties. All of the representations and warranties set forth in this Article IV shall be deemed renewed by Hull at the Closing as if made at such time and shall survive the Closing for a period of one (1) year from and after the Closing Date (as hereinafter defined) (other than the representation and warranty contained in Section 4.5 hereof, which shall have no limit on the period of its survival

beyond the Closing), and during said period shall be effective regardless of any investigation that may have been or may be made at any time by Buyer with respect to the subject matter thereof; thereafter, all such representations and warranties (other than the representation and warranty in Section 4.5 hereof) shall expire and be of no further force or effect.

4.9 Bulk Sales Law. Buyer hereby waives the obligation of Hull to comply with any Bulk Sales Law or similar statute applicable to the transactions contemplated by this Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF LUBRIZOL

Lubrizol hereby represents and warrants to Buyer that:

5.1 Corporate Organization. Lubrizol is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio, and has all requisite corporate power and authority to enter into this Agreement, perform its obligations hereunder and consummate the transactions contemplated hereby. Neither the execution nor performance of this Agreement will violate the articles of incorporation or the by-laws of Lubrizol or any indenture, mortgage, lien, lease, instrument, order, judgment, decree,

contract or other commitment or restriction to which Lubrizol is a party, or by which it is bound, or will be in conflict with, or result in or constitute a breach or default on the part of Lubrizol (or an occurrence which by the lapse of time and/or the giving of notice would constitute a breach or default on the part of Lubrizol) under, any such commitment or restriction.

5.2 Authorization. All necessary and appropriate corporate action has been taken by Lubrizol with respect to the execution and delivery of this Agreement and the performance by Lubrizol of its obligations hereunder, and this Agreement constitutes a valid and binding obligation of Lubrizol.

5.3 Federal Taxes. All Federal income taxes incurred by or with respect to Hull from the time Lubrizol acquired the shares of Hull to the Effective Date have been paid or provided for.

5.4 Expenses of Purchase and Sale. Lubrizol shall bear its costs and expenses, including attorneys' fees, incurred in connection with the negotiation, execution and consummation of this Agreement and the fulfillment of its obligations hereunder.

5.5 Employee Fringe Benefit Plans.

(a) Lubrizol has no actual knowledge of any event with respect to The R. O. Hull & Company, Inc. Pension Plan or the Profit Sharing Plan of The R. O. Hull & Company, Inc.

which was a reportable event (within the meaning of Section 4043 of ERISA).

(b) Lubrizol has no actual knowledge of any reporting or disclosure requirement under Title I of ERISA with regard to The R. O. Hull & Company, Inc. Pension Plan or the Profit Sharing Plan of The R. O. Hull & Company, Inc. or any other fringe benefit plan of Hull which has not been met.

(c) The Lubrizol Corporation Revised Pension Plan provides for full vesting of the Accrued Benefit, as defined therein, of a participant in said Pension Plan whose employment is terminated as a direct result of the sale of all or substantially all of the assets of Hull, and The Lubrizol Corporation Employees' Profit-Sharing Plan provides for full vesting of the Beneficial Interest, as defined therein, of a participant in said Profit-Sharing Plan whose employment is so terminated.

5.6 Lists of Properties, Encumbrances, Litigation and Certain Proceedings. Listed in Exhibits A through J, inclusive, are the Properties and certain other items and material described therein. Listed in Exhibit K are the security interests, mortgages and other encumbrances on the Properties. Listed in Exhibit L are the material lawsuits and administrative proceedings to which Hull is a party and the claims of violation or infringement of any patent, trademark, trade name or copyright by the Properties or

business of Hull. Listed in Exhibit D are the states in which Hull is qualified to do business. All such Exhibits have been compiled under the direction of John L. Weyls and certain other employees of Hull who have or will transfer to employment with Buyer. With the understanding that Lubrizol has made no independent investigation of the accuracy or completeness of the matters set forth in such Exhibits and has no duty to do so, Lubrizol represents, to the best of its knowledge, that such Exhibits are complete in all material respects as of the Effective Date.

5.7 No Brokers and Finders. The transactions contemplated hereby were not submitted to Lubrizol by any broker or other person entitled to a commission or finder's fee thereon, were not, with the consent of Buyer, submitted to Buyer by any such broker or person, and the actions of Lubrizol have not given rise to any valid claim by any person against Buyer for a brokerage commission, finder's fee or like payment against any of the parties hereto.

5.8 Absence of Litigation. To the best knowledge of Lubrizol, no claim, proceeding or litigation, either administrative or judicial, has been threatened or is pending against Hull, Lubrizol or Buyer for the purpose of enjoining or preventing the consummation of this Agreement or otherwise claiming that this Agreement, or the transactions contemplated hereunder, or the consummation thereof, is improper.

5.9 Renewal and Survival of Representations and Warranties. All of the representations and warranties set forth in this Article V shall be deemed renewed by Lubrizol at the Closing as if made at such time (except to the extent the operations of Hull from the Effective Date to the Closing Date have made any of the Exhibits hereto inaccurate or incomplete) and shall survive the Closing for a period of one (1) year from and after the Closing Date (as hereinafter defined), and during said period shall be effective regardless of any investigation that may have been or may be made at any time by Buyer with respect to the subject matter thereof; thereafter, all such representations and warranties shall expire and be of no further force or effect.

5.10 Financial Statements. The unaudited condensed financial statements attached hereto as Exhibit T have been extracted from Lubrizol's consolidated financial statements and Lubrizol's consolidated financial statements presented fairly the financial position of The Lubrizol Corporation as of December 31, and the results of its operations and changes in its financial position for each of the years then ended, in conformity with generally accepted accounting principles consistently applied.

5.11 Buyer's Unsatisfied Claims Against Hull. To the extent that an uncontested claim or a final judgment (all appeals having been taken or the period for appeal

having run) of Buyer against Hull for a breach of its representations, warranties or other obligations or responsibilities hereunder remains unsatisfied for a period of thirty (30) days after demand by Buyer for payment of same, Lubrizol shall guarantee such representation, warranty or other obligation or responsibility of Hull for the benefit of Buyer and shall promptly pay over to Buyer the amount of such unsatisfied uncontested claim or final judgment; provided, however, that any such amount payable by Lubrizol under this Section 5.11 shall not exceed the Cash Consideration actually paid by Buyer under Section 2.1 hereof.

ARTICLE VI

EFFECTIVE DATE AND CLOSING

6.1 Effective Date. This Agreement, and the representations, warranties, agreements, transfers, Exhibits and deliveries described or contemplated herein, shall be effective as of April 30, 1979 (the "Effective Date"), unless otherwise specifically stated herein. From the Effective Date to the Closing Date, Hull has conducted its business for the account of Buyer. All benefits of such operation shall accrue to Buyer, and, except as otherwise provided in Section 2.2(b) of this Agreement, all losses, liabilities and expenses of such operation, known and unknown, contingent and liquidated, shall be assumed by Buyer.

6.2 The Closing. The transactions contemplated by this Agreement are to be closed, and all deliveries to be made at such time in connection therewith are to be made, at the offices of Baker & Hostetler, 1956 Union Commerce Building, Cleveland, Ohio on the date this Agreement is executed, May __, 1979, at 10:00 a.m., local time, or at such other place, date and/or time as may be mutually agreed upon in writing by Hull, Lubrizol and Buyer (said closing and said date thereof herein referred to as the "Closing" and the "Closing Date", respectively).

6.3 Deliveries of Hull or Lubrizol at Closing. At the Closing, Hull or Lubrizol, as the case may be, will deliver or cause to be delivered to Buyer duly executed:

(a) The instruments of conveyance referred to in Section 1.4 of this Agreement in the form specified in said Section;

(b) An opinion of Squire, Sanders & Dempsey, Cleveland, Ohio, as counsel for Hull and Lubrizol, dated the Closing Date, in the form attached hereto as Exhibit N;

(c) The Supply Agreement, Sales Representation Agreement, Loan Agreement and Noncompetition Agreement in the forms attached hereto as Exhibits O, P, Q and R, respectively;

(d) All documents necessary or appropriate to effect the actions described in this Agreement or

evidence satisfactory to counsel for Buyer that all such actions have been effected; and

(e) Copies of the resolutions of the directors and shareholders reflecting the corporate action referred to in Sections 4.2 and 5.2 of this Agreement duly certified by the Secretary of Hull or Lubrizol, as the case may be, as having been duly adopted and as being in full force and effect at the Closing Date.

6.4 Deliveries of Buyer. At the Closing, Buyer will deliver or cause to be delivered to Hull or Lubrizol or to others, as the case may be, duly executed:

(a) The purchase price specified in Article II of this Agreement;

(b) The Assumption Agreement referred to in Section 2.2 of this Agreement in the form specified in said Section;

(c) An opinion of Baker & Hostetler, Cleveland, Ohio, as counsel for Buyer, in the form attached hereto as Exhibit S;

(d) The Supply Agreement, Sales Representation Agreement, Loan Agreement and Noncompetition Agreement in the forms attached hereto as Exhibits O, P, Q and R, respectively;

(e) All documents necessary or appropriate to effect the actions described in this Agreement or evidence

satisfactory to counsel for Hull and Lubrizol that all such actions have been effected; and

(f) Copies of the resolutions of the directors reflecting the corporate action referred to in Section 3.2 of this Agreement duly certified by the Secretary of Buyer as having been duly adopted and as being in full force and effect at the Closing Date.

ARTICLE VII

INDEMNITY

7.1 General Indemnity.

(a) Subject to the limitations of Section 7.2 ~~hereof~~, Hull agrees to hold harmless, indemnify and defend Buyer and its legal representatives, successors and assigns from and against any loss, claim, cause of action, damage, liability, expense or cost of any kind or amount whatever (except that in no event shall Hull be liable for consequential damages) which results from any breach by Hull of any representation or warranty made by Hull in Article IV hereof.

(b) Subject to the limitations of Section 7.2 hereof, Lubrizol agrees to hold harmless, indemnify and defend Buyer and its legal representatives, successors and assigns from and against any loss, claim, cause of action, damage, liability, expense or cost of any kind or amount

whatever (except that in no event shall Lubrizol be liable for consequential damages) which results from any breach by Lubrizol of any representation or warranty made by Lubrizol in Article V hereof.

(c) Subject to the limitations of Section 7.2 hereof, Buyer agrees to hold harmless, indemnify and defend Hull and Lubrizol and their legal representatives, successors and assigns from and against any loss, claim, cause of action, damage, liability, expense or cost of any kind or amount whatever (except that in no event shall Buyer be liable for consequential damages) which results from any breach by Buyer of any representation or warranty made by Buyer in Article III hereof.

7.2 Notice and Amount of Claim. In determining the amount of any loss resulting to any party, there shall be considered any corresponding tax benefit allowed to such party. A party shall be liable under Section 7.1 hereof only if written notice describing each claim and the actual damage resulting therefrom is given to such party promptly after the claim is discovered and, in any event, within one (1) year after the Closing Date, and only to the extent that the aggregate amount of all claims against Hull and Lubrizol, on the one hand, or Buyer, on the other hand, exceeds One Hundred Thousand Dollars ($100,000); provided, however, that the foregoing limitations shall not apply to a claim of

Buyer against Hull or Lubrizol for breach of the representation and warranty contained in Section 4.5 hereof. Neither Hull and Lubrizol, on the one hand, nor Buyer, on the other hand, shall be liable under this Agreement for an aggregate amount exceeding the Cash Consideration actually paid by Buyer under Section 2.1 hereof.

7.3 Right to Contest Claims of Third Parties. In the event of a claim alleged against Buyer by a person or entity not a party to this Agreement which might be based on or arise out of a breach of this Agreement by Hull or Lubrizol or both, Buyer shall give prompt notice of such claim to Hull and Lubrizol. Failure to give such notice will relieve both Hull and Lubrizol from all liability based on or arising out of such alleged breach and such claim. Upon receipt of such notice, Hull or Lubrizol or both may, but need not, participate, at its or their own expense, in the investigation and defense of such claim. The participation or lack of participation by Hull or Lubrizol and the settlement or adjudication of such claim shall not affect Buyer's obligation subsequently to prove any claim of liability against Hull or Lubrizol under the terms of this Agreement.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

8.1 Notice. All notices, requests, demands and other communications required or permitted under this Agreement shall be made in writing and shall be deemed to have been duly given and made when received.

If to the Sellers:

The Lubrizol Corporation
29400 Lakeland Boulevard
Wickliffe, Ohio 44092
Attention: General Counsel

with a copy to:

Squire, Sanders & Dempsey
1800 Union Commerce Building
Cleveland, Ohio 44115
Attention: Jon E. Denney, Esq.

If to the Buyer:

Rohco, Inc.
3203 West 71st Street
Cleveland, Ohio 44102
Attention: Mr. John L. Weyls

with a copy to:

Baker & Hostetler
1956 Union Commerce Building
Cleveland, Ohio 44115
Attention: J. Richard Hamilton, Esq.

provided, however, that if any party shall have designated a different address by notice to the others, then to the last address so designated.

8.2 Entire Agreement. This Agreement, the Schedules and Exhibits hereto and the Agreements and other documents expressly referred to herein embody the entire agreement and understanding of the parties hereto with respect to the subject matter hereof, and supersede all prior and contemporaneous letters, agreements and understandings relative to said subject matter.

8.3 Binding Effect; Assignment. This Agreement and the various rights and obligations arising hereunder shall inure to the benefit of and be binding upon Buyer, Hull and Lubrizol and their respective legal representatives, successors and assigns.

8.4 No Third Party Beneficiaries. Subject to Section 8.3 hereof, nothing herein, expressed or implied, is intended or shall be construed to confer upon or give to any person, firm, corporation or legal entity, other than the parties hereto, any rights, remedies or other benefits under or by reason of this Agreement.

8.5 Invalidity. The invalidity or unenforceability of any term or provision of this Agreement or the application of such term or provision to any person or circumstance shall not impair or affect the remainder of this Agreement, and its application to other persons and circumstances and the remaining terms and provisions hereof shall not be invalidated but shall remain in full force and effect.

8.6 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument.

8.7 Captions. The section headings of this Agreement are inserted for convenience only and shall not constitute a part of this Agreement in construing or interpreting any provision thereof.

8.8 Expenses of Transaction. Each party hereto shall pay all costs and expenses incurred by it in connection with this Agreement or the transactions contemplated hereby, including, without limitation, the fees and expenses of its counsel and accountants.

8.9 Waiver; Consent. This Agreement may not be changed, amended, terminated, augmented, rescinded or discharged (other than by performance), in whole or in part, except by a writing executed by the parties hereto, and no waiver of any of the provisions or conditions of this Agreement or any of the rights of a party hereto shall be effective or binding unless such waiver shall be in writing and signed by the party claimed to have given or consented thereto. Whenever any consent, approval, agreement, waiver, designation, notice, demand or other written action by Buyer, Hull or Lubrizol is provided for in this Agreement, the same may be given on behalf of such party in a writing signed by its Chairman of the Board, President or a Vice

President. Except to the extent that a party hereto may have otherwise agreed in writing, no waiver by that party of any condition of this Agreement or breach by any other party of any of its obligations or representations hereunder shall be deemed to be a waiver of any other condition or subsequent breach of the same or any other obligation or representation by the other party or parties, nor shall any forbearance by the first party to seek a remedy for any noncompliance or breach by the other party or parties be deemed to be a waiver by the first party of its rights and remedies with respect to such noncompliance or breach.

8.10 Other and Further Covenants of Hull or Lubrizol. At any time, and from time to time, including, without limitation, after the Closing, and without further consideration, Hull and Lubrizol will execute and deliver such other and further instruments of conveyance, transfer and confirmation as Buyer may reasonably request in order more effectively to convey, confirm and transfer to Buyer any of the Properties transferred hereunder; provided, however, that Buyer shall reimburse Hull and Lubrizol for all out-of-pocket expenses incurred therewith. Hull and Lubrizol shall, whenever feasible, give Buyer advance written notice before incurring any such out-of-poket expense.

8.11 Covenant of Buyer. Buyer shall provide whatever assistance Hull requests in the preparation of Hull's tax returns for the periods ending December 31, 1979

or before; provided, however, that Hull or Lubrizol shall reimburse Buyer for all out-of-pocket expenses incurred therewith. Buyer shall, whenever feasible, give Hull or Lubrizol advance written notice before incurring any such out-of-pocket expense.

8.12 Governing Law. This Agreement shall in all respects be construed in accordance with and governed by the laws of the State of Ohio.

IN WITNESS WHEREOF, Buyer, Hull and Lubrizol have caused this Agreement to be duly executed in their respective corporate names by their respective duly authorized officers, all as of the day and year first above written.

ROHCO, INC.

By _____

Its President

THE LUBRIZOL CORPORATION

By _____

Its Vice President-Finance & Treasurer

THE R.O. HULL & COMPANY, INC.

By _____

Its Chairman of the Board

EXHIBIT J

→ Acquisitions — R.O. Hull File

ASSUMPTION OF LIABILITIES

THIS AGREEMENT is made and entered into pursuant to the Asset Purchase and Sale Agreement dated as of April 30, 1979 (the "Agreement") by and between THE LUBRIZOL CORPORATION, an Ohio corporation ("Lubrizol"), THE R.O. HULL & COMPANY, INC., an Ohio corporation and a wholly-owned subsidiary of Lubrizol ("Hull"), and ROHCO, INC., an Ohio corporation ("Buyer"), providing for the purchase by Buyer of the business and assets of Hull (the "Property").

WHEREAS, all of the terms and conditions precedent provided in the Agreement have been met and performed and all of the instruments, documents and agreements required to be executed and delivered in order to consummate the transactions provided in the Agreement are being executed and delivered by and to the respective persons named therein concurrently herewith;

NOW, THEREFORE, as partial consideration for the sale by Hull concurrently herewith of the Property in accordance with and pursuant to the Agreement, Buyer for itself and its successors and assigns, hereby covenants and agrees to assume and does hereby assume and agree to pay, perform or otherwise discharge, as they become due, the following:

1. Buyer's obligations, pursuant to Section 2.2 of the Agreement, to assume, pay and fully satisfy (a) all of Hull's debts, obligations and liabilities, known and unknown, contingent and liquidated; and (b) all of Hull's executory contracts, agreements, commitments and other obligations; except that Buyer does not assume and is not responsible for (i) all

Federal income taxes incurred by or with respect to Hull from the time Lubrizol acquired the shares of Hull to the Effective Date, as that date is defined in the Agreement; (ii) the cost of any independent public accountant incurred in the preparation of the financial statements of Hull for the year ended December 31, 1978; and (iii) all costs and expenses, including attorneys' fees, incurred by Hull in connection with the negotiation, execution and consummation of the Agreement and the fulfillment of its obligations thereunder;

2. Buyer's obligations, pursuant to Section 2.3 of the Agreement, to vigorously defend or settle for and on behalf of itself and Hull all of the claims and causes of action which Buyer has covenanted to so defend or settle under the Agreement, including, without limitation, those listed in Exhibit L to the Agreement, and Buyer's obligation, pursuant to such Section 2.3, not to settle any such claim or cause of action without providing for the release by all other parties of all obligations and liabilities of Hull, whether as surety or otherwise;

3. Buyer's obligations, pursuant to Section 1.2 of the Agreement,

(a) to obtain all consents of other parties required in order to assign to Buyer any lease, agreement (including any franchise, licensing or technical agreement, supply agreements or sales representation agreement), contract, contractual right, claim, cause of action or the like to which Hull is a party; and

(b) to be responsible for the performance of and for all expenses in connection with, and to indemnify, defend and hold Hull and Lubrizol harmless from and against all liabilities arising out of or in any way related to, any such lease, contract, contractual right, claim, cause of

action or the like (and the transfer of such under the Agreement) whenever arising and whether or not consent for assignment has been obtained, and to reimburse Hull and Lubrizol for all out-of-pocket expenses, including attorneys' fees, incurred in connection therewith;

4. Buyer's obligations, pursuant to Section 1.3 of the Agreement,

(a) to obtain, and to be responsible for all expenses in connection with obtaining, any and all necessary consents of any governmental body, agency, political subdivision, regulatory or administrative authority or any person to the conveyance, sale, transfer, assignment and delivery to Buyer of the capital stock of Hull's Subsidiaries and Affiliates, as such terms are defined in the Agreement; and

(b) to be responsible for all expenses in connection with, and to indemnify, defend and hold Hull and Lubrizol harmless from and against all liabilities arising out of or in any way related to, any Subsidiary or Affiliate (and the transfer of such under the Agreement), whenever arising and whether or not consent for transfer has been obtained, and to reimburse Hull and Lubrizol for all out-of-pocket expenses, including attorneys' fees, incurred in connection therewith;

5. Buyer's obligations, pursuant to Section 6.1 of the Agreement, to assume, pay and fully satisfy all losses, liabilities and expenses of the operation of Hull, known and unknown, contingent and liquidated, from the Effective Date to the date hereof, except such as are described in Sections 1 (i), (ii) and (iii) above.

Buyer, for itself and its successors and assigns, further covenants and agrees that it will indemnify and hold harmless Hull and Lubrizol from and against any and all losses, liabilities, claims, suits, damages, judgments and expenses (including, attorneys' fees), in any way related to, arising out of or resulting from the debts, obligations and liabilities of Hull which Buyer is assuming and agreeing to pay, perform and discharge hereunder in accordance with and pursuant to the Agreement and this Assumption of Liabilities.

Buyer, for itself and its successors and assigns, further covenants and agrees that it will do, execute and deliver, or will cause to be done, executed and delivered, all such further instruments, documents, agreements and assurances as may be requested by Hull or Lubrizol or their respective successors or assigns, or which may be necessary or desirable, in order to evidence and provide for the specific assumption by Buyer, its successors and assigns, of any one or more of all of the debts, obligations and liabilities of Hull or Lubrizol assumed by Buyer hereunder and in accordance with and pursuant to the Agreement.

IN WITNESS WHEREOF, Rohco, Inc. has caused this Assumption of Liabilities to be executed by its proper officer hereunto duly authorized this 10 day of May, 1979.

ROHCO, INC.

By _____

3202 West 71st Street
Cleveland, Ohio 44102

Acquisitions - R. O. Hull File

EXHIBITS FOR ROHCO, INC. ASSETS
PURCHASE AND SALES AGREEMENT

EXHIBIT D -

A. Leased Personal Property

1. Pitney Bowes Postage Meter, Chicago, Illinois
2. Pitney Bowes Copier, Detroit, Michigan
3. Pitney Bowes Postage Meter, Cleveland, Ohio
4. Pitney Bowes Postage Meter, Los Angeles, Calif.
5. IBM Keypunch, Cleveland, Ohio
6. Xerox 660 Copier, Chicago, Illinois
7. Xerox 4000 Copier, Cleveland, Ohio
8. Xerox 7000 Copier, Cleveland, Ohio
9. Check Protector, Cleveland, Ohio
10. Various automobiles (Sales/Service) - various states

B. Insurance Policies

1. Property Coverage - All locations except 23000 St. Clair Avenue

National Union Insurance Company
ST 4521694 12/31/76 to 12/31/79

$4,009,000	Blanket Real and Personal Property (Per attached Statement of Values)
1,926,000	Blanket Business Interruption
150,000	Blanket Extra Expense (Per attached Statement of Values)
Coverage:	"All Risks" of Direct Physical Loss Subject to the Provisions of the Policy
Coinsurance:	Agreed Amount Endorsement
Deductibles:	$2,500 on Real and Personal Property; 120 hours on Business Interruption; NIL on Extra Expense

EXHIBIT D - continued

B. Insurance Policies - continued

2. Property Coverage - 23000 St. Clair Avenue

The Travelers Indemnity Company
650-850A8749-IND-79 3/10/79 to 3/10/80

$1,167,000	Personal Property
1,500,000	Contingent Business Interruption
Coverage:	"All Risks" of Direct Physical Loss Subject to Provisions of Policy Form A-141
Coinsurance:	90% applies to Personal Property; 50% applies to Business Interruption
Deductibles:	$10,000 on Personal Property; $15,000 on Business Interruption

3. General Liability (excluding product liability) and Vehicle Coverage excluding Texas and Massachusetts)

St. Paul Fire and Marine Insurance Company
534JH5331 12/31/78 to 12/31/79

Comprehensive General Liability

$1,000,000	Bodily Injury - Each Occurrence
$1,000,000	Bodily Injury - Aggregate
$1,000,000	Property Damage - Each Occurrence
$1,000,000	Property Damage - Aggregate

Vehicle Coverage

$1,000,000	Bodily Injury & Property Damage Combined
2,000	Medical Payments - Each Person

Also Hired and Non Owned Liability, Uninsured Motorist Protection, $50 Deductible Comprehensive and $250 Deductible Collision

EXHIBIT D - continued

B. Insurance Policies - continued

4. Texas Automobile Coverage

St. Paul Insurance Company
(Po. No. to be assigned) 12/31/78 to 12/31/79

$1,000,000	Bodily Injury - Each Person
$1,000,000	Bodily Injury - Each Occurrence
$1,000,000	Property Damage - Each Occurrence
$ 2,500	Medical Payment - Each Person

Also Uninsured Motorist Protection, $50 Deductible Comprehensive and $250 Deductible Collision

5. Massachusetts Automobile Coverage

St. Paul Insurance Company
(Policy Number to be assigned) 12/31/78 to 12/31/79

$1,000,000	Bodily Injury - Each Person
$1,000,000	Bodily Injury - Each Occurrence
$1,000,000	Property Damage - Each Occurrence
$ 5,000	Medical Payments - Each Person

Also Uninsured Motorist Protection, $100 Deductible Comprehensive and $250 Deductible Collision

6. Workers Compensation

St. Paul Insurance Company
734JA0268 12/31/78 to 12/31/79

Statutory Coverage

7. Boiler and Machinery Coverage

The Traveler's Indemnity Company
BM 850A3749-78 2/23/78 to 2/23/81

$ 250,000	Coverage for Damage resulting from Accident to an Object described in the Policy Schedule (West 71st. St.)

B. Insurance Policies - continued

$ 5,000	Daily Indemnity for Loss of Income arising from covered Damage to an Insured Object
$ 495,000	Limit for Loss of Income arising from covered Damage to an Insured Object
Deductibles:	$1,000 Deductible for Direct Damage; First Midnight for Loss of Income; NIL for Extra Expense.

8. Crime Coverage

Security Insurance Group
043755 12/31/76 to 12/31/79

$ 250,000	Employee Dishonesty Coverage
$ 5,000	Depositors Forgery Coverage
Deductibles:	NIL

9. Travel Accident Coverage

Life Insurance Company of North America
ABL 617721 1/31/78 to 1/31/81

$ 50,000	Principal Sum
$ 50,000	Permanent Total Disability Maximum
$1,000,000	Aggregate Limit of Liability per Accident
Persons Injured:	All Officers, Directors, and Employees

10. Marine Open Cargo

The Continental Insurance Co.
#OCC 10 00 51 7/12/78 - Continuous until cancelled
Covers Foreign Shipments

$ 150,000	Limit in respect of shipments by any one vessel and connecting conveyances.
$ 25,000	Limit in respect of shipments stowed on deck of any one vessel and subject to an on deck Bill of Lading.

EXHIBIT D - continued

Marine Open Cargo - continued

$	50,000	Limit in respect of shipments by any one aircraft and connecting conveyances.

(Edition July '70)

STATEMENT OF VALUE

(Confidential)

ALL VALUES SHOWN ARE ☐ ACTUAL CASH VALUE ☒ REPLACEMENT COST.

INSURED THE R. O. HULL & COMPANY, INC.

MAIN OFFICE ADDRESS 3203 West 71st Street, Cleveland, Ohio 44102

DESCRIPTION	B/C	AMOUNT	C/S	AMOUNT	BI/EE	AMOUNT		AMOUNT
3203 West 71st Street Cleveland, Ohio		1,524,000		2,803,000		25,000		
1353 Crampton Road Dallas, Texas		112,000		64,000		20,000		
8020 Katy Freeway Houston, Texas				12,000				
66 E. 10 Mile Road Hazel Park, Mich.		72,000		51,000		10,000		
110 Old South Ave. Stratford, Conn.				109,000		25,000		
16 W. Shore Court Park Ridge, Ill.				66,000		25,000		
4560 E. 50th Street Los Angeles, Cal.				81,000		20,000		
16039 Valley View Ave. Santa Fe Springs, Cal.				5,000				
128-38 Coldbrook St. Grand Rapids, Mich.				24,000		10,000		
2062 Blake St. Denver, Col.				13,000		5,000		
Highway 221 Rolnick, S. Carolina				35,000		10,000		
2525 North Watson Rd. St. Louis, Missouri				38,000				
BLANKET BUILDING & CONTENTS		4,000,000						
BLANKET EXTRA EXPENSE		150,000						

SYMBOLS

B — Buildings & Structures
C — Contents
S — Contents excluding Stock
I — Stock
O — Property of Others
BI — Improvements & Betterments
BLANK BOXES — Other Items: i.e. Rents, etc

INSTRUCTIONS FOR AGENT OR INSURED

1. Amounts of insurance should be shown to nearest dollar.
2. Insert symbol for each amount shown. (See column to left)
3. When using the last Amount column, the coverage such as Rents, Patterns, etc. must be [illegible]
4. See policy forms for detailed description of coverage.

EXHIBIT D - continued

C. License Agreements

1. Patent

A. Allied Kelite - Div. of Richardson Co., U.S. and Canada
B. Amchem Products, Inc., U.S. and Canada
C. Detrex Chemical Industries, U.S. only
D. Heatbath Corporation, U.S. and Canada
E. Hooker Chem. Corp., Div. of Oxy Metal, U.S. & Canada
F. McGean Chemical Company, U.S. only
G. Purex Corporation, U.S. only
H. Stauffer Chemical Co., U.S. only
I. Youngstown Sheet and Tube, U.S. only
J. Mauer-Shumacher
K. M. L. Alkan-Ltd.

2. Foreign

A. Aikoh Rohco Co. Ltd., Japan
B. Barattini eC - S.p.A., Italy
C. W. Canning & Company, Ltd., England
D. Cyr-Saez & Co., Puerto Rico
E. Folke Stigen Fabriks AB, Sweden
F. Galvano Ltda. (Industria Metalquimica Ltd.) Colombia *
G. L & T Chemical International, Philippines
H. Normand Agencies (Chemoplate Ltd.), Israel
I. R. O. Hull de Mexico, S.A., Mexico
J. R. O. Hull & Company, Ltd., England
K. R. O. Hull & Co. (Aust.)Pty. Ltd., Australia
L. Rohco Chemicals, Ltd., Canada
M. Rohco Brasileira Ind e Com Ltda., Brazil **
N. Sanchiz Bueno, S.A., Spain
O. Venezuelan Plating, S.A., Venezuela *
P. Waldberg, S.A., France
Q. Weiland & Cie., W. Germany

* Process of being renewed
** Not signed yet

C. License Agreements - continued

3. Other Agreements

A. Baness Laboratories
B. Beck Chemicals
C. Bechtel McLaughlin
D. Blue Grass Chemical Specialties
E. Columbia Chemical Corp.
F. Capsulated Systems, Inc.
G. Digicolor
H. Lancy - Div. of Dart Environmental
I. Enthone, Inc.
J. Ferro Corporation
K. Falconbridge Nickel
L. Kinetic Coatings Inc.
M. Molecular Energy Research
N. Man-Gill Chemical Co.
O. Parr, Inc.
P. Snap-On-Tools
Q. Wah Fong Electric Co.

EXHIBIT D - continued

D. Franchise Agreements

A. Abbot Cole & DeGraf
P.O. Box 77084
San Francisco, California 94107

B. Allied Plating Supplies
5000 E. 10th Court, P.O. Box 2127
Hialeah, Florida 33012

C. Mr. Harry Amedro
147 Forest Hill Drive
Syracuse, New York 13206

D. Arizona Abrasive & Supply Co.
2118 E. Washington St.
Phoenix, Arizona 85034

E. The Chemitron Corporation
5430 W. Marginal Way SW
Seattle, Washington 91806

F. The Chemitron Corporation
2143 S.E. Lafayette
Portland, Oregon 97202

G. Chemtech Industries, Inc.
2701 Channel Avenue
Memphis, Tennessee 38113

H. D-C Chemical
2909 San Ysidro Way
Santa Clara, California 95051

I. Enequist Chemical Co., Inc.
100 Varick Avenue
Brooklyn, New York 11237

J. Austin F. Fletcher, Inc.
P.O. Box 536
Binghamton, New York 13902

K. W. D. Forbes Company, Inc.
129 - 6th Avenue, S.E.
Minneapolis, Minnesota 55414

D. Franchise Agreements - continued

L. W. M. Fotheringham Co., Inc,
221 Forest Avenue
Buffalo, New York 14213

M. C. F. L'Hommedieu & Son Co.
6052 Ferguson Drive
Los Angeles, California 90022

N. Metalcraft Supply Co.
433 Maple Lane
Sewickley, Pennsylvania 15143

O. Pacific Plating Supply
16039 Valley View Avenue
Santa Fe Springs, California 90670

E. Franchise Rights

1. Rights to do business in
   A. California
   B. Colorado
   C. Connecticut
   D. Illinois
   E. Michigan
   F. Missouri
   G. Ohio
   H. South Carolina
   I. Texas

F. Blanket Order Purchase Contracts

A. Tooling Service - For Brass Steel Panels
B. Sybron Coproration, Tenatex Division - For RD-3
C. E. I. DuPont de Nemours Co. - For Sodium Cyanide and Hydrogen Peroxide
D. Sherwin Williams - For Saccharin

Lubrizol: WB

Hull: WGB

Buyer:

Appendix B

Liability Insurance Summary

LUBRIZOL GENERAL LIABILITY
INSURANCE POLICIES
1959 - PRESENT

No copy of policy currently available					
Policy Period	Carrier	Policy Number	Type of Coverage	Policy Limit	Deductible
7/10/59 - 7/10/62	New Amsterdam Casualty Co.	LGC 307682	Comprehensive General Liability		
7/10/62 - 7/10/65	New Amsterdam Casualty Co.	LGC 318872	Comprehensive General Liability	$1,000,000	
7/10/65 - 7/10/68	New Amsterdam Casualty Co.	LGC 350460	Comprehensive General Liability	$1,000,000 occurrence	
				$1,000,000 annual aggregate	
7/10/68 - 7/10/71	Security Insurance Co. of Hartford	GLA 41-19-40	Comprehensive General Liability	$1,000,000 occurrence	$250 per occurrence
				$1,000,000 annual aggregate	for property damage
7/10/71 - 7/10/73	Security Insurance Co. of Hartford	GLA 61-95-56	Comprehensive General Liability	$1,000,000 occurrence	$250 per occurrence
				$1,000,000 annual aggregate	for property damage
7/10/73 - 7/10/76	Security Insurance Co. of Hartford	GLA 44-12-85	Comprehensive General Liability	$1,000,000 occurrence	$250 per occurrence
				$1,000,000 annual aggregate	for property damage
7/10/76 - 7/10/79	Security Insurance Co. of Hartford	GLA 49-17-13	Comprehensive General Liability	$1,000,000 occurrence	$250 per occurrence
				$1,000,000 annual aggregate	for property damage
7/10/76 - 7/10/77	Central National Insur. Co. of Omaha	CNS 9 42 51	Products & Completed Opns. incl.	$1,000,000 occurrence	
			Contractual Liability	$1,000,000 annual aggregate	
7/10/77 - 7/10/78	Central National Insur. Co. of Omaha	CNS 13-21-20	Products & Completed Opns. incl.	$1,000,000 occurrence	
			Contractual Liability	$1,000,000 annual aggregate	
7/10/78 - 7/10/79	Central National Insur. Co. of Omaha	CNS 13-22-10	Products & Completed Opns. incl.	$1,000,000 occurrence	$100,000 per occurrence
			Contractual Liability	$1,000,000 annual aggregate	
7/10/79 - 1/1/80	Hartford Accident & Indem. Co.	45 C 690039	Comprehensive General Liability	$1,000,000 occurrence	
				$1,000,000 annual aggregate	
1/1/80 - 1/1/81	Hartford Accident & Indem. Co.	45 C 690359	Comprehensive General Liability	$1,000,000 occurrence	
				$1,000,000 annual aggregate	
4/15/80-4/15/83	Employers Casualty Co.	CGL-A-566521	Comprehensive General Liability	$500,000 occurrence	
				$500,000 annual aggregate	

LUBRIZOL GENERAL LIABILITY
INSURANCE POLICIES
1959 - PRESENT

Policy Period	Carrier	Policy Number	Type of Coverage	Policy Limit	Deductible
1/1/81 - 1/1/82	Hartford Accident & Indem. Co.	45 C 691296W	Comprehensive General Liability	$1,000,000 occurrence	
				$1,000,000 annual aggregate	
1/1/82 - 1/1/83	Hartford Accident & Indem. Co.	45 C 691697W	Comprehensive General Liability	$1,000,000 occurrence	
				$1,000,000 annual aggregate	
1/1/83 - 1/1/84	Hartford Accident & Indem. Co.	45 C MA 6600E	Comprehensive General Liability	$1,000,000 occurrence	
				$1,000,000 annual aggregate	
1/1/84 - 1/1/85	Hartford Accident & Indem. Co.	45 C MA 6600E	Comprehensive General Liability	$1,000,000 occurrence	
				$1,000,000 annual aggregate	
1/1/85 - 1/1/86	Hartford Accident & Indem. Co.	45 C MC 4200E	Comprehensive General Liability	$1,000,000 occurrence	
				$1,000,000 annual aggregate	
1986 - 2001 No Primary Domestic General Liability Coverage Was Purchased					
2/28/01 - 2/28/02	American Home Assurance (AIG)	RM GL 612-43-6	General Liability	$1,000,000 occurrence	$1,000,000 Retention
				$4,000,000 aggregate	
2/28/02 - 2/28/03	Royal Insur. Co of America	P2TV 465368	General Liability	$4,000,000 aggregate	$2,000,000 Retention
2/28/03 - 2/28/04	Royal Insur. Co of America	P2TV 465368	General Liability	$4,000,000 aggregate	$2,000,000 Retention
12/13/03 - 2/28/05	American Home Assurance Co	GL 480-61-14	General Liability	$4,000,000 aggregate	$2,000,000 Deductible
					per occurrence
12/31/01 - 12/31/02	Zurich-American Insurance Group	GLO 9302144-00	General Liability	$3,000,000 occurrence	1,000,000
				$6,000,000 prod./comp. ops agg	
12/31/02 - 12/31/03	Zurich-American Insurance Group	GLO 9302144-01	General Liability	$3,000,000 occurrence	1,000,000
				$6,000,000 prod./comp. ops agg	
12/31/03 - 12/31/04	Zurich American Insurance Co	GLO 9302144-02	General Liability	$3,000,000 occurrence	1,000,000
				$6,000,000 prod./comp. ops agg	each occurrence

Appendix C

Corporate Tax Records

Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2006 or tax year beginning _____, 2006, ending _____, 20 ____

▶ See separate instructions.

OMB No. 1545-0123

2006

A Check if:
1 Consolidated return (attach Form 851) [X]
2 Personal holding co. (attach Sch. PH) [ ]
3 Personal service corp. (see instructions) [ ]
4 Schedule M-3 required (attach Sch. M-3) [X]

Use IRS label. Other-wise, print or type.

Name, Number, street, and room or suite no. If a P.O. box, see instructions.
City or town, state, and ZIP code

The Lubrizol Corporation and Subsidiaries
29400 Lakeland Blvd
Wickliffe OH 44092

B Employer identification number: 34-0367600

C Date incorporated: 07 31 1928

D Total assets (see instructions): $ 3,218,943,100

E Check if: (1) [ ] Initial return (2) [ ] Final return (3) [ ] Name change (4) [ ] Address change

Income	1a	Gross receipts or sales: 2,696,613,498	b Less returns and allowances: 62,770,383	c Bal ▶	1c	2,633,843,115
	2	Cost of goods sold (Schedule A, line 8)			2	1,553,036,114
	3	Gross profit. Subtract line 2 from line 1c			3	1,080,807,001
	4	Dividends (Schedule C, line 19)			4	79,731,634
	5	Interest			5	47,704,742
	6	Gross rents			6	1,583,794
	7	Gross royalties			7	45,526,915
	8	Capital gain net income (attach Schedule D (Form 1120))			8	31,306,398
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)			9	26,438,850
	10	Other income (see instructions - attach schedule) STATEMENT 1			10	197,798,206
	11	**Total income.** Add lines 3 through 10		▶	11	1,510,897,540
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (Schedule E, line 4)			12	5,127,342
	13	Salaries and wages (less employment credits)			13	323,939,111
	14	Repairs and maintenance			14	49,853,296
	15	Bad debts			15	1,423,521
	16	Rents			16	14,384,314
	17	Taxes and licenses STATEMENT 2			17	42,548,620
	18	Interest			18	127,158,969
	19	Charitable contributions			19	128,465
	20	Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)			20	104,692,282
	21	Depletion			21	0
	22	Advertising			22	5,109,774
	23	Pension, profit-sharing, etc., plans			23	24,827,140
	24	Employee benefit programs			24	69,957,958
	25	Domestic production activities deduction (attach Form 8903)			25	0
	26	Other deductions (attach schedule) STATEMENT 3			26	532,540,208
	27	**Total deductions.** Add lines 12 through 26		▶	27	1,301,691,000
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11			28	209,206,540
	29	Less: a Net operating loss deduction (see instructions)	29a: 152,206,540			
		b Special deductions (Schedule C, line 20)	29b: 57,000,000		29c	209,206,540
Tax and Payments	30	**Taxable income.** Subtract line 29c from line 28 (see instructions)		0	30	0
	31	**Total tax** (Schedule J, line 10)			31	2,691,608
	32 a	2005 overpayment credited to 2006	32a: 1,417,695			
	b	2006 estimated tax payments 0	32b: 6,200,000			
	c	2006 refund applied for on Form 4466	32c: (0)	d Bal ▶ 32d: 7,617,695		
	e	Tax deposited with Form 7004		32e: 0		
	f	Credits: (1) Form 2439 0 (2) Form 4136 70,233		32f: 70,233		
	g	Credit for federal telephone excise tax paid (attach Form 8913)		32g: 5,914	32h	7,693,842
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ [ ]			33	0
	34	**Amount owed.** If line 32h is smaller than the total of lines 31 and 33, enter amount owed			34	0
	35	**Overpayment.** If line 32h is larger than the total of lines 31 and 33, enter amount overpaid			35	5,002,234
	36	Enter amount from line 35 you want: **Credited to 2007 estimated tax** ▶ 5,002,234 **Refunded** ▶			36	0

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: Jeffrey A. Vavruska | Date: 9/14/07 | Title: Chief Tax Officer

May the IRS discuss this return with the preparer shown below (see instructions)? [ ] Yes [ ] No

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-employed [ ] | Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code | EIN | Phone no.

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	293,231,383
2	Purchases	2	1,573,157,100
3	Cost of labor	3	0
4	Additional section 263A costs (attach schedule) STATEMENT 4	4	1,176,867
5	Other costs (attach schedule) STATEMENT 5	5	(59,738,955)
6	**Total.** Add lines 1 through 5	6	1,807,826,395
7	Inventory at end of year	7	254,790,281
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2	8	1,553,036,114

9a Check all methods used for valuing closing inventory:
(i) [X] Cost (ii) [ ] Lower of cost or market (iii) [ ] Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d 55

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? [X] Yes [ ] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation [ ] Yes [X] No

Schedule C Dividends and Special Deductions (see instructions)

		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	0	70	0
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	0	80	0
3	Dividends on debt-financed stock of domestic and foreign corporations	0	see instructions	0
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	0	42	0
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	0	48	0
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs	0	70	0
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs	0	80	0
8	Dividends from wholly owned foreign subsidiaries	0	100	0
9	**Total.** Add lines 1 through 8. See instructions for limitation			0
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	0	100	0
11	Dividends from affiliated group members	57,000,000	100	57,000,000
12	Dividends from certain FSCs	0	100	0
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12	617,752		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)	21,113,457		
15	Foreign dividend gross-up	0		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3	0		
17	Other dividends	1,000,425		
18	Deduction for dividends paid on certain preferred stock of public utilities			0
19	**Total dividends.** Add lines 1 through 17. Enter here and on page 1, line 4 ▶	79,731,634		
20	**Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			57,000,000

Schedule E Compensation of Officers (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are $500,000 or more.

	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned (d) Common	(e) Preferred	(f) Amount of compensation
1	James Hambrick	460-04-3072	100 %	.03 %	%	1,072,770
	Charles Cooley	045-40-4421	100 %	.02 %	%	993,838
	Stephen Kirk	302-46-7465	100 %	.05 %	%	1,237,508
	Joseph Bauer	292-50-0275	100 %	.02 %	%	877,083
	Donald Bogus	270-46-2641	100 %	.002 %	%	946,143
			%	%	%	0
			%	%	%	0
			%	%	%	0
			%	%	%	0
			%	%	%	0
2	Total compensation of officers					5,127,342
3	Compensation of officers claimed on Schedule A and elsewhere on return					0
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12					5,127,342

Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) ▶	X		
2	Income tax. Check if a qualified personal service corporation (see instructions) ▶		2	0
3	Alternative minimum tax (attach Form 4626)		3	2,691,608
4	Add lines 2 and 3		4	2,691,608
5a	Foreign tax credit (attach Form 1118)	5a 0		
b	Qualified electric vehicle credit (attach From 8834)	5b 0		
c	General business credit. Check applicable box(es): [X] Form 3800 [ ] Form 6478 [ ] Form 8835, Section B [ ] Form 8844	5c 0		
d	Credit for prior year minimum tax (attach Form 8827)	5d 0		
e	Bond credits from: [ ] Form 8860 [ ] Form 8912	5e 0		
6	**Total Credits.** Add lines 5a through 5e		6	0
7	Subtract line 6 from line 4		7	2,691,608
8	Personal holding company tax (attach Schedule PH (Form 1120))		8	0
9	Other taxes. Check if from: [ ] Form 4255 [ ] Form 8611 [ ] Form 8697 [ ] Form 8866 [ ] Form 8902 [ ] Other (attach schedule)		9	0
10	**Total tax.** Add lines 7 through 9. Enter here and on page 1, line 31. 0		10	2,691,608

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a [ ] Cash b [X] Accrual c [ ] Other (specify) ▶		
2	See the instructions and enter the:		
a	Business activity code no. ▶ 325900		
b	Business activity ▶ Manufacturing & Sales		
c	Product or service ▶ Chemical Additives		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.	X	
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation ▶		X
5	At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶		X
6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file **Form 5452,** Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on **Form 851,** Affiliations Schedule, for each subsidiary. STATEMENT 6		X

		Yes	No
7	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of stock of the corporation entitled to vote or **(b)** the total value of all classes of stock of the corporation? If "Yes," enter: **(a)** Percentage owned ▶ and **(b)** Owner's country ▶		X
c	The corporation may have to file **Form 5472,** Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶		
8	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ [ ] If checked, the corporation may have to file **Form 8281,** Information Return for Publicly Offered Original Issue Discount Instruments.		
9	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ 0		
10	Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶		
11	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ [ ] If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3) must be attached or the election will not be valid.		
12	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ $ 171,949,930		
13	Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year **and** its total assets at the end of the tax year less than $250,000? If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ $ 0		X

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120),** Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1	Cash		86,285,598		5,167,444
2a	Trade notes and accounts receivable	284,221,763		230,054,368	
b	Less allowance for bad debts	(5,619,995)	278,601,768	(3,474,024)	226,580,344
3	Inventories		293,231,383		254,790,281
4	U.S. government obligations		0		0
5	Tax-exempt securities (see instructions)		0		0
6	Other current assets (attach schedule)	STATEMENT 7	102,476,829	STATEMENT 12	471,502,172
7	Loans to shareholders		0		0
8	Mortgage and real estate loans		0		0
9	Other investments (attach schedule)	STATEMENT 8	489,087,483	STATEMENT 13	461,977,049
10a	Buildings and other depreciable assets	1,662,352,964		1,573,878,911	
b	Less accumulated depreciation	(864,419,959)	797,933,005	(892,904,300)	680,974,611
11a	Depletable assets	0		0	
b	Less accumulated depletion	(0)	0	(0)	0
12	Land (net of any amortization)		30,177,820		19,502,897
13a	Intangible assets (amortizable only)	1,128,774,365		966,223,867	
b	Less accumulated amortization	(90,711,456)	1,038,062,909	(106,221,994)	860,001,873
14	Other assets (attach schedule)	STATEMENT 9	288,393,416	STATEMENT 14	238,446,429
15	Total assets		3,404,250,211		3,218,943,100
	Liabilities and Shareholders' Equity				
16	Accounts payable		236,090,095		176,219,006
17	Mortgages, notes, bonds payable in less than 1 year		0		0
18	Other current liabilities (attach schedule)	STATEMENT 10	225,243,513	STATEMENT 15	239,576,181
19	Loans from shareholders		0		0
20	Mortgages, notes, bonds payable in 1 year or more		1,445,195,760		1,424,375,596
21	Other liabilities (attach schedule)	STATEMENT 11	377,913,879	STATEMENT 16	329,100,298
22	Capital stock: a Preferred stock	0		0	
	b Common stock	171,938,452	171,938,452	206,278,443	206,278,443
23	Additional paid-in capital		527,524,705		537,740,473
24	Retained earnings - Appropriated (attach schedule)		0		0
25	Retained earnings - Unappropriated		635,368,150		518,751,817
26	Adjustments to shareholders' equity (attach schedule)		0		0
27	Less cost of treasury stock		(215,024,343)		(213,098,714)
28	Total liabilities and shareholders' equity		3,404,250,211		3,218,943,100

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)

Note: Schedule M-3 required instead of Schedule M-1 if total assets are $10 million or more - see instructions

1	Net income (loss) per books	30,925,933	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books	36,429,739		Tax-exempt interest $ 0	
3	Excess of capital losses over capital gains	0			
4	Income subject to tax not recorded on books this year (itemize):			STATEMENT 19 31,586,135	31,586,135
	STATEMENT 17	107,333,823	8	Deductions on this return not charged against book income this year (itemize):	
5	Expenses recorded on books this year not deducted on this return (itemize):		a	Depreciation $ 14,490,523	
a	Depreciation $ 0		b	Charitable contributions $ 0	
b	Charitable contributions $ 0				
c	Travel & entertainment $ 2,041,576			STATEMENT 20 56,864,894	71,355,417
	STATEMENT 18 135,417,021	137,458,597	9	Add lines 7 and 8	102,941,552
6	Add lines 1 through 5	312,148,092	10	Income (page 1, line 28) - line 6 less line 9	209,206,540

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	635,368,150	5	Distributions: a Cash	128,463,590
2	Net income (loss) per books	30,925,933		b Stock	0
3	Other increases (itemize):			c Property	0
	STATEMENT 21	485,329	6	Other decreases (itemize): STATEMENT 22	19,564,005
4	Add lines 1, 2, and 3	666,779,412	7	Add lines 5 and 6	148,027,595
			8	Balance at end of year (line 4 less line 7)	518,751,817

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
ar: 2006

STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

	Total	Consol Elims	Subtotal
LINE 10: OTHER INCOME			
AUTO LEASE INCLUSION	7,992	0	7,992
MISCELLANEOUS OTHER INCOME	14,824,509	22,318	14,802,191
SERVICE FEES	1,560,300	0	1,560,300
INC (LOSS) FROM U.S. PSHIP	(22,319)	0	(22,319)
INC (LOSS) FROM FRGN PSHIP	(7,931,425)	0	(7,931,425)
EXCHANGE GAIN	307,607	0	307,607
EXCHANGE GAIN/LOSS ON PTI	27,528	0	27,528
I/C COMMISSIONS INC - LZ FRANCE	35,162,186	0	35,162,186
I/C COMMISSIONS INC - LIMC	536,000	0	536,000
I/C COMMISSIONS INC - LZ	7,313,977	0	7,313,977
I/C COMMISSIONS INC - LANZHOU LZ	303,422	0	303,422
I/C COMMISSIONS INC - LZ SE ASIA	1,278,563	0	1,278,563
INTERCO SERVICES INC - 1500 W. ELIZA	75,087	0	75,087
SHIPPING REVENUE	18,266,204	0	18,266,204
I/C SERVICES INC - LZ AUSTRALIA	1,654,803	0	1,654,803
I/C SERVICES INC - LZ CANADA LIM	2,415,407	0	2,415,407
I/C SERVICES INC - LZ DEUTSCHLAN	815,521	0	815,521
I/C SERVICES INC - LZ FRANCE	24,702,355	0	24,702,355
I/C SERVICES INC - LZ JAPAN	3,114,671	0	3,114,671
I/C SERVICES INC - LZ	39,366,747	0	39,366,747
I/C SERVICES INC - LIMC	42,360,304	0	42,360,304
I/C SERVICES INC - LZ LIMITED (U	49,768	0	49,768
INTERCO SERVICES INC - MISC	2,473,449	0	2,473,449
I/C SERVICES INC - LZ DE MEXICO	909,776	0	909,776
I/C SERVICES INC - LZ SOUTH AFRI	1,622,968	0	1,622,968
I/C SERVICES INC - LZ SOUTHEAST	6,602,806	0	6,602,806
TOTAL	197,798,206	22,318	197,775,888

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864

STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

LINE 10: OTHER INCOME			
AUTO LEASE INCLUSION	0	0	0
MISCELLANEOUS OTHER INCOME	11,949,610	0	209,553
SERVICE FEES	1,560,300	0	0
INC (LOSS) FROM U.S. PSHIP	(22,319)	0	0
INC (LOSS) FROM FRGN PSHIP	0	0	0
EXCHANGE GAIN	212,171	0	140,895
EXCHANGE GAIN/LOSS ON PTI	0	0	0
I/C COMMISSIONS INC - LZ FRANCE	0	0	0
I/C COMMISSIONS INC - LIMC	0	0	0
I/C COMMISSIONS INC - LZ	0	0	0
I/C COMMISSIONS INC - LANZHOU LZ	0	0	0
I/C COMMISSIONS INC - LZ SE ASIA	0	0	0
INTERCO SERVICES INC - 1500 W. ELIZA	75,087	0	0
SHIPPING REVENUE	18,266,204	0	0
I/C SERVICES INC - LZ AUSTRALIA	9,765	0	0
I/C SERVICES INC - LZ CANADA LIM	15,152	0	0
I/C SERVICES INC - LZ DEUTSCHLAN	13,477	0	0
I/C SERVICES INC - LZ FRANCE	286,594	0	0
I/C SERVICES INC - LZ JAPAN	39,210	0	0
I/C SERVICES INC - LZ	0	0	0
I/C SERVICES INC - LIMC	40,462,304	0	0
I/C SERVICES INC - LZ LIMITED (U	49,768	0	0
INTERCO SERVICES INC - MISC	0	0	0
I/C SERVICES INC - LZ DE MEXICO	0	0	0
I/C SERVICES INC - LZ SOUTH AFRI	0	0	0
I/C SERVICES INC - LZ SOUTHEAST	37,271	0	0
TOTAL	72,954,594	0	350,448

2006 CONS. FEDERAL 1120 TAX RETURN

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Year: 2006

STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

LINE 10: OTHER INCOME	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387
AUTO LEASE INCLUSION	0	0	0
MISCELLANEOUS OTHER INCOME	100,000	0	0
SERVICE FEES	0	0	0
INC (LOSS) FROM U.S. PSHIP	0	0	0
INC (LOSS) FROM FRGN PSHIP	0	0	0
EXCHANGE GAIN	0	0	0
EXCHANGE GAIN/LOSS ON PTI	0	0	0
I/C COMMISSIONS INC - LZ FRANCE	0	0	0
I/C COMMISSIONS INC - LIMC	0	0	0
I/C COMMISSIONS INC - LZ	0	0	0
I/C COMMISSIONS INC - LANZHOU LZ	0	0	0
I/C COMMISSIONS INC - LZ SE ASIA	0	0	0
INTERCO SERVICES INC - 1500 W. ELIZA	0	0	0
SHIPPING REVENUE	0	0	0
I/C SERVICES INC - LZ AUSTRALIA	0	0	0
I/C SERVICES INC - LZ CANADA LIM	0	0	0
I/C SERVICES INC - LZ DEUTSCHLAN	0	0	0
I/C SERVICES INC - LZ FRANCE	0	0	0
I/C SERVICES INC - LZ JAPAN	0	0	0
I/C SERVICES INC - LZ	300,210	0	0
I/C SERVICES INC - LIMC	0	0	0
I/C SERVICES INC - LZ LIMITED (U	0	0	0
INTERCO SERVICES INC - MISC	0	0	0
I/C SERVICES INC - LZ DE MEXICO	0	0	0
I/C SERVICES INC - LZ SOUTH AFRI	0	0	0
I/C SERVICES INC - LZ SOUTHEAST	0	0	0
TOTAL	400,210	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089

STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

LINE 10: OTHER INCOME			
AUTO LEASE INCLUSION	0	0	0
MISCELLANEOUS OTHER INCOME	308,875	0	8,698
SERVICE FEES	0	0	0
INC (LOSS) FROM U.S. PSHIP	0	0	0
INC (LOSS) FROM FRGN PSHIP	0	0	0
EXCHANGE GAIN	0	0	144,237
EXCHANGE GAIN/LOSS ON PTI	0	0	0
I/C COMMISSIONS INC - LZ FRANCE	0	0	35,162,186
I/C COMMISSIONS INC - LIMC	0	0	0
I/C COMMISSIONS INC - LZ	0	0	7,313,977
I/C COMMISSIONS INC - LANZHOU LZ	0	0	303,422
I/C COMMISSIONS INC - LZ SE ASIA	0	0	1,278,563
INTERCO SERVICES INC - 1500 W. ELIZA	0	0	0
SHIPPING REVENUE	0	0	0
I/C SERVICES INC - LZ AUSTRALIA	0	0	1,645,038
I/C SERVICES INC - LZ CANADA LIM	0	0	2,400,255
I/C SERVICES INC - LZ DEUTSCHLAN	0	0	802,044
I/C SERVICES INC - LZ FRANCE	0	0	24,415,761
I/C SERVICES INC - LZ JAPAN	0	0	3,075,461
I/C SERVICES INC - LZ	0	0	38,832,868
I/C SERVICES INC - LIMC	0	0	0
I/C SERVICES INC - LZ LIMITED (U	0	0	0
INTERCO SERVICES INC - MISC	0	0	0
I/C SERVICES INC - LZ DE MEXICO	0	0	909,776
I/C SERVICES INC - LZ SOUTH AFRI	0	0	1,622,968
I/C SERVICES INC - LZ SOUTHEAST	0	0	6,565,535
TOTAL	308,875	0	124,480,789

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
ar: 2006

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052

STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

LINE 10: OTHER INCOME			
AUTO LEASE INCLUSION	0	0	0
MISCELLANEOUS OTHER INCOME	100,000	104,831	276,000
SERVICE FEES	0	0	0
INC (LOSS) FROM U.S. PSHIP	0	0	0
INC (LOSS) FROM FRGN PSHIP	0	0	0
EXCHANGE GAIN	(26,148)	0	0
EXCHANGE GAIN/LOSS ON PTI	0	0	0
I/C COMMISSIONS INC - LZ FRANCE	0	0	0
I/C COMMISSIONS INC - LIMC	536,000	0	0
I/C COMMISSIONS INC - LZ	0	0	0
I/C COMMISSIONS INC - LANZHOU LZ	0	0	0
I/C COMMISSIONS INC - LZ SE ASIA	0	0	0
INTERCO SERVICES INC - 1500 W. ELIZA	0	0	0
SHIPPING REVENUE	0	0	0
I/C SERVICES INC - LZ AUSTRALIA	0	0	0
I/C SERVICES INC - LZ CANADA LIM	0	0	0
I/C SERVICES INC - LZ DEUTSCHLAN	0	0	0
I/C SERVICES INC - LZ FRANCE	0	0	0
I/C SERVICES INC - LZ JAPAN	0	0	0
I/C SERVICES INC - LZ	0	0	233,669
I/C SERVICES INC - LIMC	1,898,000	0	0
I/C SERVICES INC - LZ LIMITED (U	0	0	0
INTERCO SERVICES INC - MISC	0	0	0
I/C SERVICES INC - LZ DE MEXICO	0	0	0
I/C SERVICES INC - LZ SOUTH AFRI	0	0	0
I/C SERVICES INC - LZ SOUTHEAST	0	0	0
TOTAL	2,507,852	104,831	509,669

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Yr: 2006

STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

LINE 10: OTHER INCOME	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
AUTO LEASE INCLUSION	0	7,540	0
MISCELLANEOUS OTHER INCOME	0	1,717,044	0
SERVICE FEES	0	0	0
INC (LOSS) FROM U.S. PSHIP	0	0	0
INC (LOSS) FROM FRGN PSHIP	0	0	0
EXCHANGE GAIN	0	(173,449)	0
EXCHANGE GAIN/LOSS ON PTI	0	0	13,764
I/C COMMISSIONS INC - LZ FRANCE	0	0	0
I/C COMMISSIONS INC - LIMC	0	0	0
I/C COMMISSIONS INC - LZ	0	0	0
I/C COMMISSIONS INC - LANZHOU LZ	0	0	0
I/C COMMISSIONS INC - LZ SE ASIA	0	0	0
INTERCO SERVICES INC - 1500 W. ELIZA	0	0	0
SHIPPING REVENUE	0	0	0
I/C SERVICES INC - LZ AUSTRALIA	0	0	0
I/C SERVICES INC - LZ CANADA LIM	0	0	0
I/C SERVICES INC - LZ DEUTSCHLAN	0	0	0
I/C SERVICES INC - LZ FRANCE	0	0	0
I/C SERVICES INC - LZ JAPAN	0	0	0
I/C SERVICES INC - LZ	0	0	0
I/C SERVICES INC - LIMC	0	0	0
I/C SERVICES INC - LZ LIMITED (U	0	0	0
INTERCO SERVICES INC - MISC	3,613	2,469,836	0
I/C SERVICES INC - LZ DE MEXICO	0	0	0
I/C SERVICES INC - LZ SOUTH AFRI	0	0	0
I/C SERVICES INC - LZ SOUTHEAST	0	0	0
TOTAL	3,613	4,020,971	13,764

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786

STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

LINE 10: OTHER INCOME			
AUTO LEASE INCLUSION	0	0	0
MISCELLANEOUS OTHER INCOME	2,359	2,285	0
SERVICE FEES	0	0	0
INC (LOSS) FROM U.S. PSHIP	0	0	0
INC (LOSS) FROM FRGN PSHIP	(4,045,027)	(3,886,398)	0
EXCHANGE GAIN	0	0	0
EXCHANGE GAIN/LOSS ON PTI	0	0	13,764
I/C COMMISSIONS INC - LZ FRANCE	0	0	0
I/C COMMISSIONS INC - LIMC	0	0	0
I/C COMMISSIONS INC - LZ	0	0	0
I/C COMMISSIONS INC - LANZHOU LZ	0	0	0
I/C COMMISSIONS INC - LZ SE ASIA	0	0	0
INTERCO SERVICES INC - 1500 W. ELIZA	0	0	0
SHIPPING REVENUE	0	0	0
I/C SERVICES INC - LZ AUSTRALIA	0	0	0
I/C SERVICES INC - LZ CANADA LIM	0	0	0
I/C SERVICES INC - LZ DEUTSCHLAN	0	0	0
I/C SERVICES INC - LZ FRANCE	0	0	0
I/C SERVICES INC - LZ JAPAN	0	0	0
I/C SERVICES INC - LZ	0	0	0
I/C SERVICES INC - LIMC	0	0	0
I/C SERVICES INC - LZ LIMITED (U	0	0	0
INTERCO SERVICES INC - MISC	0	0	0
I/C SERVICES INC - LZ DE MEXICO	0	0	0
I/C SERVICES INC - LZ SOUTH AFRI	0	0	0
I/C SERVICES INC - LZ SOUTHEAST	0	0	0
TOTAL	(4,042,668)	(3,884,113)	13,764

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462

STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

LINE 10: OTHER INCOME			
AUTO LEASE INCLUSION	0	10	442
MISCELLANEOUS OTHER INCOME	0	22,936	0
SERVICE FEES	0	0	0
INC (LOSS) FROM U.S. PSHIP	0	0	0
INC (LOSS) FROM FRGN PSHIP	0	0	0
EXCHANGE GAIN	0	9,901	0
EXCHANGE GAIN/LOSS ON PTI	0	0	0
I/C COMMISSIONS INC - LZ FRANCE	0	0	0
I/C COMMISSIONS INC - LIMC	0	0	0
I/C COMMISSIONS INC - LZ	0	0	0
I/C COMMISSIONS INC - LANZHOU LZ	0	0	0
I/C COMMISSIONS INC - LZ SE ASIA	0	0	0
INTERCO SERVICES INC - 1500 W. ELIZA	0	0	0
SHIPPING REVENUE	0	0	0
I/C SERVICES INC - LZ AUSTRALIA	0	0	0
I/C SERVICES INC - LZ CANADA LIM	0	0	0
I/C SERVICES INC - LZ DEUTSCHLAN	0	0	0
I/C SERVICES INC - LZ FRANCE	0	0	0
I/C SERVICES INC - LZ JAPAN	0	0	0
I/C SERVICES INC - LZ	0	0	0
I/C SERVICES INC - LIMC	0	0	0
I/C SERVICES INC - LZ LIMITED (U	0	0	0
INTERCO SERVICES INC - MISC	0	0	0
I/C SERVICES INC - LZ DE MEXICO	0	0	0
I/C SERVICES INC - LZ SOUTH AFRI	0	0	0
I/C SERVICES INC - LZ SOUTHEAST	0	0	0
TOTAL	0	32,847	442

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

Perf Materials
51-0408646

STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

LINE 10: OTHER INCOME	
AUTO LEASE INCLUSION	0
MISCELLANEOUS OTHER INCOME	0
SERVICE FEES	0
INC (LOSS) FROM U.S. PSHIP	0
INC (LOSS) FROM FRGN PSHIP	0
EXCHANGE GAIN	0
EXCHANGE GAIN/LOSS ON PTI	0
I/C COMMISSIONS INC - LZ FRANCE	0
I/C COMMISSIONS INC - LIMC	0
I/C COMMISSIONS INC - LZ	0
I/C COMMISSIONS INC - LANZHOU LZ	0
I/C COMMISSIONS INC - LZ SE ASIA	0
INTERCO SERVICES INC - 1500 W. ELIZA	0
SHIPPING REVENUE	0
I/C SERVICES INC - LZ AUSTRALIA	0
I/C SERVICES INC - LZ CANADA LIM	0
I/C SERVICES INC - LZ DEUTSCHLAN	0
I/C SERVICES INC - LZ FRANCE	0
I/C SERVICES INC - LZ JAPAN	0
I/C SERVICES INC - LZ	0
I/C SERVICES INC - LIMC	0
I/C SERVICES INC - LZ LIMITED (U	0
INTERCO SERVICES INC - MISC	0
I/C SERVICES INC - LZ DE MEXICO	0
I/C SERVICES INC - LZ SOUTH AFRI	0
I/C SERVICES INC - LZ SOUTHEAST	0
TOTAL	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Total	Consol Elims	Subtotal
STATEMENT 2 - FORM 1120, PG 1, LN 17 TAXES			
LINE 17: TAXES			
REAL PROPERTY TAXES	8,996,245	0	8,996,245
STATE TAXES BASED ON INC - CURRENT	3,837,566	0	3,837,566
ST TAXES BASED ON NET WORTH - CURR	1,974,849	0	1,974,849
SALES AND USE TAXES	4,635,285	0	4,635,285
BUSINESS LICENSES, PERMITS	128,252	0	128,252
PAYROLL TAXES	14,291,180	0	14,291,180
MISCELLANEOUS OTHER TAXES	138,941	0	138,941
FOREIGN CURRENT INCOME TAX EXPENSE	306,042	0	306,042
FOREIGN TAX WH	2,993,393	0	2,993,393
PERSONAL PROPERTY TAXES	5,246,867	0	5,246,867
TOTAL	42,548,620	0	42,548,620

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864
STATEMENT 2 - FORM 1120, PG 1, LN 17 TAXES			
LINE 17: TAXES			
REAL PROPERTY TAXES	6,925,501	0	176,613
STATE TAXES BASED ON INC - CURRENT	230,054	1,950	377,327
ST TAXES BASED ON NET WORTH - CURR	751,919	0	0
SALES AND USE TAXES	3,601,097	0	0
BUSINESS LICENSES, PERMITS	0	0	0
PAYROLL TAXES	13,724,088	0	244,419
MISCELLANEOUS OTHER TAXES	(660,448)	0	258,562
FOREIGN CURRENT INCOME TAX EXPENSE	0	0	0
FOREIGN TAX WH	2,949,397	0	0
PERSONAL PROPERTY TAXES	2,220,507	12,088	0
TOTAL	29,742,115	14,038	1,056,921

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387

STATEMENT 2 - FORM 1120, PG 1, LN 17
TAXES

LINE 17: TAXES			
REAL PROPERTY TAXES	0	0	0
STATE TAXES BASED ON INC - CURRENT	35,652	0	0
ST TAXES BASED ON NET WORTH - CURR	0	0	0
SALES AND USE TAXES	0	0	0
BUSINESS LICENSES, PERMITS	0	0	0
PAYROLL TAXES	15,146	0	0
MISCELLANEOUS OTHER TAXES	0	0	0
FOREIGN CURRENT INCOME TAX EXPENSE	0	0	0
FOREIGN TAX WH	0	0	0
PERSONAL PROPERTY TAXES	0	0	0
TOTAL	50,798	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
STATEMENT 2 - FORM 1120, PG 1, LN 17			
TAXES			
LINE 17: TAXES			
REAL PROPERTY TAXES	0	0	0
STATE TAXES BASED ON INC - CURRENT	75,801	0	0
ST TAXES BASED ON NET WORTH - CURR	0	0	0
SALES AND USE TAXES	805	0	0
BUSINESS LICENSES, PERMITS	25	0	0
PAYROLL TAXES	307,527	0	0
MISCELLANEOUS OTHER TAXES	0	0	2,000
FOREIGN CURRENT INCOME TAX EXPENSE	0	0	294,600
FOREIGN TAX WH	0	0	43,996
PERSONAL PROPERTY TAXES	236,562	0	0
TOTAL	620,720	0	340,596

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
ar: 2006

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
STATEMENT 2 - FORM 1120, PG 1, LN 17 TAXES			
LINE 17: TAXES			
REAL PROPERTY TAXES	0	0	32,218
STATE TAXES BASED ON INC - CURRENT	0	(14,445)	18,080
ST TAXES BASED ON NET WORTH - CURR	0	0	0
SALES AND USE TAXES	0	0	0
BUSINESS LICENSES, PERMITS	0	0	0
PAYROLL TAXES	0	0	0
MISCELLANEOUS OTHER TAXES	0	0	0
FOREIGN CURRENT INCOME TAX EXPENSE	11,442	0	0
FOREIGN TAX WH	0	0	0
PERSONAL PROPERTY TAXES	0	0	0
TOTAL	11,442	(14,445)	50,298

2006 CONS. FEDERAL 1120 TAX RETURN

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STATEMENT 2 - FORM 1120, PG 1, LN 17
TAXES

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 17: TAXES			
REAL PROPERTY TAXES	0	1,425,215	0
STATE TAXES BASED ON INC - CURRENT	(2,520)	2,726,534	0
ST TAXES BASED ON NET WORTH - CURR	0	1,222,930	0
SALES AND USE TAXES	0	1,013,248	0
BUSINESS LICENSES, PERMITS	0	74,786	0
PAYROLL TAXES	0	0	0
MISCELLANEOUS OTHER TAXES	0	41,179	0
FOREIGN CURRENT INCOME TAX EXPENSE	0	0	0
FOREIGN TAX WH	0	0	0
PERSONAL PROPERTY TAXES	0	2,777,710	0
TOTAL	(2,520)	9,281,602	0

2006 CONS. FEDERAL 1120 TAX RETURN

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	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
STATEMENT 2 - FORM 1120, PG 1, LN 17 TAXES			
LINE 17: TAXES			
REAL PROPERTY TAXES	0	363,229	0
STATE TAXES BASED ON INC - CURRENT	0	50,405	0
ST TAXES BASED ON NET WORTH - CURR	0	0	0
SALES AND USE TAXES	0	15,181	0
BUSINESS LICENSES, PERMITS	0	25	0
PAYROLL TAXES	0	0	0
MISCELLANEOUS OTHER TAXES	0	0	0
FOREIGN CURRENT INCOME TAX EXPENSE	0	0	0
FOREIGN TAX WH	0	0	0
PERSONAL PROPERTY TAXES	0	0	0
TOTAL	0	428,840	0

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STATEMENT 2 - FORM 1120, PG 1, LN 17
TAXES

LINE 17: TAXES	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462
REAL PROPERTY TAXES	0	0	73,469
STATE TAXES BASED ON INC - CURRENT	0	50,624	288,104
ST TAXES BASED ON NET WORTH - CURR	0	0	0
SALES AND USE TAXES	0	0	4,954
BUSINESS LICENSES, PERMITS	0	52,576	840
PAYROLL TAXES	0	0	0
MISCELLANEOUS OTHER TAXES	0	497,648	0
FOREIGN CURRENT INCOME TAX EXPENSE	0	0	0
FOREIGN TAX WH	0	0	0
PERSONAL PROPERTY TAXES	0	0	0
TOTAL	0	600,848	367,367

2006 CONS. FEDERAL 1120 TAX RETURN

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Perf Materials
51-0408646

STATEMENT 2 - FORM 1120, PG 1, LN 17
TAXES

LINE 17: TAXES	
REAL PROPERTY TAXES	0
STATE TAXES BASED ON INC - CURRENT	0
ST TAXES BASED ON NET WORTH - CURR	0
SALES AND USE TAXES	0
BUSINESS LICENSES, PERMITS	0
PAYROLL TAXES	0
MISCELLANEOUS OTHER TAXES	0
FOREIGN CURRENT INCOME TAX EXPENSE	0
FOREIGN TAX WH	0
PERSONAL PROPERTY TAXES	0
TOTAL	0

2006 CONS. FEDERAL 1120 TAX RETURN

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STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

	Total	Consol Elims	Subtotal
LINE 26: OTHER DEDUCTIONS			
OPERATING EXPENSES	62,491,569	0	62,491,569
UTILITIES	91,097,445	0	91,097,445
MISC OFFICE EXPENSES	943,779	0	943,779
COMPUTER EXPENSES	176,940	0	176,940
TELEPHONES	2,345,825	0	2,345,825
MEALS & ENTERTAINMENT	1,835,697	0	1,835,697
AUTO & TRAVEL	15,290,093	0	15,290,093
TOTAL EXTRATERRITORIAL INC EXCLUSION	8,532,680	0	8,532,680
RESEARCH AND DEVELOPMENT	18,951,595	0	18,951,595
INSURANCE	134,971	0	134,971
MISCELLANEOUS DEDUCTIONS	3,574,841	0	3,574,841
SEC 198 ENVIRON REMEDIATIONS COSTS	9,626,663	0	9,626,663
SUPPLIES	33,422,650	0	33,422,650
DUES & SUBSCRIPTIONS	4,041,695	0	4,041,695
LICENSE AND PERMITS	49,922	0	49,922
CLEANING & MAINTENANCE	266,703	0	266,703
FINES AND PENALTIES	494,500	0	494,500
COMMISSIONS	6,195,808	0	6,195,808
ROYALTIES	3,461,348	0	3,461,348
INSURANCE	8,088,559	0	8,088,559
PROFESSIONAL FEES	29,494,974	0	29,494,974
ENVIRONMENTAL EXPENSE	9,022	0	9,022
ENVIRONMENTAL CLEANUP EXPENSE	20,512	0	20,512
RESTRUCTURING EXPENSE	2,812,344	0	2,812,344
CONTRACT LABOR	22,393,589	0	22,393,589
BANK CHARGES	416,198	0	416,198
CAPITALIZED INTEREST	(767,065)	0	(767,065)
CONFERENCES & MEETINGS	134,906	0	134,906
EMPLOYEE RELATIONS	549,646	0	549,646
OUTSIDE SERVICES	26,500,530	0	26,500,530
RELOCATION EXPENSES	182,181	0	182,181
RECRUITING EXPENSE	365,057	0	365,057
TRAINING, MEETINGS & SEMINARS	1,969,439	0	1,969,439
POSTAGE AND SHIPPING	5,860,684	0	5,860,684
OTHER AMORTIZATION - PRIOR YEAR	27,884,407	0	27,884,407
OTHER AMORTIZATION - CURRENT YEAR	94,534	0	94,534
I/C COMMISSION EXP - LZ ADIBIS UK LT	536,863	0	536,863
INTERCO COMMISSION EXP - LZ AG	731,504	0	731,504
I/C COMMISSION EXP - LZ ESPANOLA	566,619	0	566,619
I/C COMMISSION EXP - GESM	2,217,943	0	2,217,943
I/C COMMISSION EXP - GMBH	2,834,467	0	2,834,467
I/C COMMISSION EXP - LZ INDIA	129,074	0	129,074
I/C COMMISSION EXP - LZ ITALIANA	1,167,332	0	1,167,332
I/C COMMISSION EXP - LZ KOREA	944,848	0	944,848
I/C COMMISSION EXP - LIMC	6,368,977	0	6,368,977
I/C COMMISSION EXP - LZ LIMITED (UK)	12,761,389	0	12,761,389
ESOP DIVIDEND EXPENSE	2,305,156	0	2,305,156
R&D CHARGEOUT	(11,574,928)	0	(11,574,928)
I/C SERVICES EXP - 1500 W. ELIZA	81,000	0	81,000
I/C SERVICES EXP - LZ ADIBIS UK	1,898,500	0	1,898,500
I/C SERVICES EXP - LZ CANADA	3,300	0	3,300
I/C SERVICES EXP - LZ DEUTSCHLAN	888,591	0	888,591
I/C SERVICES EXP - GATEWAY	575,759	0	575,759
I/C SERVICES EXP - LZ JAPAN	4,639,412	0	4,639,412
I/C SERVICES EXP - LIMC	38,832,868	0	38,832,868
I/C SERVICES EXP - LZ INT'L	825,198	0	825,198
I/C SERICES EXP - LZ LIMITED (UK	27,229,673	0	27,229,673
I/C SERVICES EXP - LZ	66,457,656	0	66,457,656
I/C SERVICES EXP - LZ SE ASIA	80,400	0	80,400
I/C SERVICES EXP - MISC	1,424,820	0	1,424,820
I/C SERVICES EXP - MPP PIPELINE	233,669	0	233,669
TRANSFER TO A/R	(2,697,076)	0	(2,697,076)
TRANSFER TO C.I.P.	(8,523,986)	0	(8,523,986)
INTER-DEPT TRANSFER	(37,610,756)	0	(37,610,756)
TRANSFER TO INVENTORY	(41,497)	0	(41,497)
I/C TECH FEES EXP - GATEWAY	899,815	0	899,815
I/C TECH FEES EXP - LZ LTD	16,082,127	0	16,082,127
WAREHOUSING	13,327,250	0	13,327,250

2006 CONS. FEDERAL 1120 TAX RETURN

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	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864

STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

LINE 26: OTHER DEDUCTIONS			
OPERATING EXPENSES	9,127,495	0	0
UTILITIES	53,974,147	0	298,031
MISC OFFICE EXPENSES	0	0	0
COMPUTER EXPENSES	0	0	0
TELEPHONES	0	0	0
MEALS & ENTERTAINMENT	710,294	0	25,268
AUTO & TRAVEL	7,802,761	0	305,604
TOTAL EXTRATERRITORIAL INC EXCLUSION	6,926,255	0	0
RESEARCH AND DEVELOPMENT	17,723,884	0	18,033
INSURANCE	0	0	0
MISCELLANEOUS DEDUCTIONS	2,196,896	(1)	1,075
SEC 198 ENVIRON REMEDIATIONS COSTS	1,570,218	0	0
SUPPLIES	23,727,000	0	342,724
DUES & SUBSCRIPTIONS	3,069,549	0	18,463
LICENSE AND PERMITS	0	0	36,220
CLEANING & MAINTENANCE	0	0	199,713
FINES AND PENALTIES	0	0	0
COMMISSIONS	0	0	363,108
ROYALTIES	3,425,348	0	0
INSURANCE	5,245,556	0	84,586
PROFESSIONAL FEES	19,077,833	0	43,125
ENVIRONMENTAL EXPENSE	0	0	9,022
ENVIRONMENTAL CLEANUP EXPENSE	0	0	0
RESTRUCTURING EXPENSE	2,044,737	0	0
CONTRACT LABOR	22,031,151	0	0
BANK CHARGES	392,501	0	14,363
CAPITALIZED INTEREST	(767,065)	0	0
CONFERENCES & MEETINGS	0	0	0
EMPLOYEE RELATIONS	0	0	0
OUTSIDE SERVICES	20,844,613	0	230
RELOCATION EXPENSES	0	0	3,692
RECRUITING EXPENSE	0	0	0
TRAINING, MEETINGS & SEMINARS	1,373,304	0	16,607
POSTAGE AND SHIPPING	4,184,727	0	0
OTHER AMORTIZATION - PRIOR YEAR	7,683,747	0	217,090
OTHER AMORTIZATION - CURRENT YEAR	94,534	0	0
I/C COMMISSION EXP - LZ ADIBIS UK LT	0	0	0
INTERCO COMMISSION EXP - LZ AG	0	0	0
I/C COMMISSION EXP - LZ ESPANOLA	0	0	0
I/C COMMISSION EXP - GESM	0	0	0
I/C COMMISSION EXP - GMBH	0	0	0
I/C COMMISSION EXP - LZ INDIA	0	0	0
I/C COMMISSION EXP - LZ ITALIANA	0	0	0
I/C COMMISSION EXP - LZ KOREA	944,848	0	0
I/C COMMISSION EXP - LIMC	6,368,977	0	0
I/C COMMISSION EXP - LZ LIMITED (UK)	0	0	0
ESOP DIVIDEND EXPENSE	2,305,156	0	0
R&D CHARGEOUT	0	0	0
I/C SERVICES EXP - 1500 W. ELIZA	81,000	0	0
I/C SERVICES EXP - LZ ADIBIS UK	0	0	0
I/C SERVICES EXP - LZ CANADA	0	0	0
I/C SERVICES EXP - LZ DEUTSCHLAN	0	0	0
I/C SERVICES EXP - GATEWAY	575,759	0	0
I/C SERVICES EXP - LZ JAPAN	0	0	0
I/C SERVICES EXP - LIMC	38,832,868	0	0
I/C SERVICES EXP - LZ INT'L	0	0	0
I/C SERICES EXP - LZ LIMITED (UK	0	0	0
I/C SERVICES EXP - LZ	0	0	0
I/C SERVICES EXP - LZ SE ASIA	0	0	0
I/C SERVICES EXP - MISC	0	0	0
I/C SERVICES EXP - MPP PIPELINE	233,669	0	0
TRANSFER TO A/R	(2,697,076)	0	0
TRANSFER TO C.I.P.	(8,523,986)	0	0
INTER-DEPT TRANSFER	(37,610,756)	0	0
TRANSFER TO INVENTORY	(41,497)	0	0
I/C TECH FEES EXP - GATEWAY	899,815	0	0
I/C TECH FEES EXP - LZ LTD	16,082,127	0	0
WAREHOUSING	4,182,091	0	728,872

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STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387
LINE 26: OTHER DEDUCTIONS			
OPERATING EXPENSES	0	0	0
UTILITIES	0	0	0
MISC OFFICE EXPENSES	0	0	0
COMPUTER EXPENSES	0	0	0
TELEPHONES	0	0	0
MEALS & ENTERTAINMENT	7,500	0	0
AUTO & TRAVEL	75,461	0	0
TOTAL EXTRATERRITORIAL INC EXCLUSION	0	0	0
RESEARCH AND DEVELOPMENT	0	0	0
INSURANCE	0	0	0
MISCELLANEOUS DEDUCTIONS	414	0	0
SEC 198 ENVIRON REMEDIATIONS COSTS	0	0	0
SUPPLIES	0	0	0
DUES & SUBSCRIPTIONS	0	0	0
LICENSE AND PERMITS	0	0	0
CLEANING & MAINTENANCE	0	0	0
FINES AND PENALTIES	0	0	0
COMMISSIONS	22,860	0	0
ROYALTIES	0	0	0
INSURANCE	0	0	0
PROFESSIONAL FEES	2,317,378	0	0
ENVIRONMENTAL EXPENSE	0	0	0
ENVIRONMENTAL CLEANUP EXPENSE	20,512	0	0
RESTRUCTURING EXPENSE	0	0	0
CONTRACT LABOR	0	0	0
BANK CHARGES	0	0	0
CAPITALIZED INTEREST	0	0	0
CONFERENCES & MEETINGS	0	0	0
EMPLOYEE RELATIONS	0	0	0
OUTSIDE SERVICES	0	0	0
RELOCATION EXPENSES	0	0	0
RECRUITING EXPENSE	0	0	0
TRAINING, MEETINGS & SEMINARS	0	0	0
POSTAGE AND SHIPPING	0	0	0
OTHER AMORTIZATION - PRIOR YEAR	0	0	0
OTHER AMORTIZATION - CURRENT YEAR	0	0	0
I/C COMMISSION EXP - LZ ADIBIS UK LT	0	0	0
INTERCO COMMISSION EXP - LZ AG	0	0	0
I/C COMMISSION EXP - LZ ESPANOLA	0	0	0
I/C COMMISSION EXP - GESM	0	0	0
I/C COMMISSION EXP - GMBH	0	0	0
I/C COMMISSION EXP - LZ INDIA	0	0	0
I/C COMMISSION EXP - LZ ITALIANA	0	0	0
I/C COMMISSION EXP - LZ KOREA	0	0	0
I/C COMMISSION EXP - LIMC	0	0	0
I/C COMMISSION EXP - LZ LIMITED (UK)	0	0	0
ESOP DIVIDEND EXPENSE	0	0	0
R&D CHARGEOUT	0	0	0
I/C SERVICES EXP - 1500 W. ELIZA	0	0	0
I/C SERVICES EXP - LZ ADIBIS UK	0	0	0
I/C SERVICES EXP - LZ CANADA	0	0	0
I/C SERVICES EXP - LZ DEUTSCHLAN	0	0	0
I/C SERVICES EXP - GATEWAY	0	0	0
I/C SERVICES EXP - LZ JAPAN	0	0	0
I/C SERVICES EXP - LIMC	0	0	0
I/C SERVICES EXP - LZ INT'L	0	0	0
I/C SERICES EXP - LZ LIMITED (UK	0	0	0
I/C SERVICES EXP - LZ	0	0	0
I/C SERVICES EXP - LZ SE ASIA	0	0	0
I/C SERVICES EXP - MISC	0	0	0
I/C SERVICES EXP - MPP PIPELINE	0	0	0
TRANSFER TO A/R	0	0	0
TRANSFER TO C.I.P.	0	0	0
INTER-DEPT TRANSFER	0	0	0
TRANSFER TO INVENTORY	0	0	0
I/C TECH FEES EXP - GATEWAY	0	0	0
I/C TECH FEES EXP - LZ LTD	0	0	0
WAREHOUSING	0	0	0

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	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089

STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

LINE 26: OTHER DEDUCTIONS			
OPERATING EXPENSES	547,539	0	0
UTILITIES	1,301,729	0	39,000
MISC OFFICE EXPENSES	0	0	0
COMPUTER EXPENSES	0	0	0
TELEPHONES	107,174	0	0
MEALS & ENTERTAINMENT	24,090	0	74,120
AUTO & TRAVEL	201,374	0	165,761
TOTAL EXTRATERRITORIAL INC EXCLUSION	0	0	0
RESEARCH AND DEVELOPMENT	0	0	0
INSURANCE	0	0	0
MISCELLANEOUS DEDUCTIONS	16,627	0	3,001
SEC 198 ENVIRON REMEDIATIONS COSTS	0	0	0
SUPPLIES	377,949	100	295,268
DUES & SUBSCRIPTIONS	19,585	0	0
LICENSE AND PERMITS	13,702	0	0
CLEANING & MAINTENANCE	66,990	0	0
FINES AND PENALTIES	0	0	0
COMMISSIONS	(101,729)	0	2,829,128
ROYALTIES	0	0	0
INSURANCE	64,586	0	2,000
PROFESSIONAL FEES	370	0	58,342
ENVIRONMENTAL EXPENSE	0	0	0
ENVIRONMENTAL CLEANUP EXPENSE	0	0	0
RESTRUCTURING EXPENSE	0	0	0
CONTRACT LABOR	362,438	0	0
BANK CHARGES	4,390	0	0
CAPITALIZED INTEREST	0	0	0
CONFERENCES & MEETINGS	1,816	0	0
EMPLOYEE RELATIONS	0	0	0
OUTSIDE SERVICES	368,613	0	0
RELOCATION EXPENSES	78,489	0	0
RECRUITING EXPENSE	2,838	0	0
TRAINING, MEETINGS & SEMINARS	12,019	0	0
POSTAGE AND SHIPPING	17,816	0	0
OTHER AMORTIZATION - PRIOR YEAR	50,782	0	0
OTHER AMORTIZATION - CURRENT YEAR	0	0	0
I/C COMMISSION EXP - LZ ADIBIS UK LT	0	0	536,863
INTERCO COMMISSION EXP - LZ AG	0	0	731,504
I/C COMMISSION EXP - LZ ESPANOLA	0	0	566,619
I/C COMMISSION EXP - GESM	0	0	2,217,943
I/C COMMISSION EXP - GMBH	0	0	2,834,467
I/C COMMISSION EXP - LZ INDIA	0	0	129,074
I/C COMMISSION EXP - LZ ITALIANA	0	0	1,167,332
I/C COMMISSION EXP - LZ KOREA	0	0	0
I/C COMMISSION EXP - LIMC	0	0	0
I/C COMMISSION EXP - LZ LIMITED (UK)	0	0	12,761,389
ESOP DIVIDEND EXPENSE	0	0	0
R&D CHARGEOUT	0	0	0
I/C SERVICES EXP - 1500 W. ELIZA	0	0	0
I/C SERVICES EXP - LZ ADIBIS UK	0	0	1,898,500
I/C SERVICES EXP - LZ CANADA	0	0	3,300
I/C SERVICES EXP - LZ DEUTSCHLAN	0	0	888,591
I/C SERVICES EXP - GATEWAY	0	0	0
I/C SERVICES EXP - LZ JAPAN	0	0	4,639,412
I/C SERVICES EXP - LIMC	0	0	0
I/C SERVICES EXP - LZ INT'L	0	0	825,198
I/C SERICES EXP - LZ LIMITED (UK	0	0	27,229,673
I/C SERVICES EXP - LZ	0	0	40,462,304
I/C SERVICES EXP - LZ SE ASIA	0	0	80,400
I/C SERVICES EXP - MISC	0	0	0
I/C SERVICES EXP - MPP PIPELINE	0	0	0
TRANSFER TO A/R	0	0	0
TRANSFER TO C.I.P.	0	0	0
INTER-DEPT TRANSFER	0	0	0
TRANSFER TO INVENTORY	0	0	0
I/C TECH FEES EXP - GATEWAY	0	0	0
I/C TECH FEES EXP - LZ LTD	0	0	0
WAREHOUSING	70,668	0	0

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	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052

STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

LINE 26: OTHER DEDUCTIONS			
OPERATING EXPENSES	0	0	78,000
UTILITIES	42,000	0	0
MISC OFFICE EXPENSES	0	0	0
COMPUTER EXPENSES	0	0	0
TELEPHONES	0	0	0
MEALS & ENTERTAINMENT	2,767	0	0
AUTO & TRAVEL	110,466	0	0
TOTAL EXTRATERRITORIAL INC EXCLUSION	0	0	0
RESEARCH AND DEVELOPMENT	0	0	0
INSURANCE	0	0	0
MISCELLANEOUS DEDUCTIONS	24,000	13,136	0
SEC 198 ENVIRON REMEDIATIONS COSTS	0	0	0
SUPPLIES	330,000	0	10,232
DUES & SUBSCRIPTIONS	0	0	0
LICENSE AND PERMITS	0	0	0
CLEANING & MAINTENANCE	0	0	0
FINES AND PENALTIES	0	0	0
COMMISSIONS	0	0	0
ROYALTIES	0	0	0
INSURANCE	7,000	0	0
PROFESSIONAL FEES	0	0	0
ENVIRONMENTAL EXPENSE	0	0	0
ENVIRONMENTAL CLEANUP EXPENSE	0	0	0
RESTRUCTURING EXPENSE	0	0	0
CONTRACT LABOR	0	0	0
BANK CHARGES	0	0	0
CAPITALIZED INTEREST	0	0	0
CONFERENCES & MEETINGS	0	0	0
EMPLOYEE RELATIONS	0	0	0
OUTSIDE SERVICES	0	0	0
RELOCATION EXPENSES	0	0	0
RECRUITING EXPENSE	0	0	0
TRAINING, MEETINGS & SEMINARS	0	0	0
POSTAGE AND SHIPPING	0	0	0
OTHER AMORTIZATION - PRIOR YEAR	0	0	0
OTHER AMORTIZATION - CURRENT YEAR	0	0	0
I/C COMMISSION EXP - LZ ADIBIS UK LT	0	0	0
INTERCO COMMISSION EXP - LZ AG	0	0	0
I/C COMMISSION EXP - LZ ESPANOLA	0	0	0
I/C COMMISSION EXP - GESM	0	0	0
I/C COMMISSION EXP - GMBH	0	0	0
I/C COMMISSION EXP - LZ INDIA	0	0	0
I/C COMMISSION EXP - LZ ITALIANA	0	0	0
I/C COMMISSION EXP - LZ KOREA	0	0	0
I/C COMMISSION EXP - LIMC	0	0	0
I/C COMMISSION EXP - LZ LIMITED (UK)	0	0	0
ESOP DIVIDEND EXPENSE	0	0	0
R&D CHARGEOUT	0	0	0
I/C SERVICES EXP - 1500 W. ELIZA	0	0	0
I/C SERVICES EXP - LZ ADIBIS UK	0	0	0
I/C SERVICES EXP - LZ CANADA	0	0	0
I/C SERVICES EXP - LZ DEUTSCHLAN	0	0	0
I/C SERVICES EXP - GATEWAY	0	0	0
I/C SERVICES EXP - LZ JAPAN	0	0	0
I/C SERVICES EXP - LIMC	0	0	0
I/C SERVICES EXP - LZ INT'L	0	0	0
I/C SERICES EXP - LZ LIMITED (UK	0	0	0
I/C SERVICES EXP - LZ	0	0	0
I/C SERVICES EXP - LZ SE ASIA	0	0	0
I/C SERVICES EXP - MISC	0	0	0
I/C SERVICES EXP - MPP PIPELINE	0	0	0
TRANSFER TO A/R	0	0	0
TRANSFER TO C.I.P.	0	0	0
INTER-DEPT TRANSFER	0	0	0
TRANSFER TO INVENTORY	0	0	0
I/C TECH FEES EXP - GATEWAY	0	0	0
I/C TECH FEES EXP - LZ LTD	0	0	0
WAREHOUSING	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152

STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

LINE 26: OTHER DEDUCTIONS			
OPERATING EXPENSES	0	49,298,169	0
UTILITIES	0	31,865,163	0
MISC OFFICE EXPENSES	0	916,632	0
COMPUTER EXPENSES	0	170,765	0
TELEPHONES	0	2,150,553	0
MEALS & ENTERTAINMENT	0	963,612	0
AUTO & TRAVEL	0	6,449,489	0
TOTAL EXTRATERRITORIAL INC EXCLUSION	0	1,606,425	0
RESEARCH AND DEVELOPMENT	0	1,209,678	0
INSURANCE	0	0	0
MISCELLANEOUS DEDUCTIONS	0	319,944	1
SEC 198 ENVIRON REMEDIATIONS COSTS	0	7,945,431	0
SUPPLIES	0	7,517,217	0
DUES & SUBSCRIPTIONS	0	891,384	0
LICENSE AND PERMITS	0	0	0
CLEANING & MAINTENANCE	0	0	0
FINES AND PENALTIES	0	494,500	0
COMMISSIONS	0	3,008,114	0
ROYALTIES	0	36,000	0
INSURANCE	0	2,684,831	0
PROFESSIONAL FEES	0	7,871,884	0
ENVIRONMENTAL EXPENSE	0	0	0
ENVIRONMENTAL CLEANUP EXPENSE	0	0	0
RESTRUCTURING EXPENSE	0	735,274	0
CONTRACT LABOR	0	0	0
BANK CHARGES	0	1,616	0
CAPITALIZED INTEREST	0	0	0
CONFERENCES & MEETINGS	0	132,130	0
EMPLOYEE RELATIONS	0	525,440	0
OUTSIDE SERVICES	0	4,976,228	0
RELOCATION EXPENSES	0	100,000	0
RECRUITING EXPENSE	0	358,784	0
TRAINING, MEETINGS & SEMINARS	0	553,246	0
POSTAGE AND SHIPPING	0	1,553,887	0
OTHER AMORTIZATION - PRIOR YEAR	0	15,382,652	0
OTHER AMORTIZATION - CURRENT YEAR	0	0	0
I/C COMMISSION EXP - LZ ADIBIS UK LT	0	0	0
INTERCO COMMISSION EXP - LZ AG	0	0	0
I/C COMMISSION EXP - LZ ESPANOLA	0	0	0
I/C COMMISSION EXP - GESM	0	0	0
I/C COMMISSION EXP - GMBH	0	0	0
I/C COMMISSION EXP - LZ INDIA	0	0	0
I/C COMMISSION EXP - LZ ITALIANA	0	0	0
I/C COMMISSION EXP - LZ KOREA	0	0	0
I/C COMMISSION EXP - LIMC	0	0	0
I/C COMMISSION EXP - LZ LIMITED (UK)	0	0	0
ESOP DIVIDEND EXPENSE	0	0	0
R&D CHARGEOUT	0	(11,574,928)	0
I/C SERVICES EXP - 1500 W. ELIZA	0	0	0
I/C SERVICES EXP - LZ ADIBIS UK	0	0	0
I/C SERVICES EXP - LZ CANADA	0	0	0
I/C SERVICES EXP - LZ DEUTSCHLAN	0	0	0
I/C SERVICES EXP - GATEWAY	0	0	0
I/C SERVICES EXP - LZ JAPAN	0	0	0
I/C SERVICES EXP - LIMC	0	0	0
I/C SERVICES EXP - LZ INT'L	0	0	0
I/C SERICES EXP - LZ LIMITED (UK	0	0	0
I/C SERVICES EXP - LZ	0	25,995,352	0
I/C SERVICES EXP - LZ SE ASIA	0	0	0
I/C SERVICES EXP - MISC	0	941,768	10,236
I/C SERVICES EXP - MPP PIPELINE	0	0	0
TRANSFER TO A/R	0	0	0
TRANSFER TO C.I.P.	0	0	0
INTER-DEPT TRANSFER	0	0	0
TRANSFER TO INVENTORY	0	0	0
I/C TECH FEES EXP - GATEWAY	0	0	0
I/C TECH FEES EXP - LZ LTD	0	0	0
WAREHOUSING	0	8,004,518	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786

STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

LINE 26: OTHER DEDUCTIONS			
OPERATING EXPENSES	0	2,158,885	0
UTILITIES	0	1,057,860	0
MISC OFFICE EXPENSES	0	16,074	0
COMPUTER EXPENSES	0	0	0
TELEPHONES	0	27,985	0
MEALS & ENTERTAINMENT	0	14,809	0
AUTO & TRAVEL	0	77,341	0
TOTAL EXTRATERRITORIAL INC EXCLUSION	0	0	0
RESEARCH AND DEVELOPMENT	0	0	0
INSURANCE	0	25,478	0
MISCELLANEOUS DEDUCTIONS	0	11,462	0
SEC 198 ENVIRON REMEDIATIONS COSTS	0	55,471	0
SUPPLIES	0	454,384	0
DUES & SUBSCRIPTIONS	0	2,225	0
LICENSE AND PERMITS	0	0	0
CLEANING & MAINTENANCE	0	0	0
FINES AND PENALTIES	0	0	0
COMMISSIONS	0	21,974	0
ROYALTIES	0	0	0
INSURANCE	0	0	0
PROFESSIONAL FEES	577	21,676	0
ENVIRONMENTAL EXPENSE	0	0	0
ENVIRONMENTAL CLEANUP EXPENSE	0	0	0
RESTRUCTURING EXPENSE	0	32,333	0
CONTRACT LABOR	0	0	0
BANK CHARGES	0	0	0
CAPITALIZED INTEREST	0	0	0
CONFERENCES & MEETINGS	0	960	0
EMPLOYEE RELATIONS	0	3,586	0
OUTSIDE SERVICES	0	38,200	0
RELOCATION EXPENSES	0	0	0
RECRUITING EXPENSE	0	1,566	0
TRAINING, MEETINGS & SEMINARS	0	5,505	0
POSTAGE AND SHIPPING	0	31,471	0
OTHER AMORTIZATION - PRIOR YEAR	0	66,634	0
OTHER AMORTIZATION - CURRENT YEAR	0	0	0
I/C COMMISSION EXP - LZ ADIBIS UK LT	0	0	0
INTERCO COMMISSION EXP - LZ AG	0	0	0
I/C COMMISSION EXP - LZ ESPANOLA	0	0	0
I/C COMMISSION EXP - GESM	0	0	0
I/C COMMISSION EXP - GMBH	0	0	0
I/C COMMISSION EXP - LZ INDIA	0	0	0
I/C COMMISSION EXP - LZ ITALIANA	0	0	0
I/C COMMISSION EXP - LZ KOREA	0	0	0
I/C COMMISSION EXP - LIMC	0	0	0
I/C COMMISSION EXP - LZ LIMITED (UK)	0	0	0
ESOP DIVIDEND EXPENSE	0	0	0
R&D CHARGEOUT	0	0	0
I/C SERVICES EXP - 1500 W. ELIZA	0	0	0
I/C SERVICES EXP - LZ ADIBIS UK	0	0	0
I/C SERVICES EXP - LZ CANADA	0	0	0
I/C SERVICES EXP - LZ DEUTSCHLAN	0	0	0
I/C SERVICES EXP - GATEWAY	0	0	0
I/C SERVICES EXP - LZ JAPAN	0	0	0
I/C SERVICES EXP - LIMC	0	0	0
I/C SERVICES EXP - LZ INT'L	0	0	0
I/C SERICES EXP - LZ LIMITED (UK	0	0	0
I/C SERVICES EXP - LZ	0	0	0
I/C SERVICES EXP - LZ SE ASIA	0	0	0
I/C SERVICES EXP - MISC	0	472,781	35
I/C SERVICES EXP - MPP PIPELINE	0	0	0
TRANSFER TO A/R	0	0	0
TRANSFER TO C.I.P.	0	0	0
INTER-DEPT TRANSFER	0	0	0
TRANSFER TO INVENTORY	0	0	0
I/C TECH FEES EXP - GATEWAY	0	0	0
I/C TECH FEES EXP - LZ LTD	0	0	0
WAREHOUSING	0	341,101	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462

STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

LINE 26: OTHER DEDUCTIONS			
OPERATING EXPENSES	0	627,521	653,960
UTILITIES	0	1,035,495	1,484,020
MISC OFFICE EXPENSES	0	0	11,073
COMPUTER EXPENSES	0	0	6,175
TELEPHONES	0	29,622	30,491
MEALS & ENTERTAINMENT	0	5,202	8,035
AUTO & TRAVEL	0	84,564	17,272
TOTAL EXTRATERRITORIAL INC EXCLUSION	0	0	0
RESEARCH AND DEVELOPMENT	0	0	0
INSURANCE	0	76,309	33,184
MISCELLANEOUS DEDUCTIONS	0	977,349	10,937
SEC 198 ENVIRON REMEDIATIONS COSTS	0	0	55,543
SUPPLIES	0	272,850	94,926
DUES & SUBSCRIPTIONS	0	39,575	914
LICENSE AND PERMITS	0	0	0
CLEANING & MAINTENANCE	0	0	0
FINES AND PENALTIES	0	0	0
COMMISSIONS	0	38,760	13,593
ROYALTIES	0	0	0
INSURANCE	0	0	0
PROFESSIONAL FEES	0	102,114	1,675
ENVIRONMENTAL EXPENSE	0	0	0
ENVIRONMENTAL CLEANUP EXPENSE	0	0	0
RESTRUCTURING EXPENSE	0	0	0
CONTRACT LABOR	0	0	0
BANK CHARGES	0	3,328	0
CAPITALIZED INTEREST	0	0	0
CONFERENCES & MEETINGS	0	0	0
EMPLOYEE RELATIONS	0	5,188	15,432
OUTSIDE SERVICES	0	233,736	38,910
RELOCATION EXPENSES	0	0	0
RECRUITING EXPENSE	0	0	1,869
TRAINING, MEETINGS & SEMINARS	0	7,978	780
POSTAGE AND SHIPPING	0	47,196	25,587
OTHER AMORTIZATION - PRIOR YEAR	4,447,124	36,378	0
OTHER AMORTIZATION - CURRENT YEAR	0	0	0
I/C COMMISSION EXP - LZ ADIBIS UK LT	0	0	0
INTERCO COMMISSION EXP - LZ AG	0	0	0
I/C COMMISSION EXP - LZ ESPANOLA	0	0	0
I/C COMMISSION EXP - GESM	0	0	0
I/C COMMISSION EXP - GMBH	0	0	0
I/C COMMISSION EXP - LZ INDIA	0	0	0
I/C COMMISSION EXP - LZ ITALIANA	0	0	0
I/C COMMISSION EXP - LZ KOREA	0	0	0
I/C COMMISSION EXP - LIMC	0	0	0
I/C COMMISSION EXP - LZ LIMITED (UK)	0	0	0
ESOP DIVIDEND EXPENSE	0	0	0
R&D CHARGEOUT	0	0	0
I/C SERVICES EXP - 1500 W. ELIZA	0	0	0
I/C SERVICES EXP - LZ ADIBIS UK	0	0	0
I/C SERVICES EXP - LZ CANADA	0	0	0
I/C SERVICES EXP - LZ DEUTSCHLAN	0	0	0
I/C SERVICES EXP - GATEWAY	0	0	0
I/C SERVICES EXP - LZ JAPAN	0	0	0
I/C SERVICES EXP - LIMC	0	0	0
I/C SERVICES EXP - LZ INT'L	0	0	0
I/C SERICES EXP - LZ LIMITED (UK	0	0	0
I/C SERVICES EXP - LZ	0	0	0
I/C SERVICES EXP - LZ SE ASIA	0	0	0
I/C SERVICES EXP - MISC	0	0	0
I/C SERVICES EXP - MPP PIPELINE	0	0	0
TRANSFER TO A/R	0	0	0
TRANSFER TO C.I.P.	0	0	0
INTER-DEPT TRANSFER	0	0	0
TRANSFER TO INVENTORY	0	0	0
I/C TECH FEES EXP - GATEWAY	0	0	0
I/C TECH FEES EXP - LZ LTD	0	0	0
WAREHOUSING	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

Perf Materials
51-0408646

STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

LINE 26: OTHER DEDUCTIONS	
OPERATING EXPENSES	0
UTILITIES	0
MISC OFFICE EXPENSES	0
COMPUTER EXPENSES	0
TELEPHONES	0
MEALS & ENTERTAINMENT	0
AUTO & TRAVEL	0
TOTAL EXTRATERRITORIAL INC EXCLUSION	0
RESEARCH AND DEVELOPMENT	0
INSURANCE	0
MISCELLANEOUS DEDUCTIONS	0
SEC 198 ENVIRON REMEDIATIONS COSTS	0
SUPPLIES	0
DUES & SUBSCRIPTIONS	0
LICENSE AND PERMITS	0
CLEANING & MAINTENANCE	0
FINES AND PENALTIES	0
COMMISSIONS	0
ROYALTIES	0
INSURANCE	0
PROFESSIONAL FEES	0
ENVIRONMENTAL EXPENSE	0
ENVIRONMENTAL CLEANUP EXPENSE	0
RESTRUCTURING EXPENSE	0
CONTRACT LABOR	0
BANK CHARGES	0
CAPITALIZED INTEREST	0
CONFERENCES & MEETINGS	0
EMPLOYEE RELATIONS	0
OUTSIDE SERVICES	0
RELOCATION EXPENSES	0
RECRUITING EXPENSE	0
TRAINING, MEETINGS & SEMINARS	0
POSTAGE AND SHIPPING	0
OTHER AMORTIZATION - PRIOR YEAR	0
OTHER AMORTIZATION - CURRENT YEAR	0
I/C COMMISSION EXP - LZ ADIBIS UK LT	0
INTERCO COMMISSION EXP - LZ AG	0
I/C COMMISSION EXP - LZ ESPANOLA	0
I/C COMMISSION EXP - GESM	0
I/C COMMISSION EXP - GMBH	0
I/C COMMISSION EXP - LZ INDIA	0
I/C COMMISSION EXP - LZ ITALIANA	0
I/C COMMISSION EXP - LZ KOREA	0
I/C COMMISSION EXP - LIMC	0
I/C COMMISSION EXP - LZ LIMITED (UK)	0
ESOP DIVIDEND EXPENSE	0
R&D CHARGEOUT	0
I/C SERVICES EXP - 1500 W. ELIZA	0
I/C SERVICES EXP - LZ ADIBIS UK	0
I/C SERVICES EXP - LZ CANADA	0
I/C SERVICES EXP - LZ DEUTSCHLAN	0
I/C SERVICES EXP - GATEWAY	0
I/C SERVICES EXP - LZ JAPAN	0
I/C SERVICES EXP - LIMC	0
I/C SERVICES EXP - LZ INT'L	0
I/C SERICES EXP - LZ LIMITED (UK	0
I/C SERVICES EXP - LZ	0
I/C SERVICES EXP - LZ SE ASIA	0
I/C SERVICES EXP - MISC	0
I/C SERVICES EXP - MPP PIPELINE	0
TRANSFER TO A/R	0
TRANSFER TO C.I.P.	0
INTER-DEPT TRANSFER	0
TRANSFER TO INVENTORY	0
I/C TECH FEES EXP - GATEWAY	0
I/C TECH FEES EXP - LZ LTD	0
WAREHOUSING	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Total	Consol Elims	Subtotal
TOTAL	532,540,208	0	532,540,208

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864
TOTAL	234,092,480	(1)	2,725,826

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387
TOTAL	2,444,125	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
TOTAL	3,609,855	100	100,439,189

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
TOTAL	516,233	13,136	88,232

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
ar: 2006

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
TOTAL	0	173,085,758	10,237

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
TOTAL	577	4,939,761	35

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462
TOTAL	4,447,124	3,623,165	2,504,376

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Perf Materials 51-0408646
TOTAL	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Yr: 2006

	Total	Consol Elims	Subtotal

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 4
ADDITIONAL SEC 263A COSTS

LINE 4: ADDITIONAL SECTION 263A COSTS			
COGS: ADDITIONAL SECTION 263A COSTS	1,176,867	0	1,176,867

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

Lubrizol	1500 W Eliz	CPI
34-0367600	22-3838065	38-2050864

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 4
ADDITIONAL SEC 263A COSTS

LINE 4: ADDITIONAL SECTION 263A COSTS			
COGS: ADDITIONAL SECTION 263A COSTS	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 4
ADDITIONAL SEC 263A COSTS

LINE 4: ADDITIONAL SECTION 263A COSTS			
COGS: ADDITIONAL SECTION 263A COSTS	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LFCA	LZ Int Am Corp	LIMC
	57-0686272	34-1368171	34-1323089

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 4
ADDITIONAL SEC 263A COSTS

LINE 4: ADDITIONAL SECTION 263A COSTS			
COGS: ADDITIONAL SECTION 263A COSTS	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LOTC	LPS	MPP Pipeline
	51-6146748	58-0678914	76-0412052

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 4
ADDITIONAL SEC 263A COSTS

LINE 4: ADDITIONAL SECTION 263A COSTS			
COGS: ADDITIONAL SECTION 263A COSTS	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 4
ADDITIONAL SEC 263A COSTS

LINE 4: ADDITIONAL SECTION 263A COSTS			
COGS: ADDITIONAL SECTION 263A COSTS	0	182,565	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov FCC Inc.	Hilton Davis	Nov Holding
	51-0340498	95-4071292	31-1231786

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 4
ADDITIONAL SEC 263A COSTS

LINE 4: ADDITIONAL SECTION 263A COSTS			
COGS: ADDITIONAL SECTION 263A COSTS	0	1,039,972	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 4
ADDITIONAL SEC 263A COSTS

LINE 4: ADDITIONAL SECTION 263A COSTS			
COGS: ADDITIONAL SECTION 263A COSTS	0	44,618	(90,288)

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

Perf Materials
51-0408646

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 4
ADDITIONAL SEC 263A COSTS

LINE 4: ADDITIONAL SECTION 263A COSTS	
COGS: ADDITIONAL SECTION 263A COSTS	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
ar: 2006

	Total	Consol Elims	Subtotal
STATEMENT 5 - FORM 1120, PG 2, SCH A, LN 5 OTHER COSTS			
LINE 5: OTHER COSTS			
COGS: INVENTORY OBSOLESCENCE	427,870	0	427,870
BASIS OF INVENTORY SOLD	(60,859,761)	0	(60,859,761)
COGS: INVTY SHRINKAGE ACCRUAL	572,074	0	572,074
COGS: EXCES INVTY & OBSOLECNCE RSERV	120,862	0	120,862
TOTAL	(59,738,955)	0	(59,738,955)

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864

STATEMENT 5 - FORM 1120, PG 2, SCH A, LN 5
OTHER COSTS

LINE 5: OTHER COSTS			
COGS: INVENTORY OBSOLESCENCE	0	0	0
BASIS OF INVENTORY SOLD	0	0	0
COGS: INVTY SHRINKAGE ACCRUAL	0	0	0
COGS: EXCES INVTY & OBSOLECNCE RSERV	0	0	0
TOTAL	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387

STATEMENT 5 - FORM 1120, PG 2, SCH A, LN 5
OTHER COSTS

LINE 5: OTHER COSTS			
COGS: INVENTORY OBSOLESCENCE	0	0	0
BASIS OF INVENTORY SOLD	0	0	0
COGS: INVTY SHRINKAGE ACCRUAL	0	0	0
COGS: EXCES INVTY & OBSOLECNCE RSERV	0	0	0
TOTAL	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089

STATEMENT 5 - FORM 1120, PG 2, SCH A, LN 5
OTHER COSTS

LINE 5: OTHER COSTS			
COGS: INVENTORY OBSOLESCENCE	148,580	0	0
BASIS OF INVENTORY SOLD	(7,167,683)	0	0
COGS: INVTY SHRINKAGE ACCRUAL	0	0	0
COGS: EXCES INVTY & OBSOLECNCE RSERV	0	0	0
TOTAL	(7,019,103)	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052

STATEMENT 5 - FORM 1120, PG 2, SCH A, LN 5
OTHER COSTS

LINE 5: OTHER COSTS			
COGS: INVENTORY OBSOLESCENCE	0	0	0
BASIS OF INVENTORY SOLD	0	0	0
COGS: INVTY SHRINKAGE ACCRUAL	0	0	0
COGS: EXCES INVTY & OBSOLECNCE RSERV	0	0	0
TOTAL	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
STATEMENT 5 - FORM 1120, PG 2, SCH A, LN 5 OTHER COSTS			
LINE 5: OTHER COSTS			
COGS: INVENTORY OBSOLESCENCE	0	279,290	0
BASIS OF INVENTORY SOLD	0	(14,408,896)	0
COGS: INVTY SHRINKAGE ACCRUAL	0	562,074	0
COGS: EXCES INVTY & OBSOLECNCE RSERV	0	0	0
TOTAL	0	(13,567,532)	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786

STATEMENT 5 - FORM 1120, PG 2, SCH A, LN 5
OTHER COSTS

LINE 5: OTHER COSTS			
COGS: INVENTORY OBSOLESCENCE	0	0	0
BASIS OF INVENTORY SOLD	0	(15,642,125)	0
COGS: INVTY SHRINKAGE ACCRUAL	0	0	0
COGS: EXCES INVTY & OBSOLECNCE RSERV	0	110,121	0
TOTAL	0	(15,532,004)	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462

STATEMENT 5 - FORM 1120, PG 2, SCH A, LN 5
OTHER COSTS

LINE 5: OTHER COSTS			
COGS: INVENTORY OBSOLESCENCE	0	0	0
BASIS OF INVENTORY SOLD	0	(20,420,025)	(3,221,032)
COGS: INVTY SHRINKAGE ACCRUAL	0	0	10,000
COGS: EXCES INVTY & OBSOLECNCE RSERV	0	0	10,741
TOTAL	0	(20,420,025)	(3,200,291)

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

Perf Materials
51-0408646

STATEMENT 5 - FORM 1120, PG 2, SCH A, LN 5
OTHER COSTS

LINE 5: OTHER COSTS	
COGS: INVENTORY OBSOLESCENCE	0
BASIS OF INVENTORY SOLD	0
COGS: INVTY SHRINKAGE ACCRUAL	0
COGS: EXCES INVTY & OBSOLECNCE RSERV	0
TOTAL	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Total	Consol Elims	Subtotal

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

LINE 6: OTHER CURRENT ASSETS			
OTHER PREPAID EXPENSES	3,630,813	0	3,630,813
PREPAID INSURANCE	1,651,718	0	1,651,718
INTEREST RECEIVABLE	2,404	0	2,404
ROYALTIES RECEIVABLE	271,000	0	271,000
FEDERAL DEFERRED TAX - CURRENT	90,794,081	0	90,794,081
MISCELLANEOUS	6,126,813	0	6,126,813
TOTAL	102,476,829	0	102,476,829

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

LINE 6: OTHER CURRENT ASSETS			
OTHER PREPAID EXPENSES	0	0	0
PREPAID INSURANCE	0	0	818
INTEREST RECEIVABLE	0	0	0
ROYALTIES RECEIVABLE	0	0	0
FEDERAL DEFERRED TAX - CURRENT	72,907,539	0	(403,356)
MISCELLANEOUS	70,736	0	0
TOTAL	72,978,275	0	(402,538)

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

LINE 6: OTHER CURRENT ASSETS			
OTHER PREPAID EXPENSES	0	0	0
PREPAID INSURANCE	0	0	0
INTEREST RECEIVABLE	0	0	0
ROYALTIES RECEIVABLE	0	0	0
FEDERAL DEFERRED TAX - CURRENT	945	0	0
MISCELLANEOUS	0	0	0
TOTAL	945	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

LINE 6: OTHER CURRENT ASSETS			
OTHER PREPAID EXPENSES	0	0	7,000
PREPAID INSURANCE	0	0	0
INTEREST RECEIVABLE	0	0	0
ROYALTIES RECEIVABLE	0	0	0
FEDERAL DEFERRED TAX - CURRENT	263,241	0	0
MISCELLANEOUS	0	0	0
TOTAL	263,241	0	7,000

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

LINE 6: OTHER CURRENT ASSETS			
OTHER PREPAID EXPENSES	2,000	0	0
PREPAID INSURANCE	0	0	0
INTEREST RECEIVABLE	0	0	0
ROYALTIES RECEIVABLE	0	0	0
FEDERAL DEFERRED TAX - CURRENT	0	61,250	0
MISCELLANEOUS	0	0	0
TOTAL	2,000	61,250	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

LINE 6: OTHER CURRENT ASSETS			
OTHER PREPAID EXPENSES	0	2,261,070	0
PREPAID INSURANCE	0	1,650,900	0
INTEREST RECEIVABLE	0	2,404	0
ROYALTIES RECEIVABLE	0	271,000	0
FEDERAL DEFERRED TAX - CURRENT	0	18,608,867	0
MISCELLANEOUS	0	5,996,077	0
TOTAL	0	28,790,318	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

LINE 6: OTHER CURRENT ASSETS			
OTHER PREPAID EXPENSES	0	453,024	0
PREPAID INSURANCE	0	0	0
INTEREST RECEIVABLE	0	0	0
ROYALTIES RECEIVABLE	0	0	0
FEDERAL DEFERRED TAX - CURRENT	0	(833,285)	0
MISCELLANEOUS	0	0	0
TOTAL	0	(380,261)	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462
LINE 6: OTHER CURRENT ASSETS			
OTHER PREPAID EXPENSES	0	253,910	653,809
PREPAID INSURANCE	0	0	0
INTEREST RECEIVABLE	0	0	0
ROYALTIES RECEIVABLE	0	0	0
FEDERAL DEFERRED TAX - CURRENT	0	147,968	40,912
MISCELLANEOUS	0	0	60,000
TOTAL	0	401,878	754,721

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

Perf Materials
51-0408646

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

LINE 6: OTHER CURRENT ASSETS	
OTHER PREPAID EXPENSES	0
PREPAID INSURANCE	0
INTEREST RECEIVABLE	0
ROYALTIES RECEIVABLE	0
FEDERAL DEFERRED TAX - CURRENT	0
MISCELLANEOUS	0
TOTAL	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

	Total	Consol Elims	Subtotal
LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	2,768,766	833,999	1,934,767
INVEST IN 1500 West Elizabeth Ave	0	(10,000)	10,000
INVEST IN CSI (Noveon Division)	0	(10,000)	10,000
INVEST IN CPI Engineering Service	0	(593,051,381)	593,051,381
INVEST IN Gateway Additive Co.	0	(13,569,043)	13,569,043
INVEST IN Lubricant Investments	0	(57,407)	57,407
INVEST IN LZ (Gibraltar) Limited	363,294,693	0	363,294,693
INVEST IN LZ(Shanghai) Fluid Tech	390,000	0	390,000
INVEST IN LZ Canada Limited	6,454,433	0	6,454,433
INVEST IN LZ de Mexico Comercial	6,754	0	6,754
INVEST IN LZ de Venezuela C.A.	57,407	0	57,407
INVEST IN LZ do Brasil Aditivos	10,425,015	0	10,425,015
INVEST IN LZ Enterprises, Inc.	0	(25,799,780)	25,799,780
INVEST IN LZ Foam Control Additive	0	(15,300,000)	15,300,000
INVEST IN LZ Gesellschaft m.b.H.	26,900	0	26,900
INVEST IN LZ India Private Ltd	5,502,000	0	5,502,000
INVEST IN LZ Inter-Americas Corp	0	(1,001,000)	1,001,000
INVEST IN LZ Intl Management Corp	0	(100,000)	100,000
INVEST IN LZ International, Inc.	28,965,340	0	28,965,340
INVEST IN LZ Japan, Limited	10,207,912	0	10,207,912
INVEST IN LZ Overseas Trading Corp	0	(266,067,315)	266,067,315
INVEST IN LZ LOTC & Co KG	54,000	0	54,000
INVEST IN LZ Performance Systems	0	(11,385,021)	11,385,021
INVEST IN LZ Servicios Tecnicos	76,000	0	76,000
INVEST IN LZ Sweden AB	13,894	0	13,894
INVEST IN LZ Transarabian	4,210,941	0	4,210,941
INVEST IN MPP Pipeline Corp.	0	(2,574,000)	2,574,000
INVEST IN NV Brasil Ltda.	562,184	0	562,184
INVEST IN NV Canada Inc.	7,600,495	0	7,600,495
INVEST IN NV China, Inc.	0	463,210	(463,210)
INVEST IN NV Consulting (Shanghai)	(475,590)	0	(475,590)
INVEST IN NV de Mexico, SA de CV	933,956	0	933,956
INVEST IN NV Diamalt GmbH & Co	39,904,890	0	39,904,890
INVEST IN NV Diamalt Private Ltd	(834,000)	0	(834,000)
INVEST IN NV FCC, Inc.	0	(46,726,246)	46,726,246
INVEST IN NV Hilton Davis, Inc.	0	16,789,742	(16,789,742)
INVEST IN NV Holding Corporation	0	(5,406,375)	5,406,375
INVEST IN NV International, Inc.	0	(2,066,279,002)	2,066,279,002
INVEST IN NV IP Holdings Corp	0	(1,456,938)	1,456,938
INVEST IN NV Kalama, Inc.	0	17,345,840	(17,345,840)
INVEST IN NV Korea, Inc.	6,697,345	0	6,697,345
INVEST IN NV Spec Chem Shanghai	905,814	0	905,814
INVEST IN NV Textile Chemicals, I	0	(6,249,596)	6,249,596
INVEST IN Noveon, Inc.	0	(1,108,051,150)	1,108,051,150
INVEST IN Performance Materials I	0	(352,729,722)	352,729,722
INVEST IN Shanghai LZ Int Trading	(1,919,672)	0	(1,919,672)
INVEST IN SNP-Noveon Holding	381,152	0	381,152
INVEST IN Specialty Natural Prod	1,905,671	0	1,905,671
INVEST IN Terminal Industrial Apodac	656,897	0	656,897
INVEST IN AMT II	162,433	0	162,433
INVEST IN AMT Venture	82,017	0	82,017
INVEST IN ORIEN II	9,160	0	9,160
INVEST IN Chemconnect	60,676	0	60,676
TOTAL	489,087,483	(4,480,391,185)	4,969,478,668

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Lubrizol	1500 W Eliz	CPI
	34-0367600	22-3838065	38-2050864

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	108,512	0	0
INVEST IN 1500 West Elizabeth Ave	10,000	0	0
INVEST IN CSI (Noveon Division)	10,000	0	0
INVEST IN CPI Engineering Service	0	0	0
INVEST IN Gateway Additive Co.	13,569,043	0	0
INVEST IN Lubricant Investments	57,407	0	0
INVEST IN LZ (Gibraltar) Limited	0	0	0
INVEST IN LZ(Shanghai) Fluid Tech	0	0	0
INVEST IN LZ Canada Limited	0	0	0
INVEST IN LZ de Mexico Comercial	0	0	0
INVEST IN LZ de Venezuela C.A.	0	0	0
INVEST IN LZ do Brasil Aditivos	0	0	0
INVEST IN LZ Enterprises, Inc.	25,799,780	0	0
INVEST IN LZ Foam Control Additive	15,300,000	0	0
INVEST IN LZ Gesellschaft m.b.H.	0	0	0
INVEST IN LZ India Private Ltd	5,502,000	0	0
INVEST IN LZ Inter-Americas Corp	1,001,000	0	0
INVEST IN LZ Intl Management Corp	100,000	0	0
INVEST IN LZ International, Inc.	0	0	0
INVEST IN LZ Japan, Limited	0	0	0
INVEST IN LZ Overseas Trading Corp	266,067,315	0	0
INVEST IN LZ LOTC & Co KG	0	0	0
INVEST IN LZ Performance Systems	11,385,021	0	0
INVEST IN LZ Servicios Tecnicos	76,000	0	0
INVEST IN LZ Sweden AB	0	0	0
INVEST IN LZ Transarabian	4,210,941	0	0
INVEST IN MPP Pipeline Corp.	2,574,000	0	0
INVEST IN NV Brasil Ltda.	0	0	0
INVEST IN NV Canada Inc.	0	0	0
INVEST IN NV China, Inc.	0	0	0
INVEST IN NV Consulting (Shanghai)	0	0	0
INVEST IN NV de Mexico, SA de CV	0	0	0
INVEST IN NV Diamalt GmbH & Co	0	0	0
INVEST IN NV Diamalt Private Ltd	0	0	0
INVEST IN NV FCC, Inc.	0	0	0
INVEST IN NV Hilton Davis, Inc.	0	0	0
INVEST IN NV Holding Corporation	0	0	0
INVEST IN NV International, Inc.	2,066,279,002	0	0
INVEST IN NV IP Holdings Corp	0	0	0
INVEST IN NV Kalama, Inc.	0	0	0
INVEST IN NV Korea, Inc.	0	0	0
INVEST IN NV Spec Chem Shanghai	0	0	0
INVEST IN NV Textile Chemicals, I	0	0	0
INVEST IN Noveon, Inc.	0	0	0
INVEST IN Performance Materials I	0	0	0
INVEST IN Shanghai LZ Int Trading	0	0	0
INVEST IN SNP-Noveon Holding	0	0	0
INVEST IN Specialty Natural Prod	0	0	0
INVEST IN Terminal Industrial Apodac	656,897	0	0
INVEST IN AMT II	0	0	0
INVEST IN AMT Venture	0	0	0
INVEST IN ORIEN II	0	0	0
INVEST IN Chemconnect	0	0	0
TOTAL	2,412,706,918	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387
LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	0	0	0
INVEST IN 1500 West Elizabeth Ave	0	0	0
INVEST IN CSI (Noveon Division)	0	0	0
INVEST IN CPI Engineering Service	0	0	0
INVEST IN Gateway Additive Co.	0	0	0
INVEST IN Lubricant Investments	0	0	0
INVEST IN LZ (Gibraltar) Limited	0	0	0
INVEST IN LZ(Shanghai) Fluid Tech	0	0	0
INVEST IN LZ Canada Limited	0	0	0
INVEST IN LZ de Mexico Comercial	0	0	0
INVEST IN LZ de Venezuela C.A.	0	57,407	0
INVEST IN LZ do Brasil Aditivos	0	0	0
INVEST IN LZ Enterprises, Inc.	0	0	0
INVEST IN LZ Foam Control Additive	0	0	0
INVEST IN LZ Gesellschaft m.b.H.	0	0	0
INVEST IN LZ India Private Ltd	0	0	0
INVEST IN LZ Inter-Americas Corp	0	0	0
INVEST IN LZ Intl Management Corp	0	0	0
INVEST IN LZ International, Inc.	0	0	0
INVEST IN LZ Japan, Limited	0	0	0
INVEST IN LZ Overseas Trading Corp	0	0	0
INVEST IN LZ LOTC & Co KG	0	0	0
INVEST IN LZ Performance Systems	0	0	0
INVEST IN LZ Servicios Tecnicos	0	0	0
INVEST IN LZ Sweden AB	0	0	0
INVEST IN LZ Transarabian	0	0	0
INVEST IN MPP Pipeline Corp.	0	0	0
INVEST IN NV Brasil Ltda.	0	0	0
INVEST IN NV Canada Inc.	0	0	0
INVEST IN NV China, Inc.	0	0	0
INVEST IN NV Consulting (Shanghai)	0	0	0
INVEST IN NV de Mexico, SA de CV	0	0	0
INVEST IN NV Diamalt GmbH & Co	0	0	0
INVEST IN NV Diamalt Private Ltd	0	0	0
INVEST IN NV FCC, Inc.	0	0	0
INVEST IN NV Hilton Davis, Inc.	0	0	0
INVEST IN NV Holding Corporation	0	0	0
INVEST IN NV International, Inc.	0	0	0
INVEST IN NV IP Holdings Corp	0	0	0
INVEST IN NV Kalama, Inc.	0	0	0
INVEST IN NV Korea, Inc.	0	0	0
INVEST IN NV Spec Chem Shanghai	0	0	0
INVEST IN NV Textile Chemicals, I	0	0	0
INVEST IN Noveon, Inc.	0	0	0
INVEST IN Performance Materials I	0	0	0
INVEST IN Shanghai LZ Int Trading	0	0	0
INVEST IN SNP-Noveon Holding	0	0	0
INVEST IN Specialty Natural Prod	0	0	0
INVEST IN Terminal Industrial Apodac	0	0	0
INVEST IN AMT II	0	0	162,433
INVEST IN AMT Venture	0	0	82,017
INVEST IN ORIEN II	0	0	9,160
INVEST IN Chemconnect	0	0	0
TOTAL	0	57,407	253,610

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	0	0	0
INVEST IN 1500 West Elizabeth Ave	0	0	0
INVEST IN CSI (Noveon Division)	0	0	0
INVEST IN CPI Engineering Service	0	0	0
INVEST IN Gateway Additive Co.	0	0	0
INVEST IN Lubricant Investments	0	0	0
INVEST IN LZ (Gibraltar) Limited	0	0	0
INVEST IN LZ(Shanghai) Fluid Tech	0	0	0
INVEST IN LZ Canada Limited	0	0	0
INVEST IN LZ de Mexico Comercial	0	0	0
INVEST IN LZ de Venezuela C.A.	0	0	0
INVEST IN LZ do Brasil Aditivos	0	0	0
INVEST IN LZ Enterprises, Inc.	0	0	0
INVEST IN LZ Foam Control Additive	0	0	0
INVEST IN LZ Gesellschaft m.b.H.	0	0	0
INVEST IN LZ India Private Ltd	0	0	0
INVEST IN LZ Inter-Americas Corp	0	0	0
INVEST IN LZ Intl Management Corp	0	0	0
INVEST IN LZ International, Inc.	0	0	0
INVEST IN LZ Japan, Limited	0	0	0
INVEST IN LZ Overseas Trading Corp	0	0	0
INVEST IN LZ LOTC & Co KG	0	0	0
INVEST IN LZ Performance Systems	0	0	0
INVEST IN LZ Servicios Tecnicos	0	0	0
INVEST IN LZ Sweden AB	0	0	0
INVEST IN LZ Transarabian	0	0	0
INVEST IN MPP Pipeline Corp.	0	0	0
INVEST IN NV Brasil Ltda.	0	0	0
INVEST IN NV Canada Inc.	0	0	0
INVEST IN NV China, Inc.	0	0	0
INVEST IN NV Consulting (Shanghai)	0	0	0
INVEST IN NV de Mexico, SA de CV	0	0	0
INVEST IN NV Diamalt GmbH & Co	0	0	0
INVEST IN NV Diamalt Private Ltd	0	0	0
INVEST IN NV FCC, Inc.	0	0	0
INVEST IN NV Hilton Davis, Inc.	0	0	0
INVEST IN NV Holding Corporation	0	0	0
INVEST IN NV International, Inc.	0	0	0
INVEST IN NV IP Holdings Corp	0	0	0
INVEST IN NV Kalama, Inc.	0	0	0
INVEST IN NV Korea, Inc.	0	0	0
INVEST IN NV Spec Chem Shanghai	0	0	0
INVEST IN NV Textile Chemicals, I	0	0	0
INVEST IN Noveon, Inc.	0	0	0
INVEST IN Performance Materials I	0	0	0
INVEST IN Shanghai LZ Int Trading	0	0	0
INVEST IN SNP-Noveon Holding	0	0	0
INVEST IN Specialty Natural Prod	0	0	0
INVEST IN Terminal Industrial Apodac	0	0	0
INVEST IN AMT II	0	0	0
INVEST IN AMT Venture	0	0	0
INVEST IN ORIEN II	0	0	0
INVEST IN Chemconnect	0	60,676	0
TOTAL	0	60,676	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	0	0	0
INVEST IN 1500 West Elizabeth Ave	0	0	0
INVEST IN CSI (Noveon Division)	0	0	0
INVEST IN CPI Engineering Service	593,051,381	0	0
INVEST IN Gateway Additive Co.	0	0	0
INVEST IN Lubricant Investments	0	0	0
INVEST IN LZ (Gibraltar) Limited	33,594,314	0	0
INVEST IN LZ(Shanghai) Fluid Tech	390,000	0	0
INVEST IN LZ Canada Limited	6,454,433	0	0
INVEST IN LZ de Mexico Comercial	6,754	0	0
INVEST IN LZ de Venezuela C.A.	0	0	0
INVEST IN LZ do Brasil Aditivos	10,425,015	0	0
INVEST IN LZ Enterprises, Inc.	0	0	0
INVEST IN LZ Foam Control Additive	0	0	0
INVEST IN LZ Gesellschaft m.b.H.	26,900	0	0
INVEST IN LZ India Private Ltd	0	0	0
INVEST IN LZ Inter-Americas Corp	0	0	0
INVEST IN LZ Intl Management Corp	0	0	0
INVEST IN LZ International, Inc.	28,965,340	0	0
INVEST IN LZ Japan, Limited	10,207,912	0	0
INVEST IN LZ Overseas Trading Corp	0	0	0
INVEST IN LZ LOTC & Co KG	54,000	0	0
INVEST IN LZ Performance Systems	0	0	0
INVEST IN LZ Servicios Tecnicos	0	0	0
INVEST IN LZ Sweden AB	13,894	0	0
INVEST IN LZ Transarabian	0	0	0
INVEST IN MPP Pipeline Corp.	0	0	0
INVEST IN NV Brasil Ltda.	0	0	0
INVEST IN NV Canada Inc.	0	0	0
INVEST IN NV China, Inc.	0	0	0
INVEST IN NV Consulting (Shanghai)	0	0	0
INVEST IN NV de Mexico, SA de CV	0	0	0
INVEST IN NV Diamalt GmbH & Co	0	0	0
INVEST IN NV Diamalt Private Ltd	0	0	0
INVEST IN NV FCC, Inc.	0	0	0
INVEST IN NV Hilton Davis, Inc.	0	0	0
INVEST IN NV Holding Corporation	0	0	0
INVEST IN NV International, Inc.	0	0	0
INVEST IN NV IP Holdings Corp	0	0	0
INVEST IN NV Kalama, Inc.	0	0	0
INVEST IN NV Korea, Inc.	0	0	0
INVEST IN NV Spec Chem Shanghai	0	0	0
INVEST IN NV Textile Chemicals, I	0	0	0
INVEST IN Noveon, Inc.	0	0	0
INVEST IN Performance Materials I	0	0	0
INVEST IN Shanghai LZ Int Trading	200,000	0	0
INVEST IN SNP-Noveon Holding	0	0	0
INVEST IN Specialty Natural Prod	0	0	0
INVEST IN Terminal Industrial Apodac	0	0	0
INVEST IN AMT II	0	0	0
INVEST IN AMT Venture	0	0	0
INVEST IN ORIEN II	0	0	0
INVEST IN Chemconnect	0	0	0
TOTAL	683,389,943	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	0	1,826,254	0
INVEST IN 1500 West Elizabeth Ave	0	0	0
INVEST IN CSI (Noveon Division)	0	0	0
INVEST IN CPI Engineering Service	0	0	0
INVEST IN Gateway Additive Co.	0	0	0
INVEST IN Lubricant Investments	0	0	0
INVEST IN LZ (Gibraltar) Limited	0	115,394,614	0
INVEST IN LZ(Shanghai) Fluid Tech	0	0	0
INVEST IN LZ Canada Limited	0	0	0
INVEST IN LZ de Mexico Comercial	0	0	0
INVEST IN LZ de Venezuela C.A.	0	0	0
INVEST IN LZ do Brasil Aditivos	0	0	0
INVEST IN LZ Enterprises, Inc.	0	0	0
INVEST IN LZ Foam Control Additive	0	0	0
INVEST IN LZ Gesellschaft m.b.H.	0	0	0
INVEST IN LZ India Private Ltd	0	0	0
INVEST IN LZ Inter-Americas Corp	0	0	0
INVEST IN LZ Intl Management Corp	0	0	0
INVEST IN LZ International, Inc.	0	0	0
INVEST IN LZ Japan, Limited	0	0	0
INVEST IN LZ Overseas Trading Corp	0	0	0
INVEST IN LZ LOTC & Co KG	0	0	0
INVEST IN LZ Performance Systems	0	0	0
INVEST IN LZ Servicios Tecnicos	0	0	0
INVEST IN LZ Sweden AB	0	0	0
INVEST IN LZ Transarabian	0	0	0
INVEST IN MPP Pipeline Corp.	0	0	0
INVEST IN NV Brasil Ltda.	0	0	247,841
INVEST IN NV Canada Inc.	0	7,600,495	0
INVEST IN NV China, Inc.	0	(463,210)	0
INVEST IN NV Consulting (Shanghai)	0	(475,590)	0
INVEST IN NV de Mexico, SA de CV	0	933,956	0
INVEST IN NV Diamalt GmbH & Co	0	0	0
INVEST IN NV Diamalt Private Ltd	0	0	0
INVEST IN NV FCC, Inc.	0	46,726,246	0
INVEST IN NV Hilton Davis, Inc.	0	0	0
INVEST IN NV Holding Corporation	0	5,406,375	0
INVEST IN NV International, Inc.	0	0	0
INVEST IN NV IP Holdings Corp	0	1,456,938	0
INVEST IN NV Kalama, Inc.	0	0	0
INVEST IN NV Korea, Inc.	0	0	0
INVEST IN NV Spec Chem Shanghai	0	905,814	0
INVEST IN NV Textile Chemicals, I	0	0	0
INVEST IN Noveon, Inc.	1,108,051,150	0	0
INVEST IN Performance Materials I	0	352,729,722	0
INVEST IN Shanghai LZ Int Trading	0	(2,119,672)	0
INVEST IN SNP-Noveon Holding	0	0	0
INVEST IN Specialty Natural Prod	0	0	0
INVEST IN Terminal Industrial Apodac	0	0	0
INVEST IN AMT II	0	0	0
INVEST IN AMT Venture	0	0	0
INVEST IN ORIEN II	0	0	0
INVEST IN Chemconnect	0	0	0
TOTAL	1,108,051,150	529,921,942	247,841

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	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	1	0	0
INVEST IN 1500 West Elizabeth Ave	0	0	0
INVEST IN CSI (Noveon Division)	0	0	0
INVEST IN CPI Engineering Service	0	0	0
INVEST IN Gateway Additive Co.	0	0	0
INVEST IN Lubricant Investments	0	0	0
INVEST IN LZ (Gibraltar) Limited	0	0	0
INVEST IN LZ(Shanghai) Fluid Tech	0	0	0
INVEST IN LZ Canada Limited	0	0	0
INVEST IN LZ de Mexico Comercial	0	0	0
INVEST IN LZ de Venezuela C.A.	0	0	0
INVEST IN LZ do Brasil Aditivos	0	0	0
INVEST IN LZ Enterprises, Inc.	0	0	0
INVEST IN LZ Foam Control Additive	0	0	0
INVEST IN LZ Gesellschaft m.b.H.	0	0	0
INVEST IN LZ India Private Ltd	0	0	0
INVEST IN LZ Inter-Americas Corp	0	0	0
INVEST IN LZ Intl Management Corp	0	0	0
INVEST IN LZ International, Inc.	0	0	0
INVEST IN LZ Japan, Limited	0	0	0
INVEST IN LZ Overseas Trading Corp	0	0	0
INVEST IN LZ LOTC & Co KG	0	0	0
INVEST IN LZ Performance Systems	0	0	0
INVEST IN LZ Servicios Tecnicos	0	0	0
INVEST IN LZ Sweden AB	0	0	0
INVEST IN LZ Transarabian	0	0	0
INVEST IN MPP Pipeline Corp.	0	0	0
INVEST IN NV Brasil Ltda.	0	0	314,343
INVEST IN NV Canada Inc.	0	0	0
INVEST IN NV China, Inc.	0	0	0
INVEST IN NV Consulting (Shanghai)	0	0	0
INVEST IN NV de Mexico, SA de CV	0	0	0
INVEST IN NV Diamalt GmbH & Co	20,353,078	19,551,812	0
INVEST IN NV Diamalt Private Ltd	(834,000)	0	0
INVEST IN NV FCC, Inc.	0	0	0
INVEST IN NV Hilton Davis, Inc.	(16,789,742)	0	0
INVEST IN NV Holding Corporation	0	0	0
INVEST IN NV International, Inc.	0	0	0
INVEST IN NV IP Holdings Corp	0	0	0
INVEST IN NV Kalama, Inc.	(17,345,840)	0	0
INVEST IN NV Korea, Inc.	0	0	6,697,345
INVEST IN NV Spec Chem Shanghai	0	0	0
INVEST IN NV Textile Chemicals, I	6,249,596	0	0
INVEST IN Noveon, Inc.	0	0	0
INVEST IN Performance Materials I	0	0	0
INVEST IN Shanghai LZ Int Trading	0	0	0
INVEST IN SNP-Noveon Holding	0	0	381,152
INVEST IN Specialty Natural Prod	0	0	1,905,671
INVEST IN Terminal Industrial Apodac	0	0	0
INVEST IN AMT II	0	0	0
INVEST IN AMT Venture	0	0	0
INVEST IN ORIEN II	0	0	0
INVEST IN Chemconnect	0	0	0
TOTAL	(8,366,907)	19,551,812	9,298,511

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	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	0	0	0
INVEST IN 1500 West Elizabeth Ave	0	0	0
INVEST IN CSI (Noveon Division)	0	0	0
INVEST IN CPI Engineering Service	0	0	0
INVEST IN Gateway Additive Co.	0	0	0
INVEST IN Lubricant Investments	0	0	0
INVEST IN LZ (Gibraltar) Limited	0	0	0
INVEST IN LZ(Shanghai) Fluid Tech	0	0	0
INVEST IN LZ Canada Limited	0	0	0
INVEST IN LZ de Mexico Comercial	0	0	0
INVEST IN LZ de Venezuela C.A.	0	0	0
INVEST IN LZ do Brasil Aditivos	0	0	0
INVEST IN LZ Enterprises, Inc.	0	0	0
INVEST IN LZ Foam Control Additive	0	0	0
INVEST IN LZ Gesellschaft m.b.H.	0	0	0
INVEST IN LZ India Private Ltd	0	0	0
INVEST IN LZ Inter-Americas Corp	0	0	0
INVEST IN LZ Intl Management Corp	0	0	0
INVEST IN LZ International, Inc.	0	0	0
INVEST IN LZ Japan, Limited	0	0	0
INVEST IN LZ Overseas Trading Corp	0	0	0
INVEST IN LZ LOTC & Co KG	0	0	0
INVEST IN LZ Performance Systems	0	0	0
INVEST IN LZ Servicios Tecnicos	0	0	0
INVEST IN LZ Sweden AB	0	0	0
INVEST IN LZ Transarabian	0	0	0
INVEST IN MPP Pipeline Corp.	0	0	0
INVEST IN NV Brasil Ltda.	0	0	0
INVEST IN NV Canada Inc.	0	0	0
INVEST IN NV China, Inc.	0	0	0
INVEST IN NV Consulting (Shanghai)	0	0	0
INVEST IN NV de Mexico, SA de CV	0	0	0
INVEST IN NV Diamalt GmbH & Co	0	0	0
INVEST IN NV Diamalt Private Ltd	0	0	0
INVEST IN NV FCC, Inc.	0	0	0
INVEST IN NV Hilton Davis, Inc.	0	0	0
INVEST IN NV Holding Corporation	0	0	0
INVEST IN NV International, Inc.	0	0	0
INVEST IN NV IP Holdings Corp	0	0	0
INVEST IN NV Kalama, Inc.	0	0	0
INVEST IN NV Korea, Inc.	0	0	0
INVEST IN NV Spec Chem Shanghai	0	0	0
INVEST IN NV Textile Chemicals, I	0	0	0
INVEST IN Noveon, Inc.	0	0	0
INVEST IN Performance Materials I	0	0	0
INVEST IN Shanghai LZ Int Trading	0	0	0
INVEST IN SNP-Noveon Holding	0	0	0
INVEST IN Specialty Natural Prod	0	0	0
INVEST IN Terminal Industrial Apodac	0	0	0
INVEST IN AMT II	0	0	0
INVEST IN AMT Venture	0	0	0
INVEST IN ORIEN II	0	0	0
INVEST IN Chemconnect	0	0	0
TOTAL	0	0	0

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Perf Materials
51-0408646

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

LINE 9: OTHER INVESTMENTS	
MISCELLANEOUS OTHER INVESTMENTS	0
INVEST IN 1500 West Elizabeth Ave	0
INVEST IN CSI (Noveon Division)	0
INVEST IN CPI Engineering Service	0
INVEST IN Gateway Additive Co.	0
INVEST IN Lubricant Investments	0
INVEST IN LZ (Gibraltar) Limited	214,305,765
INVEST IN LZ(Shanghai) Fluid Tech	0
INVEST IN LZ Canada Limited	0
INVEST IN LZ de Mexico Comercial	0
INVEST IN LZ de Venezuela C.A.	0
INVEST IN LZ do Brasil Aditivos	0
INVEST IN LZ Enterprises, Inc.	0
INVEST IN LZ Foam Control Additive	0
INVEST IN LZ Gesellschaft m.b.H.	0
INVEST IN LZ India Private Ltd	0
INVEST IN LZ Inter-Americas Corp	0
INVEST IN LZ Intl Management Corp	0
INVEST IN LZ International, Inc.	0
INVEST IN LZ Japan, Limited	0
INVEST IN LZ Overseas Trading Corp	0
INVEST IN LZ LOTC & Co KG	0
INVEST IN LZ Performance Systems	0
INVEST IN LZ Servicios Tecnicos	0
INVEST IN LZ Sweden AB	0
INVEST IN LZ Transarabian	0
INVEST IN MPP Pipeline Corp.	0
INVEST IN NV Brasil Ltda.	0
INVEST IN NV Canada Inc.	0
INVEST IN NV China, Inc.	0
INVEST IN NV Consulting (Shanghai)	0
INVEST IN NV de Mexico, SA de CV	0
INVEST IN NV Diamalt GmbH & Co	0
INVEST IN NV Diamalt Private Ltd	0
INVEST IN NV FCC, Inc.	0
INVEST IN NV Hilton Davis, Inc.	0
INVEST IN NV Holding Corporation	0
INVEST IN NV International, Inc.	0
INVEST IN NV IP Holdings Corp	0
INVEST IN NV Kalama, Inc.	0
INVEST IN NV Korea, Inc.	0
INVEST IN NV Spec Chem Shanghai	0
INVEST IN NV Textile Chemicals, I	0
INVEST IN Noveon, Inc.	0
INVEST IN Performance Materials I	0
INVEST IN Shanghai LZ Int Trading	0
INVEST IN SNP-Noveon Holding	0
INVEST IN Specialty Natural Prod	0
INVEST IN Terminal Industrial Apodac	0
INVEST IN AMT II	0
INVEST IN AMT Venture	0
INVEST IN ORIEN II	0
INVEST IN Chemconnect	0
TOTAL	214,305,765

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STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

	Total	Consol Elims	Subtotal
LINE 14: OTHER ASSETS			
DEFERRED CHARGES	2,997,224	0	2,997,224
DEPOSITS	184,933	0	184,933
ADVANCES	(205,056)	0	(205,056)
PREPAIDS	13,144,586	0	13,144,586
MISCELLANEOUS	37,460,894	0	37,460,894
OTHER MISCELLANEOUS ASSETS	247,503	0	247,503
INTERCO REC MISCELLANEOUS	6,211,954	(245,222,339)	251,434,293
INTERCO REC CSI (Noveon Division)	0	(50,291,835)	50,291,835
INTERCO REC CPI Engineering Service	0	(505,148)	505,148
INTERCO REC Indiamalt Private Ltd	154,617	0	154,617
INTERCO REC LZ Australia	7,427,686	0	7,427,686
INTERCO REC LZ Belgium BVBA	6,692	0	6,692
INTERCO REC LZ Canada Limited	14,726,538	0	14,726,538
INTERCO REC Lubrizol Corp	0	(1,460,444,534)	1,460,444,534
INTERCO REC LZ de Mexico Comercial	3,364,997	0	3,364,997
INTERCO REC LZ de Venezuela C.A.	2,761,849	0	2,761,849
INTERCO REC LZ Deutschland (Ritterhu	326,633	0	326,633
INVALID	4,585	0	4,585
INTERCO REC LZ do Brasil Aditivos	8,140,818	0	8,140,818
INTERCO REC LZ DRC Belgium NV/SA	5,634	0	5,634
INTERCO REC LZ Enterprises, Inc.	0	(990,343)	990,343
INTERCO REC LZ Foam Control Additive	0	(42,246,916)	42,246,916
INTERCO REC LZ France, SAS	26,764,971	0	26,764,971
INTERCO REC LZ Gesellschaft m.b.H.	2,260	0	2,260
INTERCO REC LZ India Private Ltd	2,293,926	0	2,293,926
INTERCO REC LZ Intl Management Corp	0	(209,445,844)	209,445,844
INTERCO REC LZ International, Inc.	1,458,521	0	1,458,521
INTERCO REC LZ Italiana, S.p.A.	1,353	0	1,353
INTERCO REC LZ Japan, Limited	10,889,949	0	10,889,949
INTERCO REC LZ Korea	0	(16,500)	16,500
INTERCO REC LZ Limited (UK)	2,095,636	0	2,095,636
INTERCO REC LZ Overseas Trading Corp	0	(355,995,175)	355,995,175
INTERCO REC LZ Perf Systems Ltd (UK)	480,853	0	480,853
INTERCO REC LZ Servicios Tecnicos	586	0	586
INTERCO REC LZ South Africa (Pty.)	6,842,835	0	6,842,835
INTERCO REC LZ Southeast Asia Pte.	77,399,688	0	77,399,688
INTERCO REC LZ Sweden AB	300,846	0	300,846
INTERCO REC LZ Transarabian	6,652,162	0	6,652,162
INTERCO REC MPP Pipeline Corp.	0	(1,582,032)	1,582,032
INTERCO REC NV (Shanghai) Spec Poly	3,090,680	0	3,090,680
INTERCO REC NV Asia Pacific Limited	2,492	0	2,492
INTERCO REC NV Canada Inc.	3,106,846	0	3,106,846
INTERCO REC NV China, Inc.	0	(715,665)	715,665
INTERCO REC NV Consulting (Shanghai)	11,267,287	0	11,267,287
INTERCO REC NV de Mexico, SA de CV	1,548,619	0	1,548,619
INTERCO REC NV Diamalt GmbH & Co	6,372,828	0	6,372,828
INTERCO REC NV Europe BVBA	7,769,773	0	7,769,773
INTERCO REC NV Europe Coordination	75,582	0	75,582
INTERCO REC NV FCC, Inc.	0	(37,433,281)	37,433,281
INTERCO REC NV France SA	267,485	0	267,485
INTERCO REC NV Hilton Davis, Inc.	0	(57,072,400)	57,072,400
INTERCO REC NV Holding Corporation	0	(4,195,086)	4,195,086
INTERCO REC NV Hong Kong Limited	8,142,393	0	8,142,393
INTERCO REC NV IP Holdings Corp	0	(175,442,580)	175,442,580
INTERCO REC NV Italia S.r.l.	30,799	0	30,799
INTERCO REC NV Kalama, Inc.	0	(54,286,524)	54,286,524
INTERCO REC NV Malaysia Sdn. Bhd	1,337,539	0	1,337,539
INTERCO REC NV Mauritius Holdings	13,615	0	13,615
INTERCO REC NV Sales Spain, S.L.	27,369	0	27,369
INTERCO REC NV Spec Chem Shanghai	2,586,930	0	2,586,930
INTERCO REC NV Textile Chemicals, I	0	(22,328,632)	22,328,632
INTERCO REC NV UK Limited	24,283	0	24,283
INTERCO REC Noveon, Inc.	0	(1,350,608,915)	1,350,608,915
INTERCO REC Perf Materials (Bermuda)	4,789,307	0	4,789,307
INTERCO REC Shanghai LZ Int Trading	2,908,526	0	2,908,526
INTERCO REC Tianjin LZ Lanlian Add	2,885,390	0	2,885,390

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	Lubrizol	1500 W Eliz	CPI
	34-0367600	22-3838065	38-2050864

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

LINE 14: OTHER ASSETS			
DEFERRED CHARGES	2,997,224	0	0
DEPOSITS	44,900	10,000	53,533
ADVANCES	(205,056)	0	0
PREPAIDS	13,081,449	0	66,470
MISCELLANEOUS	34,563,805	0	0
OTHER MISCELLANEOUS ASSETS	0	0	0
INTERCO REC MISCELLANEOUS	1,505,783	0	0
INTERCO REC CSI (Noveon Division)	50,291,835	0	0
INTERCO REC CPI Engineering Service	464,937	0	0
INTERCO REC Indiamalt Private Ltd	0	0	0
INTERCO REC LZ Australia	7,427,686	0	0
INTERCO REC LZ Belgium BVBA	6,692	0	0
INTERCO REC LZ Canada Limited	14,053,376	0	0
INTERCO REC Lubrizol Corp	0	17,854	583,710,509
INTERCO REC LZ de Mexico Comercial	3,098,997	0	0
INTERCO REC LZ de Venezuela C.A.	2,761,849	0	0
INTERCO REC LZ Deutschland (Ritterhu	326,633	0	0
INVALID	4,585	0	0
INTERCO REC LZ do Brasil Aditivos	8,140,818	0	0
INTERCO REC LZ DRC Belgium NV/SA	5,634	0	0
INTERCO REC LZ Enterprises, Inc.	990,343	0	0
INTERCO REC LZ Foam Control Additive	42,246,651	0	0
INTERCO REC LZ France, SAS	23,390,365	0	0
INTERCO REC LZ Gesellschaft m.b.H.	2,260	0	0
INTERCO REC LZ India Private Ltd	2,293,926	0	0
INTERCO REC LZ Intl Management Corp	209,302,844	0	0
INTERCO REC LZ International, Inc.	1,458,521	0	0
INTERCO REC LZ Italiana, S.p.A.	1,353	0	0
INTERCO REC LZ Japan, Limited	10,889,874	0	0
INTERCO REC LZ Korea	16,500	0	0
INTERCO REC LZ Limited (UK)	157,636	0	0
INTERCO REC LZ Overseas Trading Corp	355,958,591	0	0
INTERCO REC LZ Perf Systems Ltd (UK)	128,253	0	0
INTERCO REC LZ Servicios Tecnicos	586	0	0
INTERCO REC LZ South Africa (Pty.)	6,005,258	0	0
INTERCO REC LZ Southeast Asia Pte.	46,027,480	0	0
INTERCO REC LZ Sweden AB	0	0	0
INTERCO REC LZ Transarabian	6,652,162	0	0
INTERCO REC MPP Pipeline Corp.	1,582,032	0	0
INTERCO REC NV (Shanghai) Spec Poly	0	0	0
INTERCO REC NV Asia Pacific Limited	2,492	0	0
INTERCO REC NV Canada Inc.	0	0	0
INTERCO REC NV China, Inc.	0	0	0
INTERCO REC NV Consulting (Shanghai)	0	0	0
INTERCO REC NV de Mexico, SA de CV	0	0	0
INTERCO REC NV Diamalt GmbH & Co	0	0	0
INTERCO REC NV Europe BVBA	6,045	0	0
INTERCO REC NV Europe Coordination	0	0	0
INTERCO REC NV FCC, Inc.	0	0	0
INTERCO REC NV France SA	0	0	0
INTERCO REC NV Hilton Davis, Inc.	0	0	0
INTERCO REC NV Holding Corporation	0	0	0
INTERCO REC NV Hong Kong Limited	0	0	0
INTERCO REC NV IP Holdings Corp	0	0	0
INTERCO REC NV Italia S.r.l.	0	0	0
INTERCO REC NV Kalama, Inc.	0	0	0
INTERCO REC NV Malaysia Sdn. Bhd	0	0	0
INTERCO REC NV Mauritius Holdings	0	0	0
INTERCO REC NV Sales Spain, S.L.	0	0	0
INTERCO REC NV Spec Chem Shanghai	0	0	0
INTERCO REC NV Textile Chemicals, I	0	0	0
INTERCO REC NV UK Limited	0	0	0
INTERCO REC Noveon, Inc.	2,086,584	0	0
INTERCO REC Perf Materials (Bermuda)	0	0	0
INTERCO REC Shanghai LZ Int Trading	2,908,526	0	0
INTERCO REC Tianjin LZ Lanlian Add	2,885,390	0	0

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STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387
LINE 14: OTHER ASSETS			
DEFERRED CHARGES	0	0	0
DEPOSITS	0	0	0
ADVANCES	0	0	0
PREPAIDS	0	0	0
MISCELLANEOUS	0	0	0
OTHER MISCELLANEOUS ASSETS	0	0	0
INTERCO REC MISCELLANEOUS	0	0	0
INTERCO REC CSI (Noveon Division)	0	0	0
INTERCO REC CPI Engineering Service	0	0	0
INTERCO REC Indiamalt Private Ltd	0	0	0
INTERCO REC LZ Australia	0	0	0
INTERCO REC LZ Belgium BVBA	0	0	0
INTERCO REC LZ Canada Limited	0	0	0
INTERCO REC Lubrizol Corp	11,876,726	0	1,718,256
INTERCO REC LZ de Mexico Comercial	0	0	0
INTERCO REC LZ de Venezuela C.A.	0	0	0
INTERCO REC LZ Deutschland (Ritterhu	0	0	0
INVALID	0	0	0
INTERCO REC LZ do Brasil Aditivos	0	0	0
INTERCO REC LZ DRC Belgium NV/SA	0	0	0
INTERCO REC LZ Enterprises, Inc.	0	0	0
INTERCO REC LZ Foam Control Additive	0	0	0
INTERCO REC LZ France, SAS	0	0	0
INTERCO REC LZ Gesellschaft m.b.H.	0	0	0
INTERCO REC LZ India Private Ltd	0	0	0
INTERCO REC LZ Intl Management Corp	0	0	0
INTERCO REC LZ International, Inc.	0	0	0
INTERCO REC LZ Italiana, S.p.A.	0	0	0
INTERCO REC LZ Japan, Limited	0	0	0
INTERCO REC LZ Korea	0	0	0
INTERCO REC LZ Limited (UK)	0	0	0
INTERCO REC LZ Overseas Trading Corp	0	0	0
INTERCO REC LZ Perf Systems Ltd (UK)	0	0	0
INTERCO REC LZ Servicios Tecnicos	0	0	0
INTERCO REC LZ South Africa (Pty.)	0	0	0
INTERCO REC LZ Southeast Asia Pte.	0	0	0
INTERCO REC LZ Sweden AB	0	0	0
INTERCO REC LZ Transarabian	0	0	0
INTERCO REC MPP Pipeline Corp.	0	0	0
INTERCO REC NV (Shanghai) Spec Poly	0	0	0
INTERCO REC NV Asia Pacific Limited	0	0	0
INTERCO REC NV Canada Inc.	0	0	0
INTERCO REC NV China, Inc.	0	0	0
INTERCO REC NV Consulting (Shanghai)	0	0	0
INTERCO REC NV de Mexico, SA de CV	0	0	0
INTERCO REC NV Diamalt GmbH & Co	0	0	0
INTERCO REC NV Europe BVBA	0	0	0
INTERCO REC NV Europe Coordination	0	0	0
INTERCO REC NV FCC, Inc.	0	0	0
INTERCO REC NV France SA	0	0	0
INTERCO REC NV Hilton Davis, Inc.	0	0	0
INTERCO REC NV Holding Corporation	0	0	0
INTERCO REC NV Hong Kong Limited	0	0	0
INTERCO REC NV IP Holdings Corp	0	0	0
INTERCO REC NV Italia S.r.l.	0	0	0
INTERCO REC NV Kalama, Inc.	0	0	0
INTERCO REC NV Malaysia Sdn. Bhd	0	0	0
INTERCO REC NV Mauritius Holdings	0	0	0
INTERCO REC NV Sales Spain, S.L.	0	0	0
INTERCO REC NV Spec Chem Shanghai	0	0	0
INTERCO REC NV Textile Chemicals, I	0	0	0
INTERCO REC NV UK Limited	0	0	0
INTERCO REC Noveon, Inc.	0	0	0
INTERCO REC Perf Materials (Bermuda)	0	0	0
INTERCO REC Shanghai LZ Int Trading	0	0	0
INTERCO REC Tianjin LZ Lanlian Add	0	0	0

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STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
LINE 14: OTHER ASSETS			
DEFERRED CHARGES	0	0	0
DEPOSITS	0	0	76,500
ADVANCES	0	0	0
PREPAIDS	(3,333)	0	0
MISCELLANEOUS	500,007	0	0
OTHER MISCELLANEOUS ASSETS	0	0	233,103
INTERCO REC MISCELLANEOUS	0	0	586,168
INTERCO REC CSI (Noveon Division)	0	0	0
INTERCO REC CPI Engineering Service	40,211	0	0
INTERCO REC Indiamalt Private Ltd	0	0	0
INTERCO REC LZ Australia	0	0	0
INTERCO REC LZ Belgium BVBA	0	0	0
INTERCO REC LZ Canada Limited	0	0	673,162
INTERCO REC Lubrizol Corp	312,674	2,756,672	272,528,215
INTERCO REC LZ de Mexico Comercial	0	0	266,000
INTERCO REC LZ de Venezuela C.A.	0	0	0
INTERCO REC LZ Deutschland (Ritterhu	0	0	0
INVALID	0	0	0
INTERCO REC LZ do Brasil Aditivos	0	0	0
INTERCO REC LZ DRC Belgium NV/SA	0	0	0
INTERCO REC LZ Enterprises, Inc.	0	0	0
INTERCO REC LZ Foam Control Additive	0	0	0
INTERCO REC LZ France, SAS	0	0	3,374,606
INTERCO REC LZ Gesellschaft m.b.H.	0	0	0
INTERCO REC LZ India Private Ltd	0	0	0
INTERCO REC LZ Intl Management Corp	0	0	0
INTERCO REC LZ International, Inc.	0	0	0
INTERCO REC LZ Italiana, S.p.A.	0	0	0
INTERCO REC LZ Japan, Limited	75	0	0
INTERCO REC LZ Korea	0	0	0
INTERCO REC LZ Limited (UK)	0	0	0
INTERCO REC LZ Overseas Trading Corp	0	0	0
INTERCO REC LZ Perf Systems Ltd (UK)	0	0	0
INTERCO REC LZ Servicios Tecnicos	0	0	0
INTERCO REC LZ South Africa (Pty.)	447,577	0	390,000
INTERCO REC LZ Southeast Asia Pte.	0	0	31,276,635
INTERCO REC LZ Sweden AB	0	0	0
INTERCO REC LZ Transarabian	0	0	0
INTERCO REC MPP Pipeline Corp.	0	0	0
INTERCO REC NV (Shanghai) Spec Poly	0	0	0
INTERCO REC NV Asia Pacific Limited	0	0	0
INTERCO REC NV Canada Inc.	0	0	0
INTERCO REC NV China, Inc.	0	0	0
INTERCO REC NV Consulting (Shanghai)	0	0	0
INTERCO REC NV de Mexico, SA de CV	0	0	0
INTERCO REC NV Diamalt GmbH & Co	0	0	0
INTERCO REC NV Europe BVBA	0	0	0
INTERCO REC NV Europe Coordination	0	0	0
INTERCO REC NV FCC, Inc.	0	0	0
INTERCO REC NV France SA	0	0	0
INTERCO REC NV Hilton Davis, Inc.	0	0	0
INTERCO REC NV Holding Corporation	0	0	0
INTERCO REC NV Hong Kong Limited	0	0	0
INTERCO REC NV IP Holdings Corp	0	0	0
INTERCO REC NV Italia S.r.l.	0	0	0
INTERCO REC NV Kalama, Inc.	0	0	0
INTERCO REC NV Malaysia Sdn. Bhd	0	0	0
INTERCO REC NV Mauritius Holdings	0	0	0
INTERCO REC NV Sales Spain, S.L.	0	0	0
INTERCO REC NV Spec Chem Shanghai	0	0	0
INTERCO REC NV Textile Chemicals, I	0	0	0
INTERCO REC NV UK Limited	0	0	0
INTERCO REC Noveon, Inc.	212,376	0	0
INTERCO REC Perf Materials (Bermuda)	0	0	0
INTERCO REC Shanghai LZ Int Trading	0	0	0
INTERCO REC Tianjin LZ Lanlian Add	0	0	0

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	LOTC	LPS	MPP Pipeline
	51-6146748	58-0678914	76-0412052

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

LINE 14: OTHER ASSETS			
DEFERRED CHARGES	0	0	0
DEPOSITS	0	0	0
ADVANCES	0	0	0
PREPAIDS	0	0	0
MISCELLANEOUS	241	0	0
OTHER MISCELLANEOUS ASSETS	0	0	0
INTERCO REC MISCELLANEOUS	3,928,614	8,682	0
INTERCO REC CSI (Noveon Division)	0	0	0
INTERCO REC CPI Engineering Service	0	0	0
INTERCO REC Indiamalt Private Ltd	0	0	0
INTERCO REC LZ Australia	0	0	0
INTERCO REC LZ Belgium BVBA	0	0	0
INTERCO REC LZ Canada Limited	0	0	0
INTERCO REC Lubrizol Corp	76,904,057	17,279,501	10,612,557
INTERCO REC LZ de Mexico Comercial	0	0	0
INTERCO REC LZ de Venezuela C.A.	0	0	0
INTERCO REC LZ Deutschland (Ritterhu	0	0	0
INVALID	0	0	0
INTERCO REC LZ do Brasil Aditivos	0	0	0
INTERCO REC LZ DRC Belgium NV/SA	0	0	0
INTERCO REC LZ Enterprises, Inc.	0	0	0
INTERCO REC LZ Foam Control Additive	0	265	0
INTERCO REC LZ France, SAS	0	0	0
INTERCO REC LZ Gesellschaft m.b.H.	0	0	0
INTERCO REC LZ India Private Ltd	0	0	0
INTERCO REC LZ Intl Management Corp	143,000	0	0
INTERCO REC LZ International, Inc.	0	0	0
INTERCO REC LZ Italiana, S.p.A.	0	0	0
INTERCO REC LZ Japan, Limited	0	0	0
INTERCO REC LZ Korea	0	0	0
INTERCO REC LZ Limited (UK)	1,938,000	0	0
INTERCO REC LZ Overseas Trading Corp	0	0	0
INTERCO REC LZ Perf Systems Ltd (UK)	0	352,600	0
INTERCO REC LZ Servicios Tecnicos	0	0	0
INTERCO REC LZ South Africa (Pty.)	0	0	0
INTERCO REC LZ Southeast Asia Pte.	0	0	0
INTERCO REC LZ Sweden AB	300,846	0	0
INTERCO REC LZ Transarabian	0	0	0
INTERCO REC MPP Pipeline Corp.	0	0	0
INTERCO REC NV (Shanghai) Spec Poly	0	0	0
INTERCO REC NV Asia Pacific Limited	0	0	0
INTERCO REC NV Canada Inc.	0	0	0
INTERCO REC NV China, Inc.	0	0	0
INTERCO REC NV Consulting (Shanghai)	0	0	0
INTERCO REC NV de Mexico, SA de CV	0	0	0
INTERCO REC NV Diamalt GmbH & Co	0	0	0
INTERCO REC NV Europe BVBA	0	0	0
INTERCO REC NV Europe Coordination	0	0	0
INTERCO REC NV FCC, Inc.	0	0	0
INTERCO REC NV France SA	0	0	0
INTERCO REC NV Hilton Davis, Inc.	0	0	0
INTERCO REC NV Holding Corporation	0	0	0
INTERCO REC NV Hong Kong Limited	0	0	0
INTERCO REC NV IP Holdings Corp	0	0	0
INTERCO REC NV Italia S.r.l.	0	0	0
INTERCO REC NV Kalama, Inc.	0	0	0
INTERCO REC NV Malaysia Sdn. Bhd	0	0	0
INTERCO REC NV Mauritius Holdings	0	0	0
INTERCO REC NV Sales Spain, S.L.	0	0	0
INTERCO REC NV Spec Chem Shanghai	0	0	0
INTERCO REC NV Textile Chemicals, I	0	0	0
INTERCO REC NV UK Limited	0	0	0
INTERCO REC Noveon, Inc.	0	0	0
INTERCO REC Perf Materials (Bermuda)	0	0	0
INTERCO REC Shanghai LZ Int Trading	0	0	0
INTERCO REC Tianjin LZ Lanlian Add	0	0	0

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	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

LINE 14: OTHER ASSETS			
DEFERRED CHARGES	0	0	0
DEPOSITS	0	0	0
ADVANCES	0	0	0
PREPAIDS	0	0	0
MISCELLANEOUS	0	369,411	0
OTHER MISCELLANEOUS ASSETS	0	0	0
INTERCO REC MISCELLANEOUS	163,712,404	81,619,494	0
INTERCO REC CSI (Noveon Division)	0	0	0
INTERCO REC CPI Engineering Service	0	0	0
INTERCO REC Indiamalt Private Ltd	0	154,617	0
INTERCO REC LZ Australia	0	0	0
INTERCO REC LZ Belgium BVBA	0	0	0
INTERCO REC LZ Canada Limited	0	0	0
INTERCO REC Lubrizol Corp	0	482,727,513	0
INTERCO REC LZ de Mexico Comercial	0	0	0
INTERCO REC LZ de Venezuela C.A.	0	0	0
INTERCO REC LZ Deutschland (Ritterhu	0	0	0
INVALID	0	0	0
INTERCO REC LZ do Brasil Aditivos	0	0	0
INTERCO REC LZ DRC Belgium NV/SA	0	0	0
INTERCO REC LZ Enterprises, Inc.	0	0	0
INTERCO REC LZ Foam Control Additive	0	0	0
INTERCO REC LZ France, SAS	0	0	0
INTERCO REC LZ Gesellschaft m.b.H.	0	0	0
INTERCO REC LZ India Private Ltd	0	0	0
INTERCO REC LZ Intl Management Corp	0	0	0
INTERCO REC LZ International, Inc.	0	0	0
INTERCO REC LZ Italiana, S.p.A.	0	0	0
INTERCO REC LZ Japan, Limited	0	0	0
INTERCO REC LZ Korea	0	0	0
INTERCO REC LZ Limited (UK)	0	0	0
INTERCO REC LZ Overseas Trading Corp	0	36,584	0
INTERCO REC LZ Perf Systems Ltd (UK)	0	0	0
INTERCO REC LZ Servicios Tecnicos	0	0	0
INTERCO REC LZ South Africa (Pty.)	0	0	0
INTERCO REC LZ Southeast Asia Pte.	0	95,573	0
INTERCO REC LZ Sweden AB	0	0	0
INTERCO REC LZ Transarabian	0	0	0
INTERCO REC MPP Pipeline Corp.	0	0	0
INTERCO REC NV (Shanghai) Spec Poly	0	3,090,680	0
INTERCO REC NV Asia Pacific Limited	0	0	0
INTERCO REC NV Canada Inc.	0	3,106,846	0
INTERCO REC NV China, Inc.	0	715,665	0
INTERCO REC NV Consulting (Shanghai)	0	11,267,287	0
INTERCO REC NV de Mexico, SA de CV	0	1,548,619	0
INTERCO REC NV Diamalt GmbH & Co	0	0	0
INTERCO REC NV Europe BVBA	0	7,763,728	0
INTERCO REC NV Europe Coordination	0	75,582	0
INTERCO REC NV FCC, Inc.	0	37,433,281	0
INTERCO REC NV France SA	0	267,485	0
INTERCO REC NV Hilton Davis, Inc.	0	0	0
INTERCO REC NV Holding Corporation	0	4,195,086	0
INTERCO REC NV Hong Kong Limited	0	8,142,393	0
INTERCO REC NV IP Holdings Corp	0	175,442,580	0
INTERCO REC NV Italia S.r.l.	0	30,799	0
INTERCO REC NV Kalama, Inc.	0	3,768,073	0
INTERCO REC NV Malaysia Sdn. Bhd	0	1,337,539	0
INTERCO REC NV Mauritius Holdings	0	13,615	0
INTERCO REC NV Sales Spain, S.L.	0	27,369	0
INTERCO REC NV Spec Chem Shanghai	0	2,573,504	0
INTERCO REC NV Textile Chemicals, I	0	0	0
INTERCO REC NV UK Limited	0	24,283	0
INTERCO REC Noveon, Inc.	946,748,039	0	0
INTERCO REC Perf Materials (Bermuda)	0	4,789,307	0
INTERCO REC Shanghai LZ Int Trading	0	0	0
INTERCO REC Tianjin LZ Lanlian Add	0	0	0

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STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
LINE 14: OTHER ASSETS			
DEFERRED CHARGES	0	0	0
DEPOSITS	0	0	0
ADVANCES	0	0	0
PREPAIDS	0	0	0
MISCELLANEOUS	1,429,619	76,000	0
OTHER MISCELLANEOUS ASSETS	0	0	0
INTERCO REC MISCELLANEOUS	0	0	0
INTERCO REC CSI (Noveon Division)	0	0	0
INTERCO REC CPI Engineering Service	0	0	0
INTERCO REC Indiamalt Private Ltd	0	0	0
INTERCO REC LZ Australia	0	0	0
INTERCO REC LZ Belgium BVBA	0	0	0
INTERCO REC LZ Canada Limited	0	0	0
INTERCO REC Lubrizol Corp	0	0	0
INTERCO REC LZ de Mexico Comercial	0	0	0
INTERCO REC LZ de Venezuela C.A.	0	0	0
INTERCO REC LZ Deutschland (Ritterhu	0	0	0
INVALID	0	0	0
INTERCO REC LZ do Brasil Aditivos	0	0	0
INTERCO REC LZ DRC Belgium NV/SA	0	0	0
INTERCO REC LZ Enterprises, Inc.	0	0	0
INTERCO REC LZ Foam Control Additive	0	0	0
INTERCO REC LZ France, SAS	0	0	0
INTERCO REC LZ Gesellschaft m.b.H.	0	0	0
INTERCO REC LZ India Private Ltd	0	0	0
INTERCO REC LZ Intl Management Corp	0	0	0
INTERCO REC LZ International, Inc.	0	0	0
INTERCO REC LZ Italiana, S.p.A.	0	0	0
INTERCO REC LZ Japan, Limited	0	0	0
INTERCO REC LZ Korea	0	0	0
INTERCO REC LZ Limited (UK)	0	0	0
INTERCO REC LZ Overseas Trading Corp	0	0	0
INTERCO REC LZ Perf Systems Ltd (UK)	0	0	0
INTERCO REC LZ Servicios Tecnicos	0	0	0
INTERCO REC LZ South Africa (Pty.)	0	0	0
INTERCO REC LZ Southeast Asia Pte.	0	0	0
INTERCO REC LZ Sweden AB	0	0	0
INTERCO REC LZ Transarabian	0	0	0
INTERCO REC MPP Pipeline Corp.	0	0	0
INTERCO REC NV (Shanghai) Spec Poly	0	0	0
INTERCO REC NV Asia Pacific Limited	0	0	0
INTERCO REC NV Canada Inc.	0	0	0
INTERCO REC NV China, Inc.	0	0	0
INTERCO REC NV Consulting (Shanghai)	0	0	0
INTERCO REC NV de Mexico, SA de CV	0	0	0
INTERCO REC NV Diamalt GmbH & Co	3,250,142	3,122,686	0
INTERCO REC NV Europe BVBA	0	0	0
INTERCO REC NV Europe Coordination	0	0	0
INTERCO REC NV FCC, Inc.	0	0	0
INTERCO REC NV France SA	0	0	0
INTERCO REC NV Hilton Davis, Inc.	56,359,830	0	0
INTERCO REC NV Holding Corporation	0	0	0
INTERCO REC NV Hong Kong Limited	0	0	0
INTERCO REC NV IP Holdings Corp	0	0	0
INTERCO REC NV Italia S.r.l.	0	0	0
INTERCO REC NV Kalama, Inc.	47,882,947	1,173,769	0
INTERCO REC NV Malaysia Sdn. Bhd	0	0	0
INTERCO REC NV Mauritius Holdings	0	0	0
INTERCO REC NV Sales Spain, S.L.	0	0	0
INTERCO REC NV Spec Chem Shanghai	0	0	13,426
INTERCO REC NV Textile Chemicals, I	22,328,632	0	0
INTERCO REC NV UK Limited	0	0	0
INTERCO REC Noveon, Inc.	865,000	161,049,924	0
INTERCO REC Perf Materials (Bermuda)	0	0	0
INTERCO REC Shanghai LZ Int Trading	0	0	0
INTERCO REC Tianjin LZ Lanlian Add	0	0	0

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STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462
LINE 14: OTHER ASSETS			
DEFERRED CHARGES	0	0	0
DEPOSITS	0	0	0
ADVANCES	0	0	0
PREPAIDS	0	0	0
MISCELLANEOUS	0	521,811	0
OTHER MISCELLANEOUS ASSETS	0	0	14,400
INTERCO REC MISCELLANEOUS	0	73,148	0
INTERCO REC CSI (Noveon Division)	0	0	0
INTERCO REC CPI Engineering Service	0	0	0
INTERCO REC Indiamalt Private Ltd	0	0	0
INTERCO REC LZ Australia	0	0	0
INTERCO REC LZ Belgium BVBA	0	0	0
INTERCO REC LZ Canada Limited	0	0	0
INTERCO REC Lubrizol Corp	0	0	0
INTERCO REC LZ de Mexico Comercial	0	0	0
INTERCO REC LZ de Venezuela C.A.	0	0	0
INTERCO REC LZ Deutschland (Ritterhu	0	0	0
INVALID	0	0	0
INTERCO REC LZ do Brasil Aditivos	0	0	0
INTERCO REC LZ DRC Belgium NV/SA	0	0	0
INTERCO REC LZ Enterprises, Inc.	0	0	0
INTERCO REC LZ Foam Control Additive	0	0	0
INTERCO REC LZ France, SAS	0	0	0
INTERCO REC LZ Gesellschaft m.b.H.	0	0	0
INTERCO REC LZ India Private Ltd	0	0	0
INTERCO REC LZ Intl Management Corp	0	0	0
INTERCO REC LZ International, Inc.	0	0	0
INTERCO REC LZ Italiana, S.p.A.	0	0	0
INTERCO REC LZ Japan, Limited	0	0	0
INTERCO REC LZ Korea	0	0	0
INTERCO REC LZ Limited (UK)	0	0	0
INTERCO REC LZ Overseas Trading Corp	0	0	0
INTERCO REC LZ Perf Systems Ltd (UK)	0	0	0
INTERCO REC LZ Servicios Tecnicos	0	0	0
INTERCO REC LZ South Africa (Pty.)	0	0	0
INTERCO REC LZ Southeast Asia Pte.	0	0	0
INTERCO REC LZ Sweden AB	0	0	0
INTERCO REC LZ Transarabian	0	0	0
INTERCO REC MPP Pipeline Corp.	0	0	0
INTERCO REC NV (Shanghai) Spec Poly	0	0	0
INTERCO REC NV Asia Pacific Limited	0	0	0
INTERCO REC NV Canada Inc.	0	0	0
INTERCO REC NV China, Inc.	0	0	0
INTERCO REC NV Consulting (Shanghai)	0	0	0
INTERCO REC NV de Mexico, SA de CV	0	0	0
INTERCO REC NV Diamalt GmbH & Co	0	0	0
INTERCO REC NV Europe BVBA	0	0	0
INTERCO REC NV Europe Coordination	0	0	0
INTERCO REC NV FCC, Inc.	0	0	0
INTERCO REC NV France SA	0	0	0
INTERCO REC NV Hilton Davis, Inc.	0	0	712,570
INTERCO REC NV Holding Corporation	0	0	0
INTERCO REC NV Hong Kong Limited	0	0	0
INTERCO REC NV IP Holdings Corp	0	0	0
INTERCO REC NV Italia S.r.l.	0	0	0
INTERCO REC NV Kalama, Inc.	0	0	1,461,735
INTERCO REC NV Malaysia Sdn. Bhd	0	0	0
INTERCO REC NV Mauritius Holdings	0	0	0
INTERCO REC NV Sales Spain, S.L.	0	0	0
INTERCO REC NV Spec Chem Shanghai	0	0	0
INTERCO REC NV Textile Chemicals, I	0	0	0
INTERCO REC NV UK Limited	0	0	0
INTERCO REC Noveon, Inc.	1,065,156	0	100,913,483
INTERCO REC Perf Materials (Bermuda)	0	0	0
INTERCO REC Shanghai LZ Int Trading	0	0	0
INTERCO REC Tianjin LZ Lanlian Add	0	0	0

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Perf Materials
51-0408646

STATEMENT 9 -- FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

LINE 14: OTHER ASSETS	
DEFERRED CHARGES	0
DEPOSITS	0
ADVANCES	0
PREPAIDS	0
MISCELLANEOUS	0
OTHER MISCELLANEOUS ASSETS	0
INTERCO REC MISCELLANEOUS	0
INTERCO REC CSI (Noveon Division)	0
INTERCO REC CPI Engineering Service	0
INTERCO REC Indiamalt Private Ltd	0
INTERCO REC LZ Australia	0
INTERCO REC LZ Belgium BVBA	0
INTERCO REC LZ Canada Limited	0
INTERCO REC Lubrizol Corp	0
INTERCO REC LZ de Mexico Comercial	0
INTERCO REC LZ de Venezuela C.A.	0
INTERCO REC LZ Deutschland (Ritterhu	0
INVALID	0
INTERCO REC LZ do Brasil Aditivos	0
INTERCO REC LZ DRC Belgium NV/SA	0
INTERCO REC LZ Enterprises, Inc.	0
INTERCO REC LZ Foam Control Additive	0
INTERCO REC LZ France, SAS	0
INTERCO REC LZ Gesellschaft m.b.H.	0
INTERCO REC LZ India Private Ltd	0
INTERCO REC LZ Intl Management Corp	0
INTERCO REC LZ International, Inc.	0
INTERCO REC LZ Italiana, S.p.A.	0
INTERCO REC LZ Japan, Limited	0
INTERCO REC LZ Korea	0
INTERCO REC LZ Limited (UK)	0
INTERCO REC LZ Overseas Trading Corp	0
INTERCO REC LZ Perf Systems Ltd (UK)	0
INTERCO REC LZ Servicios Tecnicos	0
INTERCO REC LZ South Africa (Pty.)	0
INTERCO REC LZ Southeast Asia Pte.	0
INTERCO REC LZ Sweden AB	0
INTERCO REC LZ Transarabian	0
INTERCO REC MPP Pipeline Corp.	0
INTERCO REC NV (Shanghai) Spec Poly	0
INTERCO REC NV Asia Pacific Limited	0
INTERCO REC NV Canada Inc.	0
INTERCO REC NV China, Inc.	0
INTERCO REC NV Consulting (Shanghai)	0
INTERCO REC NV de Mexico, SA de CV	0
INTERCO REC NV Diamalt GmbH & Co	0
INTERCO REC NV Europe BVBA	0
INTERCO REC NV Europe Coordination	0
INTERCO REC NV FCC, Inc.	0
INTERCO REC NV France SA	0
INTERCO REC NV Hilton Davis, Inc.	0
INTERCO REC NV Holding Corporation	0
INTERCO REC NV Hong Kong Limited	0
INTERCO REC NV IP Holdings Corp	0
INTERCO REC NV Italia S.r.l.	0
INTERCO REC NV Kalama, Inc.	0
INTERCO REC NV Malaysia Sdn. Bhd	0
INTERCO REC NV Mauritius Holdings	0
INTERCO REC NV Sales Spain, S.L.	0
INTERCO REC NV Spec Chem Shanghai	0
INTERCO REC NV Textile Chemicals, I	0
INTERCO REC NV UK Limited	0
INTERCO REC Noveon, Inc.	137,668,353
INTERCO REC Perf Materials (Bermuda)	0
INTERCO REC Shanghai LZ Int Trading	0
INTERCO REC Tianjin LZ Lanlian Add	0

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	Total	Consol Elims	Subtotal
TOTAL	288,393,416	(4,068,823,749)	4,357,217,165

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	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864
TOTAL	853,564,819	27,854	583,830,512

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	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387
TOTAL	11,876,726	0	1,718,256

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	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
TOTAL	1,509,587	2,756,672	309,404,389

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	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
TOTAL	83,214,758	17,641,048	10,612,557

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	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
TOTAL	1,110,460,443	830,616,913	0

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	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
TOTAL	132,116,170	165,422,379	13,426

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	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462
TOTAL	1,065,156	594,959	103,102,188

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	Perf Materials 51-0408646
TOTAL	137,668,353

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Year: 2006

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

	Total	Consol Elims	Subtotal
LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	4,787,468	0	4,787,468
FEDERAL INCOME TAX PAYABLE	38,258,973	0	38,258,973
DIVIDENDS PAYABLE	17,691,243	0	17,691,243
STATE INCOME TAX PAYABLE	1,282,831	0	1,282,831
STATE TAXES PAYABLE	128,391	0	128,391
SALES TAX PAYABLE	8,066	0	8,066
TAXES - OTHER	19,968,896	0	19,968,896
ACCRUED BENEFITS	20,520,966	0	20,520,966
ACCRUED WORKERS COMPENSATION	2,350,328	0	2,350,328
ACCRUED ENVIRONMENTAL	2,673,274	0	2,673,274
ACCRUED VACATION	20,981,267	0	20,981,267
ACCRUED REBATES	11,359,286	0	11,359,286
ACCRUED EXPENSES	404,846	0	404,846
OTHER RESERVES	1,121,762	0	1,121,762
OTHER ACCRUALS	11,429,323	0	11,429,323
MISCELLANEOUS	12,036,421	0	12,036,421
ACCRUED COMMISSIONS	1,450,244	0	1,450,244
ACCRUED DISCOUNTS	5,077,597	0	5,077,597
ACCRUED NET HEDGE EXPENSE	1,578,700	0	1,578,700
ACCRUED INTEREST PAYABLE	17,264,016	0	17,264,016
ACCRUED BONUS	21,822,389	0	21,822,389
ACCRUED SELF INSURANCE	705,000	0	705,000
ACCRUED RETIREMENT	17,698	0	17,698
ACCRUED SALES TAX	195,497	0	195,497
ACCRUED REAL PROPERTY TAX	2,243,783	0	2,243,783
ACCRUED PERSONAL PROPERTY TAX	2,996,900	0	2,996,900
ACCRUED PENSION	4,862,018	0	4,862,018
ACCRUED PROFIT SHARING	2,026,330	0	2,026,330
TOTAL	225,243,513	0	225,243,513

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STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864
LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	2,618,860	0	500,591
FEDERAL INCOME TAX PAYABLE	(52,783,177)	3,725	13,581,085
DIVIDENDS PAYABLE	17,691,243	0	0
STATE INCOME TAX PAYABLE	0	0	153,114
STATE TAXES PAYABLE	0	0	0
SALES TAX PAYABLE	0	0	0
TAXES - OTHER	13,403,383	0	0
ACCRUED BENEFITS	18,642,535	0	0
ACCRUED WORKERS COMPENSATION	1,386,934	0	0
ACCRUED ENVIRONMENTAL	1,801,086	0	0
ACCRUED VACATION	12,523,070	0	0
ACCRUED REBATES	0	0	0
ACCRUED EXPENSES	0	0	90,610
OTHER RESERVES	1,121,762	0	0
OTHER ACCRUALS	10,275,233	0	0
MISCELLANEOUS	0	0	0
ACCRUED COMMISSIONS	844,479	0	0
ACCRUED DISCOUNTS	5,077,597	0	0
ACCRUED NET HEDGE EXPENSE	1,434,020	0	0
ACCRUED INTEREST PAYABLE	17,264,016	0	0
ACCRUED BONUS	20,917,388	0	0
ACCRUED SELF INSURANCE	0	0	0
ACCRUED RETIREMENT	0	0	0
ACCRUED SALES TAX	106,939	0	0
ACCRUED REAL PROPERTY TAX	0	0	0
ACCRUED PERSONAL PROPERTY TAX	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
TOTAL	72,325,368	3,725	14,325,400

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387
LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	0	0	0
FEDERAL INCOME TAX PAYABLE	298,169	1,073,027	0
DIVIDENDS PAYABLE	0	0	0
STATE INCOME TAX PAYABLE	0	0	0
STATE TAXES PAYABLE	0	0	0
SALES TAX PAYABLE	0	0	0
TAXES - OTHER	8,280	0	0
ACCRUED BENEFITS	4,600	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
ACCRUED VACATION	0	0	0
ACCRUED REBATES	0	0	0
ACCRUED EXPENSES	0	0	0
OTHER RESERVES	0	0	0
OTHER ACCRUALS	(1)	0	0
MISCELLANEOUS	0	0	0
ACCRUED COMMISSIONS	29,000	0	0
ACCRUED DISCOUNTS	0	0	0
ACCRUED NET HEDGE EXPENSE	0	0	0
ACCRUED INTEREST PAYABLE	0	0	0
ACCRUED BONUS	0	0	0
ACCRUED SELF INSURANCE	0	0	0
ACCRUED RETIREMENT	0	0	0
ACCRUED SALES TAX	0	0	0
ACCRUED REAL PROPERTY TAX	0	0	0
ACCRUED PERSONAL PROPERTY TAX	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
TOTAL	340,048	1,073,027	0

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	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	61,601	0	0
FEDERAL INCOME TAX PAYABLE	572,531	849,418	5,260,538
DIVIDENDS PAYABLE	0	0	0
STATE INCOME TAX PAYABLE	0	0	0
STATE TAXES PAYABLE	34,358	0	0
SALES TAX PAYABLE	0	0	0
TAXES - OTHER	228,693	0	11,000
ACCRUED BENEFITS	149,625	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
ACCRUED VACATION	0	0	0
ACCRUED REBATES	0	0	0
ACCRUED EXPENSES	314,236	0	0
OTHER RESERVES	0	0	0
OTHER ACCRUALS	0	0	148,000
MISCELLANEOUS	0	0	0
ACCRUED COMMISSIONS	0	0	0
ACCRUED DISCOUNTS	0	0	0
ACCRUED NET HEDGE EXPENSE	0	0	0
ACCRUED INTEREST PAYABLE	0	0	0
ACCRUED BONUS	550,001	0	0
ACCRUED SELF INSURANCE	0	0	0
ACCRUED RETIREMENT	15,698	0	2,000
ACCRUED SALES TAX	2,606	0	0
ACCRUED REAL PROPERTY TAX	0	0	0
ACCRUED PERSONAL PROPERTY TAX	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
TOTAL	1,929,349	849,418	5,421,538

2006 CONS. FEDERAL 1120 TAX RETURN

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	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	170,000	0	0
FEDERAL INCOME TAX PAYABLE	14,550,153	1,261,579	127,408
DIVIDENDS PAYABLE	0	0	0
STATE INCOME TAX PAYABLE	0	0	0
STATE TAXES PAYABLE	0	94,033	0
SALES TAX PAYABLE	0	0	0
TAXES - OTHER	0	0	50,923
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
ACCRUED VACATION	0	0	0
ACCRUED REBATES	0	0	0
ACCRUED EXPENSES	0	0	0
OTHER RESERVES	0	0	0
OTHER ACCRUALS	124,000	0	0
MISCELLANEOUS	0	0	0
ACCRUED COMMISSIONS	0	0	0
ACCRUED DISCOUNTS	0	0	0
ACCRUED NET HEDGE EXPENSE	144,680	0	0
ACCRUED INTEREST PAYABLE	0	0	0
ACCRUED BONUS	0	0	0
ACCRUED SELF INSURANCE	0	0	0
ACCRUED RETIREMENT	0	0	0
ACCRUED SALES TAX	0	(2,742)	0
ACCRUED REAL PROPERTY TAX	0	0	0
ACCRUED PERSONAL PROPERTY TAX	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	39,331	0
TOTAL	14,988,833	1,392,201	178,331

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STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	0	1,122,245	0
FEDERAL INCOME TAX PAYABLE	10,197	51,141,593	7,241
DIVIDENDS PAYABLE	0	0	0
STATE INCOME TAX PAYABLE	0	1,043,204	0
STATE TAXES PAYABLE	0	0	0
SALES TAX PAYABLE	0	0	0
TAXES - OTHER	0	6,188,236	0
ACCRUED BENEFITS	0	856,243	0
ACCRUED WORKERS COMPENSATION	0	963,394	0
ACCRUED ENVIRONMENTAL	0	123,801	0
ACCRUED VACATION	0	8,458,197	0
ACCRUED REBATES	0	10,743,896	0
ACCRUED EXPENSES	0	0	0
OTHER RESERVES	0	0	0
OTHER ACCRUALS	0	0	0
MISCELLANEOUS	0	12,036,421	0
ACCRUED COMMISSIONS	0	513,280	0
ACCRUED DISCOUNTS	0	0	0
ACCRUED NET HEDGE EXPENSE	0	0	0
ACCRUED INTEREST PAYABLE	0	0	0
ACCRUED BONUS	0	355,000	0
ACCRUED SELF INSURANCE	0	705,000	0
ACCRUED RETIREMENT	0	0	0
ACCRUED SALES TAX	0	84,842	0
ACCRUED REAL PROPERTY TAX	0	1,571,000	0
ACCRUED PERSONAL PROPERTY TAX	0	2,486,900	0
ACCRUED PENSION	0	4,862,018	0
ACCRUED PROFIT SHARING	0	1,986,999	0
TOTAL	10,197	105,242,269	7,241

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STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	0	114,440	0
FEDERAL INCOME TAX PAYABLE	(1,215,426)	(13,849)	(17,292)
DIVIDENDS PAYABLE	0	0	0
STATE INCOME TAX PAYABLE	0	64,863	0
STATE TAXES PAYABLE	0	0	0
SALES TAX PAYABLE	0	0	0
TAXES - OTHER	0	0	0
ACCRUED BENEFITS	0	174,795	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	588,387	0	0
ACCRUED VACATION	0	0	0
ACCRUED REBATES	0	5,000	0
ACCRUED EXPENSES	0	0	0
OTHER RESERVES	0	0	0
OTHER ACCRUALS	0	32,333	0
MISCELLANEOUS	0	0	0
ACCRUED COMMISSIONS	0	0	0
ACCRUED DISCOUNTS	0	0	0
ACCRUED NET HEDGE EXPENSE	0	0	0
ACCRUED INTEREST PAYABLE	0	0	0
ACCRUED BONUS	0	0	0
ACCRUED SELF INSURANCE	0	0	0
ACCRUED RETIREMENT	0	0	0
ACCRUED SALES TAX	0	3,852	0
ACCRUED REAL PROPERTY TAX	0	73,382	0
ACCRUED PERSONAL PROPERTY TAX	0	450,000	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
TOTAL	(627,039)	904,816	(17,292)

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	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	0	141,223	58,508
FEDERAL INCOME TAX PAYABLE	(6,037,231)	3,801,694	177,987
DIVIDENDS PAYABLE	0	0	0
STATE INCOME TAX PAYABLE	0	27,642	(5,992)
STATE TAXES PAYABLE	0	0	0
SALES TAX PAYABLE	0	7,552	514
TAXES - OTHER	0	78,381	0
ACCRUED BENEFITS	0	633,314	59,854
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	160,000	0
ACCRUED VACATION	0	0	0
ACCRUED REBATES	0	558,528	51,862
ACCRUED EXPENSES	0	0	0
OTHER RESERVES	0	0	0
OTHER ACCRUALS	0	761,582	88,176
MISCELLANEOUS	0	0	0
ACCRUED COMMISSIONS	0	63,485	0
ACCRUED DISCOUNTS	0	0	0
ACCRUED NET HEDGE EXPENSE	0	0	0
ACCRUED INTEREST PAYABLE	0	0	0
ACCRUED BONUS	0	0	0
ACCRUED SELF INSURANCE	0	0	0
ACCRUED RETIREMENT	0	0	0
ACCRUED SALES TAX	0	0	0
ACCRUED REAL PROPERTY TAX	0	541,248	58,153
ACCRUED PERSONAL PROPERTY TAX	0	0	60,000
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
TOTAL	(6,037,231)	6,774,649	549,062

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Perf Materials
51-0408646

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

LINE 18: OTHER CURRENT LIABILITIES	
ACCRUED PAYROLL	0
FEDERAL INCOME TAX PAYABLE	5,609,603
DIVIDENDS PAYABLE	0
STATE INCOME TAX PAYABLE	0
STATE TAXES PAYABLE	0
SALES TAX PAYABLE	0
TAXES - OTHER	0
ACCRUED BENEFITS	0
ACCRUED WORKERS COMPENSATION	0
ACCRUED ENVIRONMENTAL	0
ACCRUED VACATION	0
ACCRUED REBATES	0
ACCRUED EXPENSES	0
OTHER RESERVES	0
OTHER ACCRUALS	0
MISCELLANEOUS	0
ACCRUED COMMISSIONS	0
ACCRUED DISCOUNTS	0
ACCRUED NET HEDGE EXPENSE	0
ACCRUED INTEREST PAYABLE	0
ACCRUED BONUS	0
ACCRUED SELF INSURANCE	0
ACCRUED RETIREMENT	0
ACCRUED SALES TAX	0
ACCRUED REAL PROPERTY TAX	0
ACCRUED PERSONAL PROPERTY TAX	0
ACCRUED PENSION	0
ACCRUED PROFIT SHARING	0
TOTAL	5,609,603

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STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

	Total	Consol Elims	Subtotal
LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	86,668,794	0	86,668,794
ST DEFERRED TAXES PAYABLE - NONCURR	3,979,566	0	3,979,566
ACCRUED BENEFITS	118,035,209	0	118,035,209
ACCRUED WORKERS COMPENSATION	1,958,077	0	1,958,077
ACCRUED ENVIRONMENTAL	16,559,171	0	16,559,171
ACCRUED FASB 106	4,830,632	0	4,830,632
INTERCOMPANY PAYABLE	54,000	0	54,000
OTHER ACCRUALS	8,232,875	0	8,232,875
MISCELLANEOUS	630,774	(228,481)	859,255
DEFERRED COMPENSATION	23,046,419	0	23,046,419
ROUNDING ADJUSTMENT	791	0	791
ACCRUED PENSION	29,674,982	0	29,674,982
INTERCO PAY MISCELLANEOUS	21,654,581	(245,240,475)	266,895,056
INTERCO PAY 1500 West Elizabeth Ave	0	(17,854)	17,854
INTERCO PAY CSI (Noveon Division)	0	(12,742,612)	12,742,612
INTERCO PAY CPI Engineering Service	0	(584,175,446)	584,175,446
INTERCO PAY Gateway Additive Co.	0	(11,876,726)	11,876,726
INTERCO PAY Lanzhou LZ Lanlian Add	455,638	0	455,638
INTERCO PAY LZ A.G.	5,937	0	5,937
INTERCO PAY LZ Adibis (UK) Limited	0	(143,426)	143,426
INTERCO PAY LZ Australia	6,319	0	6,319
INTERCO PAY LZ Canada Limited	1,548,130	0	1,548,130
INTERCO PAY Lubrizol Corp	0	(304,237,605)	304,237,605
INTERCO PAY LZ Deutschland GmbH	208,066	0	208,066
INTERCO PAY LZ Deutschland (Rit	598,656	0	598,656
INVALID ACCT	58,895	0	58,895
INTERCO PAY LZ do Brasil Aditivos	465,130	0	465,130
INTERCO PAY LZ Enterprises, Inc.	0	(2,708,599)	2,708,599
INTERCO PAY LZ Espanola, S.A.	8,000	0	8,000
INTERCO PAY LZ Foam Control Add	0	(10,673,553)	10,673,553
INTERCO PAY LZ France, SAS	1,708,931	0	1,708,931
INTERCO PAY LZ Gesellschaft m.b.H.	86,087	0	86,087
INTERCO PAY LZ Inter-Americas Corp	0	(2,756,672)	2,756,672
INTERCO PAY LZ Intl Management Corp	0	(251,143,992)	251,143,992
INTERCO PAY LZ International, Inc.	1,702,310	0	1,702,310
INTERCO PAY LZ Italiana, S.p.A.	83,169	0	83,169
INTERCO PAY LZ Japan, Limited	1,019,664	0	1,019,664
INTERCO PAY LZ Korea	0	(12,341)	12,341
INTERCO PAY LZ Limited (UK)	4,546,890	0	4,546,890
INTERCO PAY LZ Overseas Trading Corp	0	(432,862,581)	432,862,581
INTERCO PAY LZ Performance Systems	0	(17,278,869)	17,278,869
INTERCO PAY LZ Perf Systems Ltd (UK)	10,358	0	10,358
INTERCO PAY LZ South Africa (Pty.)	41,947	0	41,947
INTERCO PAY LZ Southeast Asia Pte.	25,159,805	0	25,159,805
INTERCO PAY MPP Pipeline Corp.	0	(8,079,777)	8,079,777
INTERCO PAY NV (Shanghai) Co. Ltd.	13,472	0	13,472
INTERCO PAY NV Brasil Ltda.	119,452	0	119,452
INTERCO PAY Diamalt GmbH & Co	23,775,756	0	23,775,756
INTERCO PAY NV Diamalt Private Ltd	90,953	0	90,953
INTERCO PAY NV Europe Coordination	851,500	0	851,500
INTERCO PAY NV FCC, Inc.	0	(78,116,328)	78,116,328
INTERCO PAY NV Hilton Davis, Inc.	0	(146,144,555)	146,144,555
INTERCO PAY NV Holding Corporation	0	(24,313)	24,313
INTERCO PAY NV Hong Kong Limited	4,913	0	4,913
INTERCO PAY NV International, Inc.	0	(946,750,476)	946,750,476
INTERCO PAY NV IP Holdings Corp	0	(1,065,156)	1,065,156
INTERCO PAY NV Kalama, Inc.	0	(47,882,948)	47,882,948
INTERCO PAY NV Malaysia Sdn. Bhd	7,497	0	7,497
INTERCO PAY NV Resin BV	1,118	0	1,118
INTERCO PAY NV Textile Chemicals, I	0	(102,356,194)	102,356,194
INTERCO PAY NV UK Limited	2	0	2
INTERCO PAY Noveon, Inc.	0	(723,802,149)	723,802,149
INTERCO PAY Performance Materials I	0	(137,668,353)	137,668,353
INTERCO PAY Shanghai LZ Int Trading	9,413	0	9,413
TOTAL	377,913,879	(4,067,989,481)	4,445,903,360

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ar: 2006

	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	90,194,372	0	513,768
ST DEFERRED TAXES PAYABLE - NONCURR	(2,655,015)	0	0
ACCRUED BENEFITS	118,002,651	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	7,639,880	0	0
ACCRUED FASB 106	0	0	0
INTERCOMPANY PAYABLE	0	0	0
OTHER ACCRUALS	6,247,877	0	0
MISCELLANEOUS	0	0	0
DEFERRED COMPENSATION	23,046,419	0	0
ROUNDING ADJUSTMENT	0	0	1
ACCRUED PENSION	0	0	0
INTERCO PAY MISCELLANEOUS	772,107	0	0
INTERCO PAY 1500 West Elizabeth Ave	17,854	0	0
INTERCO PAY CSI (Noveon Division)	12,742,612	0	0
INTERCO PAY CPI Engineering Service	584,175,446	0	0
INTERCO PAY Gateway Additive Co.	11,876,726	0	0
INTERCO PAY Lanzhou LZ Lanlian Add	455,638	0	0
INTERCO PAY LZ A.G.	0	0	0
INTERCO PAY LZ Adibis (UK) Limited	0	0	0
INTERCO PAY LZ Australia	6,319	0	0
INTERCO PAY LZ Canada Limited	1,548,130	0	0
INTERCO PAY Lubrizol Corp	20,530	0	0
INTERCO PAY LZ Deutschland GmbH	0	0	0
INTERCO PAY LZ Deutschland (Rit	598,656	0	0
INVALID ACCT	58,895	0	0
INTERCO PAY LZ do Brasil Aditivos	434,779	0	0
INTERCO PAY LZ Enterprises, Inc.	2,708,599	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	0
INTERCO PAY LZ Foam Control Add	10,439,822	0	0
INTERCO PAY LZ France, SAS	1,708,931	0	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	0	0
INTERCO PAY LZ Inter-Americas Corp	2,756,672	0	0
INTERCO PAY LZ Intl Management Corp	251,143,992	0	0
INTERCO PAY LZ International, Inc.	1,672,190	0	0
INTERCO PAY LZ Italiana, S.p.A.	0	0	0
INTERCO PAY LZ Japan, Limited	500,907	0	0
INTERCO PAY LZ Korea	12,341	0	0
INTERCO PAY LZ Limited (UK)	2,394,919	0	0
INTERCO PAY LZ Overseas Trading Corp	432,862,581	0	0
INTERCO PAY LZ Performance Systems	17,278,869	0	0
INTERCO PAY LZ Perf Systems Ltd (UK)	10,358	0	0
INTERCO PAY LZ South Africa (Pty.)	41,947	0	0
INTERCO PAY LZ Southeast Asia Pte.	99,796	0	0
INTERCO PAY MPP Pipeline Corp.	8,079,777	0	0
INTERCO PAY NV (Shanghai) Co. Ltd.	0	0	0
INTERCO PAY NV Brasil Ltda.	0	0	0
INTERCO PAY Diamalt GmbH & Co	0	0	0
INTERCO PAY NV Diamalt Private Ltd	0	0	0
INTERCO PAY NV Europe Coordination	111,440	0	0
INTERCO PAY NV FCC, Inc.	0	0	0
INTERCO PAY NV Hilton Davis, Inc.	0	0	0
INTERCO PAY NV Holding Corporation	0	0	0
INTERCO PAY NV Hong Kong Limited	0	0	0
INTERCO PAY NV International, Inc.	0	0	0
INTERCO PAY NV IP Holdings Corp	0	0	0
INTERCO PAY NV Kalama, Inc.	0	0	0
INTERCO PAY NV Malaysia Sdn. Bhd	0	0	0
INTERCO PAY NV Resin BV	0	0	0
INTERCO PAY NV Textile Chemicals, I	0	0	0
INTERCO PAY NV UK Limited	0	0	0
INTERCO PAY Noveon, Inc.	484,827,284	0	0
INTERCO PAY Performance Materials I	0	0	0
INTERCO PAY Shanghai LZ Int Trading	9,413	0	0
TOTAL	2,071,843,714	0	513,769

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STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387
LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	(804,998)	0	(62,343)
ST DEFERRED TAXES PAYABLE - NONCURR	0	0	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
ACCRUED FASB 106	0	0	0
INTERCOMPANY PAYABLE	0	0	0
OTHER ACCRUALS	0	0	0
MISCELLANEOUS	0	0	0
DEFERRED COMPENSATION	0	0	0
ROUNDING ADJUSTMENT	0	0	0
ACCRUED PENSION	0	0	0
INTERCO PAY MISCELLANEOUS	0	0	0
INTERCO PAY 1500 West Elizabeth Ave	0	0	0
INTERCO PAY CSI (Noveon Division)	0	0	0
INTERCO PAY CPI Engineering Service	0	0	0
INTERCO PAY Gateway Additive Co.	0	0	0
INTERCO PAY Lanzhou LZ Lanlian Add	0	0	0
INTERCO PAY LZ A.G.	0	0	0
INTERCO PAY LZ Adibis (UK) Limited	0	0	0
INTERCO PAY LZ Australia	0	0	0
INTERCO PAY LZ Canada Limited	0	0	0
INTERCO PAY Lubrizol Corp	0	0	0
INTERCO PAY LZ Deutschland GmbH	0	0	0
INTERCO PAY LZ Deutschland (Rit	0	0	0
INVALID ACCT	0	0	0
INTERCO PAY LZ do Brasil Aditivos	0	0	0
INTERCO PAY LZ Enterprises, Inc.	0	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	0
INTERCO PAY LZ Foam Control Add	0	0	0
INTERCO PAY LZ France, SAS	0	0	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	0	0
INTERCO PAY LZ Inter-Americas Corp	0	0	0
INTERCO PAY LZ Intl Management Corp	0	0	0
INTERCO PAY LZ International, Inc.	0	0	0
INTERCO PAY LZ Italiana, S.p.A.	0	0	0
INTERCO PAY LZ Japan, Limited	0	0	0
INTERCO PAY LZ Korea	0	0	0
INTERCO PAY LZ Limited (UK)	0	0	0
INTERCO PAY LZ Overseas Trading Corp	0	0	0
INTERCO PAY LZ Performance Systems	0	0	0
INTERCO PAY LZ Perf Systems Ltd (UK)	0	0	0
INTERCO PAY LZ South Africa (Pty.)	0	0	0
INTERCO PAY LZ Southeast Asia Pte.	0	0	0
INTERCO PAY MPP Pipeline Corp.	0	0	0
INTERCO PAY NV (Shanghai) Co. Ltd.	0	0	0
INTERCO PAY NV Brasil Ltda.	0	0	0
INTERCO PAY Diamalt GmbH & Co	0	0	0
INTERCO PAY NV Diamalt Private Ltd	0	0	0
INTERCO PAY NV Europe Coordination	0	0	0
INTERCO PAY NV FCC, Inc.	0	0	0
INTERCO PAY NV Hilton Davis, Inc.	0	0	0
INTERCO PAY NV Holding Corporation	0	0	0
INTERCO PAY NV Hong Kong Limited	0	0	0
INTERCO PAY NV International, Inc.	0	0	0
INTERCO PAY NV IP Holdings Corp	0	0	0
INTERCO PAY NV Kalama, Inc.	0	0	0
INTERCO PAY NV Malaysia Sdn. Bhd	0	0	0
INTERCO PAY NV Resin BV	0	0	0
INTERCO PAY NV Textile Chemicals, I	0	0	0
INTERCO PAY NV UK Limited	0	0	0
INTERCO PAY Noveon, Inc.	0	0	0
INTERCO PAY Performance Materials I	0	0	0
INTERCO PAY Shanghai LZ Int Trading	0	0	0
TOTAL	(804,998)	0	(62,343)

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	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	1,381,521	0	59,486
ST DEFERRED TAXES PAYABLE - NONCURR	0	0	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
ACCRUED FASB 106	0	0	0
INTERCOMPANY PAYABLE	0	0	0
OTHER ACCRUALS	0	0	645,000
MISCELLANEOUS	0	0	0
DEFERRED COMPENSATION	0	0	0
ROUNDING ADJUSTMENT	0	0	790
ACCRUED PENSION	0	0	0
INTERCO PAY MISCELLANEOUS	0	0	(238,061)
INTERCO PAY 1500 West Elizabeth Ave	0	0	0
INTERCO PAY CSI (Noveon Division)	0	0	0
INTERCO PAY CPI Engineering Service	0	0	0
INTERCO PAY Gateway Additive Co.	0	0	0
INTERCO PAY Lanzhou LZ Lanlian Add	0	0	0
INTERCO PAY LZ A.G.	0	0	5,937
INTERCO PAY LZ Adibis (UK) Limited	0	0	143,426
INTERCO PAY LZ Australia	0	0	0
INTERCO PAY LZ Canada Limited	0	0	0
INTERCO PAY Lubrizol Corp	31,837,542	0	230,715,498
INTERCO PAY LZ Deutschland GmbH	0	0	208,066
INTERCO PAY LZ Deutschland (Rit	0	0	0
INVALID ACCT	0	0	0
INTERCO PAY LZ do Brasil Aditivos	0	0	30,351
INTERCO PAY LZ Enterprises, Inc.	0	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	8,000
INTERCO PAY LZ Foam Control Add	0	0	0
INTERCO PAY LZ France, SAS	0	0	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	0	86,087
INTERCO PAY LZ Inter-Americas Corp	0	0	0
INTERCO PAY LZ Intl Management Corp	0	0	0
INTERCO PAY LZ International, Inc.	0	0	30,120
INTERCO PAY LZ Italiana, S.p.A.	0	0	83,169
INTERCO PAY LZ Japan, Limited	0	0	513,476
INTERCO PAY LZ Korea	0	0	0
INTERCO PAY LZ Limited (UK)	0	0	1,671,574
INTERCO PAY LZ Overseas Trading Corp	0	0	0
INTERCO PAY LZ Performance Systems	0	0	0
INTERCO PAY LZ Perf Systems Ltd (UK)	0	0	0
INTERCO PAY LZ South Africa (Pty.)	0	0	0
INTERCO PAY LZ Southeast Asia Pte.	0	0	25,060,009
INTERCO PAY MPP Pipeline Corp.	0	0	0
INTERCO PAY NV (Shanghai) Co. Ltd.	0	0	0
INTERCO PAY NV Brasil Ltda.	0	0	0
INTERCO PAY Diamalt GmbH & Co	0	0	0
INTERCO PAY NV Diamalt Private Ltd	0	0	0
INTERCO PAY NV Europe Coordination	0	0	0
INTERCO PAY NV FCC, Inc.	0	0	0
INTERCO PAY NV Hilton Davis, Inc.	0	0	0
INTERCO PAY NV Holding Corporation	0	0	0
INTERCO PAY NV Hong Kong Limited	0	0	0
INTERCO PAY NV International, Inc.	0	0	0
INTERCO PAY NV IP Holdings Corp	0	0	0
INTERCO PAY NV Kalama, Inc.	0	0	0
INTERCO PAY NV Malaysia Sdn. Bhd	0	0	0
INTERCO PAY NV Resin BV	0	0	0
INTERCO PAY NV Textile Chemicals, I	0	0	0
INTERCO PAY NV UK Limited	0	0	0
INTERCO PAY Noveon, Inc.	12,252	0	0
INTERCO PAY Performance Materials I	0	0	0
INTERCO PAY Shanghai LZ Int Trading	0	0	0
TOTAL	33,231,315	0	259,022,928

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	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	928,459	0	405,958
ST DEFERRED TAXES PAYABLE - NONCURR	0	0	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
ACCRUED FASB 106	0	0	0
INTERCOMPANY PAYABLE	54,000	0	0
OTHER ACCRUALS	1,340,000	0	0
MISCELLANEOUS	1	0	(1)
DEFERRED COMPENSATION	0	0	0
ROUNDING ADJUSTMENT	0	0	0
ACCRUED PENSION	0	0	0
INTERCO PAY MISCELLANEOUS	0	0	0
INTERCO PAY 1500 West Elizabeth Ave	0	0	0
INTERCO PAY CSI (Noveon Division)	0	0	0
INTERCO PAY CPI Engineering Service	0	0	0
INTERCO PAY Gateway Additive Co.	0	0	0
INTERCO PAY Lanzhou LZ Lanlian Add	0	0	0
INTERCO PAY LZ A.G.	0	0	0
INTERCO PAY LZ Adibis (UK) Limited	0	0	0
INTERCO PAY LZ Australia	0	0	0
INTERCO PAY LZ Canada Limited	0	0	0
INTERCO PAY Lubrizol Corp	0	0	4,114,812
INTERCO PAY LZ Deutschland GmbH	0	0	0
INTERCO PAY LZ Deutschland (Rit	0	0	0
INVALID ACCT	0	0	0
INTERCO PAY LZ do Brasil Aditivos	0	0	0
INTERCO PAY LZ Enterprises, Inc.	0	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	0
INTERCO PAY LZ Foam Control Add	0	0	0
INTERCO PAY LZ France, SAS	0	0	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	0	0
INTERCO PAY LZ Inter-Americas Corp	0	0	0
INTERCO PAY LZ Intl Management Corp	0	0	0
INTERCO PAY LZ International, Inc.	0	0	0
INTERCO PAY LZ Italiana, S.p.A.	0	0	0
INTERCO PAY LZ Japan, Limited	0	0	0
INTERCO PAY LZ Korea	0	0	0
INTERCO PAY LZ Limited (UK)	0	0	0
INTERCO PAY LZ Overseas Trading Corp	0	0	0
INTERCO PAY LZ Performance Systems	0	0	0
INTERCO PAY LZ Perf Systems Ltd (UK)	0	0	0
INTERCO PAY LZ South Africa (Pty.)	0	0	0
INTERCO PAY LZ Southeast Asia Pte.	0	0	0
INTERCO PAY MPP Pipeline Corp.	0	0	0
INTERCO PAY NV (Shanghai) Co. Ltd.	0	0	0
INTERCO PAY NV Brasil Ltda.	0	0	0
INTERCO PAY Diamalt GmbH & Co	0	0	0
INTERCO PAY NV Diamalt Private Ltd	0	0	0
INTERCO PAY NV Europe Coordination	0	0	0
INTERCO PAY NV FCC, Inc.	0	0	0
INTERCO PAY NV Hilton Davis, Inc.	0	0	0
INTERCO PAY NV Holding Corporation	0	0	0
INTERCO PAY NV Hong Kong Limited	0	0	0
INTERCO PAY NV International, Inc.	0	0	0
INTERCO PAY NV IP Holdings Corp	0	0	0
INTERCO PAY NV Kalama, Inc.	0	0	0
INTERCO PAY NV Malaysia Sdn. Bhd	0	0	0
INTERCO PAY NV Resin BV	0	0	0
INTERCO PAY NV Textile Chemicals, I	0	0	0
INTERCO PAY NV UK Limited	0	0	0
INTERCO PAY Noveon, Inc.	36,584	0	0
INTERCO PAY Performance Materials I	0	0	0
INTERCO PAY Shanghai LZ Int Trading	0	0	0
TOTAL	2,359,044	0	4,520,769

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STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	(18,347,019)	23,779,878	0
ST DEFERRED TAXES PAYABLE - NONCURR	(1,036)	6,635,617	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	1,958,077	0
ACCRUED ENVIRONMENTAL	0	653,195	0
ACCRUED FASB 106	0	1,502,656	0
INTERCOMPANY PAYABLE	0	0	0
OTHER ACCRUALS	0	0	0
MISCELLANEOUS	0	859,255	0
DEFERRED COMPENSATION	0	0	0
ROUNDING ADJUSTMENT	0	0	0
ACCRUED PENSION	0	29,674,982	0
INTERCO PAY MISCELLANEOUS	0	50,323	0
INTERCO PAY 1500 West Elizabeth Ave	0	0	0
INTERCO PAY CSI (Noveon Division)	0	0	0
INTERCO PAY CPI Engineering Service	0	0	0
INTERCO PAY Gateway Additive Co.	0	0	0
INTERCO PAY Lanzhou LZ Lanlian Add	0	0	0
INTERCO PAY LZ A.G.	0	0	0
INTERCO PAY LZ Adibis (UK) Limited	0	0	0
INTERCO PAY LZ Australia	0	0	0
INTERCO PAY LZ Canada Limited	0	0	0
INTERCO PAY Lubrizol Corp	0	37,549,223	0
INTERCO PAY LZ Deutschland GmbH	0	0	0
INTERCO PAY LZ Deutschland (Rit	0	0	0
INVALID ACCT	0	0	0
INTERCO PAY LZ do Brasil Aditivos	0	0	0
INTERCO PAY LZ Enterprises, Inc.	0	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	0
INTERCO PAY LZ Foam Control Add	0	233,731	0
INTERCO PAY LZ France, SAS	0	0	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	0	0
INTERCO PAY LZ Inter-Americas Corp	0	0	0
INTERCO PAY LZ Intl Management Corp	0	0	0
INTERCO PAY LZ International, Inc.	0	0	0
INTERCO PAY LZ Italiana, S.p.A.	0	0	0
INTERCO PAY LZ Japan, Limited	0	5,281	0
INTERCO PAY LZ Korea	0	0	0
INTERCO PAY LZ Limited (UK)	0	480,397	0
INTERCO PAY LZ Overseas Trading Corp	0	0	0
INTERCO PAY LZ Performance Systems	0	0	0
INTERCO PAY LZ Perf Systems Ltd (UK)	0	0	0
INTERCO PAY LZ South Africa (Pty.)	0	0	0
INTERCO PAY LZ Southeast Asia Pte.	0	0	0
INTERCO PAY MPP Pipeline Corp.	0	0	0
INTERCO PAY NV (Shanghai) Co. Ltd.	0	13,472	0
INTERCO PAY NV Brasil Ltda.	0	119,452	0
INTERCO PAY Diamalt GmbH & Co	0	981	0
INTERCO PAY NV Diamalt Private Ltd	0	90,953	0
INTERCO PAY NV Europe Coordination	0	740,060	0
INTERCO PAY NV FCC, Inc.	0	0	0
INTERCO PAY NV Hilton Davis, Inc.	0	144,970,785	0
INTERCO PAY NV Holding Corporation	0	24,313	0
INTERCO PAY NV Hong Kong Limited	0	0	4,913
INTERCO PAY NV International, Inc.	0	946,750,476	0
INTERCO PAY NV IP Holdings Corp	0	1,065,156	0
INTERCO PAY NV Kalama, Inc.	0	0	0
INTERCO PAY NV Malaysia Sdn. Bhd	0	7,497	0
INTERCO PAY NV Resin BV	0	1,118	0
INTERCO PAY NV Textile Chemicals, I	0	100,181,889	0
INTERCO PAY NV UK Limited	0	2	0
INTERCO PAY Noveon, Inc.	0	0	715,665
INTERCO PAY Performance Materials I	0	137,668,353	0
INTERCO PAY Shanghai LZ Int Trading	0	0	0
TOTAL	(18,348,055)	1,435,017,122	720,578

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STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

LINE 21: OTHER LIABILITIES	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
FED DEFERRED INC TAXES - NONCURRENT	(6,074,458)	(10,724,448)	(20,943)
ST DEFERRED TAXES PAYABLE - NONCURR	0	0	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	8,266,096	0	0
ACCRUED FASB 106	3,327,976	0	0
INTERCOMPANY PAYABLE	0	0	0
OTHER ACCRUALS	0	(2)	0
MISCELLANEOUS	0	0	0
DEFERRED COMPENSATION	0	0	0
ROUNDING ADJUSTMENT	0	0	0
ACCRUED PENSION	0	0	0
INTERCO PAY MISCELLANEOUS	9,991,725	171,534,419	0
INTERCO PAY 1500 West Elizabeth Ave	0	0	0
INTERCO PAY CSI (Noveon Division)	0	0	0
INTERCO PAY CPI Engineering Service	0	0	0
INTERCO PAY Gateway Additive Co.	0	0	0
INTERCO PAY Lanzhou LZ Lanlian Add	0	0	0
INTERCO PAY LZ A.G.	0	0	0
INTERCO PAY LZ Adibis (UK) Limited	0	0	0
INTERCO PAY LZ Australia	0	0	0
INTERCO PAY LZ Canada Limited	0	0	0
INTERCO PAY Lubrizol Corp	0	0	0
INTERCO PAY LZ Deutschland GmbH	0	0	0
INTERCO PAY LZ Deutschland (Rit	0	0	0
INVALID ACCT	0	0	0
INTERCO PAY LZ do Brasil Aditivos	0	0	0
INTERCO PAY LZ Enterprises, Inc.	0	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	0
INTERCO PAY LZ Foam Control Add	0	0	0
INTERCO PAY LZ France, SAS	0	0	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	0	0
INTERCO PAY LZ Inter-Americas Corp	0	0	0
INTERCO PAY LZ Intl Management Corp	0	0	0
INTERCO PAY LZ International, Inc.	0	0	0
INTERCO PAY LZ Italiana, S.p.A.	0	0	0
INTERCO PAY LZ Japan, Limited	0	0	0
INTERCO PAY LZ Korea	0	0	0
INTERCO PAY LZ Limited (UK)	0	0	0
INTERCO PAY LZ Overseas Trading Corp	0	0	0
INTERCO PAY LZ Performance Systems	0	0	0
INTERCO PAY LZ Perf Systems Ltd (UK)	0	0	0
INTERCO PAY LZ South Africa (Pty.)	0	0	0
INTERCO PAY LZ Southeast Asia Pte.	0	0	0
INTERCO PAY MPP Pipeline Corp.	0	0	0
INTERCO PAY NV (Shanghai) Co. Ltd.	0	0	0
INTERCO PAY NV Brasil Ltda.	0	0	0
INTERCO PAY Diamalt GmbH & Co	23,774,775	0	0
INTERCO PAY NV Diamalt Private Ltd	0	0	0
INTERCO PAY NV Europe Coordination	0	0	0
INTERCO PAY NV FCC, Inc.	0	55,787,696	0
INTERCO PAY NV Hilton Davis, Inc.	0	0	0
INTERCO PAY NV Holding Corporation	0	0	0
INTERCO PAY NV Hong Kong Limited	0	0	0
INTERCO PAY NV International, Inc.	0	0	0
INTERCO PAY NV IP Holdings Corp	0	0	0
INTERCO PAY NV Kalama, Inc.	0	0	0
INTERCO PAY NV Malaysia Sdn. Bhd	0	0	0
INTERCO PAY NV Resin BV	0	0	0
INTERCO PAY NV Textile Chemicals, I	0	712,570	0
INTERCO PAY NV UK Limited	0	0	0
INTERCO PAY Noveon, Inc.	37,433,731	16,651,274	4,183,189
INTERCO PAY Performance Materials I	0	0	0
INTERCO PAY Shanghai LZ Int Trading	0	0	0
TOTAL	76,719,845	233,961,509	4,162,246

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STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462
LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	2,866,618	(109,727)	2,682,670
ST DEFERRED TAXES PAYABLE - NONCURR	0	0	0
ACCRUED BENEFITS	0	32,558	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
ACCRUED FASB 106	0	0	0
INTERCOMPANY PAYABLE	0	0	0
OTHER ACCRUALS	0	0	0
MISCELLANEOUS	0	0	0
DEFERRED COMPENSATION	0	0	0
ROUNDING ADJUSTMENT	0	0	0
ACCRUED PENSION	0	0	0
INTERCO PAY MISCELLANEOUS	59	0	84,784,484
INTERCO PAY 1500 West Elizabeth Ave	0	0	0
INTERCO PAY CSI (Noveon Division)	0	0	0
INTERCO PAY CPI Engineering Service	0	0	0
INTERCO PAY Gateway Additive Co.	0	0	0
INTERCO PAY Lanzhou LZ Lanlian Add	0	0	0
INTERCO PAY LZ A.G.	0	0	0
INTERCO PAY LZ Adibis (UK) Limited	0	0	0
INTERCO PAY LZ Australia	0	0	0
INTERCO PAY LZ Canada Limited	0	0	0
INTERCO PAY Lubrizol Corp	0	0	0
INTERCO PAY LZ Deutschland GmbH	0	0	0
INTERCO PAY LZ Deutschland (Rit	0	0	0
INVALID ACCT	0	0	0
INTERCO PAY LZ do Brasil Aditivos	0	0	0
INTERCO PAY LZ Enterprises, Inc.	0	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	0
INTERCO PAY LZ Foam Control Add	0	0	0
INTERCO PAY LZ France, SAS	0	0	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	0	0
INTERCO PAY LZ Inter-Americas Corp	0	0	0
INTERCO PAY LZ Intl Management Corp	0	0	0
INTERCO PAY LZ International, Inc.	0	0	0
INTERCO PAY LZ Italiana, S.p.A.	0	0	0
INTERCO PAY LZ Japan, Limited	0	0	0
INTERCO PAY LZ Korea	0	0	0
INTERCO PAY LZ Limited (UK)	0	0	0
INTERCO PAY LZ Overseas Trading Corp	0	0	0
INTERCO PAY LZ Performance Systems	0	0	0
INTERCO PAY LZ Perf Systems Ltd (UK)	0	0	0
INTERCO PAY LZ South Africa (Pty.)	0	0	0
INTERCO PAY LZ Southeast Asia Pte.	0	0	0
INTERCO PAY MPP Pipeline Corp.	0	0	0
INTERCO PAY NV (Shanghai) Co. Ltd.	0	0	0
INTERCO PAY NV Brasil Ltda.	0	0	0
INTERCO PAY Diamalt GmbH & Co	0	0	0
INTERCO PAY NV Diamalt Private Ltd	0	0	0
INTERCO PAY NV Europe Coordination	0	0	0
INTERCO PAY NV FCC, Inc.	0	0	22,328,632
INTERCO PAY NV Hilton Davis, Inc.	0	1,173,770	0
INTERCO PAY NV Holding Corporation	0	0	0
INTERCO PAY NV Hong Kong Limited	0	0	0
INTERCO PAY NV International, Inc.	0	0	0
INTERCO PAY NV IP Holdings Corp	0	0	0
INTERCO PAY NV Kalama, Inc.	0	47,882,948	0
INTERCO PAY NV Malaysia Sdn. Bhd	0	0	0
INTERCO PAY NV Resin BV	0	0	0
INTERCO PAY NV Textile Chemicals, I	0	1,461,735	0
INTERCO PAY NV UK Limited	0	0	0
INTERCO PAY Noveon, Inc.	175,442,580	3,768,184	731,406
INTERCO PAY Performance Materials I	0	0	0
INTERCO PAY Shanghai LZ Int Trading	0	0	0
TOTAL	178,309,257	54,209,468	110,527,192

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Perf Materials
51-0408646

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

LINE 21: OTHER LIABILITIES	
FED DEFERRED INC TAXES - NONCURRENT	0
ST DEFERRED TAXES PAYABLE - NONCURR	0
ACCRUED BENEFITS	0
ACCRUED WORKERS COMPENSATION	0
ACCRUED ENVIRONMENTAL	0
ACCRUED FASB 106	0
INTERCOMPANY PAYABLE	0
OTHER ACCRUALS	0
MISCELLANEOUS	0
DEFERRED COMPENSATION	0
ROUNDING ADJUSTMENT	0
ACCRUED PENSION	0
INTERCO PAY MISCELLANEOUS	0
INTERCO PAY 1500 West Elizabeth Ave	0
INTERCO PAY CSI (Noveon Division)	0
INTERCO PAY CPI Engineering Service	0
INTERCO PAY Gateway Additive Co.	0
INTERCO PAY Lanzhou LZ Lanlian Add	0
INTERCO PAY LZ A.G.	0
INTERCO PAY LZ Adibis (UK) Limited	0
INTERCO PAY LZ Australia	0
INTERCO PAY LZ Canada Limited	0
INTERCO PAY Lubrizol Corp	0
INTERCO PAY LZ Deutschland GmbH	0
INTERCO PAY LZ Deutschland (Rit	0
INVALID ACCT	0
INTERCO PAY LZ do Brasil Aditivos	0
INTERCO PAY LZ Enterprises, Inc.	0
INTERCO PAY LZ Espanola, S.A.	0
INTERCO PAY LZ Foam Control Add	0
INTERCO PAY LZ France, SAS	0
INTERCO PAY LZ Gesellschaft m.b.H.	0
INTERCO PAY LZ Inter-Americas Corp	0
INTERCO PAY LZ Intl Management Corp	0
INTERCO PAY LZ International, Inc.	0
INTERCO PAY LZ Italiana, S.p.A.	0
INTERCO PAY LZ Japan, Limited	0
INTERCO PAY LZ Korea	0
INTERCO PAY LZ Limited (UK)	0
INTERCO PAY LZ Overseas Trading Corp	0
INTERCO PAY LZ Performance Systems	0
INTERCO PAY LZ Perf Systems Ltd (UK)	0
INTERCO PAY LZ South Africa (Pty.)	0
INTERCO PAY LZ Southeast Asia Pte.	0
INTERCO PAY MPP Pipeline Corp.	0
INTERCO PAY NV (Shanghai) Co. Ltd.	0
INTERCO PAY NV Brasil Ltda.	0
INTERCO PAY Diamalt GmbH & Co	0
INTERCO PAY NV Diamalt Private Ltd	0
INTERCO PAY NV Europe Coordination	0
INTERCO PAY NV FCC, Inc.	0
INTERCO PAY NV Hilton Davis, Inc.	0
INTERCO PAY NV Holding Corporation	0
INTERCO PAY NV Hong Kong Limited	0
INTERCO PAY NV International, Inc.	0
INTERCO PAY NV IP Holdings Corp	0
INTERCO PAY NV Kalama, Inc.	0
INTERCO PAY NV Malaysia Sdn. Bhd	0
INTERCO PAY NV Resin BV	0
INTERCO PAY NV Textile Chemicals, I	0
INTERCO PAY NV UK Limited	0
INTERCO PAY Noveon, Inc.	0
INTERCO PAY Performance Materials I	0
INTERCO PAY Shanghai LZ Int Trading	0
TOTAL	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

	Total	Consol Elims	Subtotal
LINE 6: OTHER CURRENT ASSETS - ENDING			
MARKETABLE SECURITIES	399,227,650	0	399,227,650
OTHER PREPAID EXPENSES	6,649,745	0	6,649,745
PREPAID INSURANCE	5,597,132	0	5,597,132
INTEREST RECEIVABLE	1,797,601	0	1,797,601
FEDERAL DEFERRED TAX - CURRENT	49,462,765	0	49,462,765
STATE DEFERRED TAX -CURRENT	1,651,568	0	1,651,568
ROYALTY RECEIVABLE	253,789	0	253,789
MISCELLANEOUS	6,370,744	0	6,370,744
HOLDING ACCOUNTS	381,968	0	381,968
OTHER RECEIVABLES	109,210	0	109,210
TOTAL	471,502,172	0	471,502,172

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Yr: 2006

	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

LINE 6: OTHER CURRENT ASSETS - ENDING			
MARKETABLE SECURITIES	399,227,650	0	0
OTHER PREPAID EXPENSES	2,526,112	0	0
PREPAID INSURANCE	5,414,628	0	0
INTEREST RECEIVABLE	1,797,601	0	0
FEDERAL DEFERRED TAX - CURRENT	30,020,615	0	(559,654)
STATE DEFERRED TAX -CURRENT	1,651,568	0	0
ROYALTY RECEIVABLE	0	0	0
MISCELLANEOUS	6,370,744	0	0
HOLDING ACCOUNTS	381,968	0	0
OTHER RECEIVABLES	0	0	0
TOTAL	447,390,886	0	(559,654)

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387
LINE 6: OTHER CURRENT ASSETS - ENDING			
MARKETABLE SECURITIES	0	0	0
OTHER PREPAID EXPENSES	0	0	0
PREPAID INSURANCE	0	0	0
INTEREST RECEIVABLE	0	0	0
FEDERAL DEFERRED TAX - CURRENT	0	0	43,671
STATE DEFERRED TAX -CURRENT	0	0	0
ROYALTY RECEIVABLE	0	0	0
MISCELLANEOUS	0	0	0
HOLDING ACCOUNTS	0	0	0
OTHER RECEIVABLES	0	0	0
TOTAL	0	0	43,671

2006 CONS. FEDERAL 1120 TAX RETURN

?006CONSRT
ar: 2006

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

LINE 6: OTHER CURRENT ASSETS - ENDING			
MARKETABLE SECURITIES	0	0	0
OTHER PREPAID EXPENSES	4,217	0	53,000
PREPAID INSURANCE	17,712	0	0
INTEREST RECEIVABLE	0	0	0
FEDERAL DEFERRED TAX - CURRENT	77,215	0	0
STATE DEFERRED TAX -CURRENT	0	0	0
ROYALTY RECEIVABLE	0	0	0
MISCELLANEOUS	0	0	0
HOLDING ACCOUNTS	0	0	0
OTHER RECEIVABLES	0	0	0
TOTAL	99,144	0	53,000

2006 CONS. FEDERAL 1120 TAX RETURN

06CONSRT
r: 2006

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

LINE 6: OTHER CURRENT ASSETS - ENDING			
MARKETABLE SECURITIES	0	0	0
OTHER PREPAID EXPENSES	4,000	0	0
PREPAID INSURANCE	0	0	0
INTEREST RECEIVABLE	0	0	0
FEDERAL DEFERRED TAX - CURRENT	0	0	0
STATE DEFERRED TAX -CURRENT	0	0	0
ROYALTY RECEIVABLE	0	0	0
MISCELLANEOUS	0	0	0
HOLDING ACCOUNTS	0	0	0
OTHER RECEIVABLES	0	0	0
TOTAL	4,000	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
r: 2006

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

LINE 6: OTHER CURRENT ASSETS - ENDING			
MARKETABLE SECURITIES	0	0	0
OTHER PREPAID EXPENSES	0	4,062,068	0
PREPAID INSURANCE	0	164,792	0
INTEREST RECEIVABLE	0	0	0
FEDERAL DEFERRED TAX - CURRENT	12,065,605	3,152,968	0
STATE DEFERRED TAX -CURRENT	0	0	0
ROYALTY RECEIVABLE	0	253,789	0
MISCELLANEOUS	0	0	0
HOLDING ACCOUNTS	0	0	0
OTHER RECEIVABLES	0	0	21,354
TOTAL	12,065,605	7,633,617	21,354

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

LINE 6: OTHER CURRENT ASSETS - ENDING			
MARKETABLE SECURITIES	0	0	0
OTHER PREPAID EXPENSES	0	348	0
PREPAID INSURANCE	0	0	0
INTEREST RECEIVABLE	0	0	0
FEDERAL DEFERRED TAX - CURRENT	636,929	2,365,783	20,943
STATE DEFERRED TAX -CURRENT	0	0	0
ROYALTY RECEIVABLE	0	0	0
MISCELLANEOUS	0	0	0
HOLDING ACCOUNTS	0	0	0
OTHER RECEIVABLES	0	0	87,856
TOTAL	636,929	2,366,131	108,799

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

LINE 6: OTHER CURRENT ASSETS - ENDING			
MARKETABLE SECURITIES	0	0	0
OTHER PREPAID EXPENSES	0	0	0
PREPAID INSURANCE	0	0	0
INTEREST RECEIVABLE	0	0	0
FEDERAL DEFERRED TAX - CURRENT	0	1,575,827	62,863
STATE DEFERRED TAX -CURRENT	0	0	0
ROYALTY RECEIVABLE	0	0	0
MISCELLANEOUS	0	0	0
HOLDING ACCOUNTS	0	0	0
OTHER RECEIVABLES	0	0	0
TOTAL	0	1,575,827	62,863

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

Perf Materials
51-0408646

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

LINE 6: OTHER CURRENT ASSETS - ENDING	
MARKETABLE SECURITIES	0
OTHER PREPAID EXPENSES	0
PREPAID INSURANCE	0
INTEREST RECEIVABLE	0
FEDERAL DEFERRED TAX - CURRENT	0
STATE DEFERRED TAX -CURRENT	0
ROYALTY RECEIVABLE	0
MISCELLANEOUS	0
HOLDING ACCOUNTS	0
OTHER RECEIVABLES	0
TOTAL	0

2006 CONS. FEDERAL 1120 TAX RETURN

06CONSRT
r: 2006

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

	Total	Consol Elims	Subtotal
LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	1,050,000	0	1,050,000
INVEST IN 1500 West Elizabeth Ave	0	(10,000)	10,000
INVEST IN CPI Engineering Service	0	(593,051,381)	593,051,381
INVEST IN Gateway Additive Co.	0	(13,569,043)	13,569,043
INVEST IN Lubricant Investments	0	(57,407)	57,407
INVEST IN LZ (Gibraltar) Limited	362,290,833	0	362,290,833
INVEST IN LZ Canada Limited	6,454,433	0	6,454,433
INVEST IN LZ de Mexico Comercial	6,754	0	6,754
INVEST IN LZ de Venezuela C.A.	57,407	0	57,407
INVEST IN LZ do Brasil Aditivos	10,425,015	0	10,425,015
INVEST IN LZ Enterprises, Inc.	0	(25,799,780)	25,799,780
INVEST IN LZ Foam Control Additive	0	(15,300,000)	15,300,000
INVEST IN LZ Gesellschaft m.b.H.	26,900	0	26,900
INVEST IN LZ India Private Ltd	5,502,000	0	5,502,000
INVEST IN LZ Inter-Americas Corp	0	(1,001,000)	1,001,000
INVEST IN LZ Intl Management Corp	0	(100,000)	100,000
INVEST IN LZ International, Inc.	28,965,340	0	28,965,340
INVEST IN LZ Japan, Limited	10,207,912	0	10,207,912
INVEST IN LZ Overseas Trading Corp	0	(266,067,315)	266,067,315
INVEST IN LZ LOTC & Co KG	54,000	0	54,000
INVEST IN LZ Performance Systems	0	(11,385,021)	11,385,021
INVEST IN LZ Servicios Tecnicos	76,000	0	76,000
INVEST IN LZ Sweden AB	13,894	0	13,894
INVEST IN LZ Transarabian	4,210,941	0	4,210,941
INVEST IN MPP Pipeline Corp.	0	(2,574,000)	2,574,000
INVEST IN NV Canada Inc.	7,600,495	0	7,600,495
INVEST IN NV China, Inc.	0	463,210	(463,210)
INVEST IN NV de Mexico, SA de CV	933,956	0	933,956
INVEST IN NV Diamalt GmbH & Co	14,268,838	0	14,268,838
INVEST IN NV FCC, Inc.	0	(55,629,315)	55,629,315
INVEST IN NV Hilton Davis, Inc.	0	12,427,237	(12,427,237)
INVEST IN NV Holding Corporation	0	(5,406,375)	5,406,375
INVEST IN NV International, Inc.	0	(2,066,289,002)	2,066,289,002
INVEST IN NV Kalama, Inc.	0	17,345,840	(17,345,840)
INVEST IN NV Korea, Inc.	6,697,345	0	6,697,345
INVEST IN NV Textile Chemicals, I	0	(6,249,597)	6,249,597
INVEST IN Noveon, Inc.	0	(1,108,061,150)	1,108,061,150
INVEST IN Performance Materials I	0	(352,729,722)	352,729,722
INVEST IN SNP-Noveon Holding	381,152	0	381,152
INVEST IN Specialty Natural Prod	1,905,671	0	1,905,671
INVEST IN Terminal Industrial Apodac	656,897	0	656,897
INVEST IN AMT II	56,656	0	56,656
INVEST IN AMT Venture	73,934	0	73,934
INVEST IN Chemconnect	60,676	0	60,676
TOTAL	461,977,049	(4,493,043,821)	4,955,020,870

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	0	0	0
INVEST IN 1500 West Elizabeth Ave	10,000	0	0
INVEST IN CPI Engineering Service	0	0	0
INVEST IN Gateway Additive Co.	13,569,043	0	0
INVEST IN Lubricant Investments	57,407	0	0
INVEST IN LZ (Gibraltar) Limited	0	0	0
INVEST IN LZ Canada Limited	0	0	0
INVEST IN LZ de Mexico Comercial	0	0	0
INVEST IN LZ de Venezuela C.A.	0	0	0
INVEST IN LZ do Brasil Aditivos	0	0	0
INVEST IN LZ Enterprises, Inc.	25,799,780	0	0
INVEST IN LZ Foam Control Additive	15,300,000	0	0
INVEST IN LZ Gesellschaft m.b.H.	0	0	0
INVEST IN LZ India Private Ltd	5,502,000	0	0
INVEST IN LZ Inter-Americas Corp	1,001,000	0	0
INVEST IN LZ Intl Management Corp	100,000	0	0
INVEST IN LZ International, Inc.	0	0	0
INVEST IN LZ Japan, Limited	0	0	0
INVEST IN LZ Overseas Trading Corp	266,067,315	0	0
INVEST IN LZ LOTC & Co KG	0	0	0
INVEST IN LZ Performance Systems	11,385,021	0	0
INVEST IN LZ Servicios Tecnicos	76,000	0	0
INVEST IN LZ Sweden AB	0	0	0
INVEST IN LZ Transarabian	4,210,941	0	0
INVEST IN MPP Pipeline Corp.	2,574,000	0	0
INVEST IN NV Canada Inc.	0	0	0
INVEST IN NV China, Inc.	0	0	0
INVEST IN NV de Mexico, SA de CV	0	0	0
INVEST IN NV Diamalt GmbH & Co	0	0	0
INVEST IN NV FCC, Inc.	0	0	0
INVEST IN NV Hilton Davis, Inc.	0	0	0
INVEST IN NV Holding Corporation	0	0	0
INVEST IN NV International, Inc.	2,066,289,002	0	0
INVEST IN NV Kalama, Inc.	0	0	0
INVEST IN NV Korea, Inc.	0	0	0
INVEST IN NV Textile Chemicals, I	0	0	0
INVEST IN Noveon, Inc.	0	0	0
INVEST IN Performance Materials I	0	0	0
INVEST IN SNP-Noveon Holding	0	0	0
INVEST IN Specialty Natural Prod	0	0	0
INVEST IN Terminal Industrial Apodac	656,897	0	0
INVEST IN AMT II	0	0	0
INVEST IN AMT Venture	0	0	0
INVEST IN Chemconnect	0	0	0
TOTAL	2,412,598,406	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	*0*	*0*	*0*
INVEST IN 1500 West Elizabeth Ave	0	0	0
INVEST IN CPI Engineering Service	0	0	0
INVEST IN Gateway Additive Co.	0	0	0
INVEST IN Lubricant Investments	0	0	0
INVEST IN LZ (Gibraltar) Limited	0	0	0
INVEST IN LZ Canada Limited	0	0	0
INVEST IN LZ de Mexico Comercial	0	0	0
INVEST IN LZ de Venezuela C.A.	0	57,407	0
INVEST IN LZ do Brasil Aditivos	0	0	0
INVEST IN LZ Enterprises, Inc.	0	0	0
INVEST IN LZ Foam Control Additive	0	0	0
INVEST IN LZ Gesellschaft m.b.H.	0	0	0
INVEST IN LZ India Private Ltd	0	0	0
INVEST IN LZ Inter-Americas Corp	0	0	0
INVEST IN LZ Intl Management Corp	0	0	0
INVEST IN LZ International, Inc.	0	0	0
INVEST IN LZ Japan, Limited	0	0	0
INVEST IN LZ Overseas Trading Corp	0	0	0
INVEST IN LZ LOTC & Co KG	0	0	0
INVEST IN LZ Performance Systems	0	0	0
INVEST IN LZ Servicios Tecnicos	0	0	0
INVEST IN LZ Sweden AB	0	0	0
INVEST IN LZ Transarabian	0	0	0
INVEST IN MPP Pipeline Corp.	0	0	0
INVEST IN NV Canada Inc.	0	0	0
INVEST IN NV China, Inc.	0	0	0
INVEST IN NV de Mexico, SA de CV	0	0	0
INVEST IN NV Diamalt GmbH & Co	0	0	0
INVEST IN NV FCC, Inc.	0	0	0
INVEST IN NV Hilton Davis, Inc.	0	0	0
INVEST IN NV Holding Corporation	0	0	0
INVEST IN NV International, Inc.	0	0	0
INVEST IN NV Kalama, Inc.	0	0	0
INVEST IN NV Korea, Inc.	0	0	0
INVEST IN NV Textile Chemicals, I	0	0	0
INVEST IN Noveon, Inc.	0	0	0
INVEST IN Performance Materials I	0	0	0
INVEST IN SNP-Noveon Holding	0	0	0
INVEST IN Specialty Natural Prod	0	0	0
INVEST IN Terminal Industrial Apodac	0	0	0
INVEST IN AMT II	0	0	56,656
INVEST IN AMT Venture	0	0	73,934
INVEST IN Chemconnect	0	0	0
TOTAL	0	57,407	130,590

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	0	0	0
INVEST IN 1500 West Elizabeth Ave	0	0	0
INVEST IN CPI Engineering Service	0	0	0
INVEST IN Gateway Additive Co.	0	0	0
INVEST IN Lubricant Investments	0	0	0
INVEST IN LZ (Gibraltar) Limited	0	0	0
INVEST IN LZ Canada Limited	0	0	0
INVEST IN LZ de Mexico Comercial	0	0	0
INVEST IN LZ de Venezuela C.A.	0	0	0
INVEST IN LZ do Brasil Aditivos	0	0	0
INVEST IN LZ Enterprises, Inc.	0	0	0
INVEST IN LZ Foam Control Additive	0	0	0
INVEST IN LZ Gesellschaft m.b.H.	0	0	0
INVEST IN LZ India Private Ltd	0	0	0
INVEST IN LZ Inter-Americas Corp	0	0	0
INVEST IN LZ Intl Management Corp	0	0	0
INVEST IN LZ International, Inc.	0	0	0
INVEST IN LZ Japan, Limited	0	0	0
INVEST IN LZ Overseas Trading Corp	0	0	0
INVEST IN LZ LOTC & Co KG	0	0	0
INVEST IN LZ Performance Systems	0	0	0
INVEST IN LZ Servicios Tecnicos	0	0	0
INVEST IN LZ Sweden AB	0	0	0
INVEST IN LZ Transarabian	0	0	0
INVEST IN MPP Pipeline Corp.	0	0	0
INVEST IN NV Canada Inc.	0	0	0
INVEST IN NV China, Inc.	0	0	0
INVEST IN NV de Mexico, SA de CV	0	0	0
INVEST IN NV Diamalt GmbH & Co	0	0	0
INVEST IN NV FCC, Inc.	0	0	0
INVEST IN NV Hilton Davis, Inc.	0	0	0
INVEST IN NV Holding Corporation	0	0	0
INVEST IN NV International, Inc.	0	0	0
INVEST IN NV Kalama, Inc.	0	0	0
INVEST IN NV Korea, Inc.	0	0	0
INVEST IN NV Textile Chemicals, I	0	0	0
INVEST IN Noveon, Inc.	0	0	0
INVEST IN Performance Materials I	0	0	0
INVEST IN SNP-Noveon Holding	0	0	0
INVEST IN Specialty Natural Prod	0	0	0
INVEST IN Terminal Industrial Apodac	0	0	0
INVEST IN AMT II	0	0	0
INVEST IN AMT Venture	0	0	0
INVEST IN Chemconnect	0	60,676	0
TOTAL	0	60,676	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Yr: 2006

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	0	0	0
INVEST IN 1500 West Elizabeth Ave	0	0	0
INVEST IN CPI Engineering Service	593,051,381	0	0
INVEST IN Gateway Additive Co.	0	0	0
INVEST IN Lubricant Investments	0	0	0
INVEST IN LZ (Gibraltar) Limited	33,794,314	0	0
INVEST IN LZ Canada Limited	6,454,433	0	0
INVEST IN LZ de Mexico Comercial	6,754	0	0
INVEST IN LZ de Venezuela C.A.	0	0	0
INVEST IN LZ do Brasil Aditivos	10,425,015	0	0
INVEST IN LZ Enterprises, Inc.	0	0	0
INVEST IN LZ Foam Control Additive	0	0	0
INVEST IN LZ Gesellschaft m.b.H.	26,900	0	0
INVEST IN LZ India Private Ltd	0	0	0
INVEST IN LZ Inter-Americas Corp	0	0	0
INVEST IN LZ Intl Management Corp	0	0	0
INVEST IN LZ International, Inc.	28,965,340	0	0
INVEST IN LZ Japan, Limited	10,207,912	0	0
INVEST IN LZ Overseas Trading Corp	0	0	0
INVEST IN LZ LOTC & Co KG	54,000	0	0
INVEST IN LZ Performance Systems	0	0	0
INVEST IN LZ Servicios Tecnicos	0	0	0
INVEST IN LZ Sweden AB	13,894	0	0
INVEST IN LZ Transarabian	0	0	0
INVEST IN MPP Pipeline Corp.	0	0	0
INVEST IN NV Canada Inc.	0	0	0
INVEST IN NV China, Inc.	0	0	0
INVEST IN NV de Mexico, SA de CV	0	0	0
INVEST IN NV Diamalt GmbH & Co	0	0	0
INVEST IN NV FCC, Inc.	0	0	0
INVEST IN NV Hilton Davis, Inc.	0	0	0
INVEST IN NV Holding Corporation	0	0	0
INVEST IN NV International, Inc.	0	0	0
INVEST IN NV Kalama, Inc.	0	0	0
INVEST IN NV Korea, Inc.	0	0	0
INVEST IN NV Textile Chemicals, I	0	0	0
INVEST IN Noveon, Inc.	0	0	0
INVEST IN Performance Materials I	0	0	0
INVEST IN SNP-Noveon Holding	0	0	0
INVEST IN Specialty Natural Prod	0	0	0
INVEST IN Terminal Industrial Apodac	0	0	0
INVEST IN AMT II	0	0	0
INVEST IN AMT Venture	0	0	0
INVEST IN Chemconnect	0	0	0
TOTAL	682,999,943	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	0	1,050,000	0
INVEST IN 1500 West Elizabeth Ave	0	0	0
INVEST IN CPI Engineering Service	0	0	0
INVEST IN Gateway Additive Co.	0	0	0
INVEST IN Lubricant Investments	0	0	0
INVEST IN LZ (Gibraltar) Limited	0	114,190,755	0
INVEST IN LZ Canada Limited	0	0	0
INVEST IN LZ de Mexico Comercial	0	0	0
INVEST IN LZ de Venezuela C.A.	0	0	0
INVEST IN LZ do Brasil Aditivos	0	0	0
INVEST IN LZ Enterprises, Inc.	0	0	0
INVEST IN LZ Foam Control Additive	0	0	0
INVEST IN LZ Gesellschaft m.b.H.	0	0	0
INVEST IN LZ India Private Ltd	0	0	0
INVEST IN LZ Inter-Americas Corp	0	0	0
INVEST IN LZ Intl Management Corp	0	0	0
INVEST IN LZ International, Inc.	0	0	0
INVEST IN LZ Japan, Limited	0	0	0
INVEST IN LZ Overseas Trading Corp	0	0	0
INVEST IN LZ LOTC & Co KG	0	0	0
INVEST IN LZ Performance Systems	0	0	0
INVEST IN LZ Servicios Tecnicos	0	0	0
INVEST IN LZ Sweden AB	0	0	0
INVEST IN LZ Transarabian	0	0	0
INVEST IN MPP Pipeline Corp.	0	0	0
INVEST IN NV Canada Inc.	0	7,600,495	0
INVEST IN NV China, Inc.	0	(463,210)	0
INVEST IN NV de Mexico, SA de CV	0	933,956	0
INVEST IN NV Diamalt GmbH & Co	0	0	0
INVEST IN NV FCC, Inc.	0	55,629,315	0
INVEST IN NV Hilton Davis, Inc.	0	0	0
INVEST IN NV Holding Corporation	0	5,406,375	0
INVEST IN NV International, Inc.	0	0	0
INVEST IN NV Kalama, Inc.	0	0	0
INVEST IN NV Korea, Inc.	0	0	0
INVEST IN NV Textile Chemicals, I	0	0	0
INVEST IN Noveon, Inc.	1,108,061,150	0	0
INVEST IN Performance Materials I	0	352,729,722	0
INVEST IN SNP-Noveon Holding	0	0	0
INVEST IN Specialty Natural Prod	0	0	0
INVEST IN Terminal Industrial Apodac	0	0	0
INVEST IN AMT II	0	0	0
INVEST IN AMT Venture	0	0	0
INVEST IN Chemconnect	0	0	0
TOTAL	1,108,061,150	537,077,408	0

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	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	0	0	0
INVEST IN 1500 West Elizabeth Ave	0	0	0
INVEST IN CPI Engineering Service	0	0	0
INVEST IN Gateway Additive Co.	0	0	0
INVEST IN Lubricant Investments	0	0	0
INVEST IN LZ (Gibraltar) Limited	0	0	0
INVEST IN LZ Canada Limited	0	0	0
INVEST IN LZ de Mexico Comercial	0	0	0
INVEST IN LZ de Venezuela C.A.	0	0	0
INVEST IN LZ do Brasil Aditivos	0	0	0
INVEST IN LZ Enterprises, Inc.	0	0	0
INVEST IN LZ Foam Control Additive	0	0	0
INVEST IN LZ Gesellschaft m.b.H.	0	0	0
INVEST IN LZ India Private Ltd	0	0	0
INVEST IN LZ Inter-Americas Corp	0	0	0
INVEST IN LZ Intl Management Corp	0	0	0
INVEST IN LZ International, Inc.	0	0	0
INVEST IN LZ Japan, Limited	0	0	0
INVEST IN LZ Overseas Trading Corp	0	0	0
INVEST IN LZ LOTC & Co KG	0	0	0
INVEST IN LZ Performance Systems	0	0	0
INVEST IN LZ Servicios Tecnicos	0	0	0
INVEST IN LZ Sweden AB	0	0	0
INVEST IN LZ Transarabian	0	0	0
INVEST IN MPP Pipeline Corp.	0	0	0
INVEST IN NV Canada Inc.	0	0	0
INVEST IN NV China, Inc.	0	0	0
INVEST IN NV de Mexico, SA de CV	0	0	0
INVEST IN NV Diamalt GmbH & Co	7,278,691	6,990,147	0
INVEST IN NV FCC, Inc.	0	0	0
INVEST IN NV Hilton Davis, Inc.	(12,427,237)	0	0
INVEST IN NV Holding Corporation	0	0	0
INVEST IN NV International, Inc.	0	0	0
INVEST IN NV Kalama, Inc.	(17,345,840)	0	0
INVEST IN NV Korea, Inc.	0	0	6,697,345
INVEST IN NV Textile Chemicals, I	6,249,597	0	0
INVEST IN Noveon, Inc.	0	0	0
INVEST IN Performance Materials I	0	0	0
INVEST IN SNP-Noveon Holding	0	0	381,152
INVEST IN Specialty Natural Prod	0	0	1,905,671
INVEST IN Terminal Industrial Apodac	0	0	0
INVEST IN AMT II	0	0	0
INVEST IN AMT Venture	0	0	0
INVEST IN Chemconnect	0	0	0
TOTAL	(16,244,789)	6,990,147	8,984,168

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	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

LINE 9: OTHER INVESTMENTS			
MISCELLANEOUS OTHER INVESTMENTS	0	0	0
INVEST IN 1500 West Elizabeth Ave	0	0	0
INVEST IN CPI Engineering Service	0	0	0
INVEST IN Gateway Additive Co.	0	0	0
INVEST IN Lubricant Investments	0	0	0
INVEST IN LZ (Gibraltar) Limited	0	0	0
INVEST IN LZ Canada Limited	0	0	0
INVEST IN LZ de Mexico Comercial	0	0	0
INVEST IN LZ de Venezuela C.A.	0	0	0
INVEST IN LZ do Brasil Aditivos	0	0	0
INVEST IN LZ Enterprises, Inc.	0	0	0
INVEST IN LZ Foam Control Additive	0	0	0
INVEST IN LZ Gesellschaft m.b.H.	0	0	0
INVEST IN LZ India Private Ltd	0	0	0
INVEST IN LZ Inter-Americas Corp	0	0	0
INVEST IN LZ Intl Management Corp	0	0	0
INVEST IN LZ International, Inc.	0	0	0
INVEST IN LZ Japan, Limited	0	0	0
INVEST IN LZ Overseas Trading Corp	0	0	0
INVEST IN LZ LOTC & Co KG	0	0	0
INVEST IN LZ Performance Systems	0	0	0
INVEST IN LZ Servicios Tecnicos	0	0	0
INVEST IN LZ Sweden AB	0	0	0
INVEST IN LZ Transarabian	0	0	0
INVEST IN MPP Pipeline Corp.	0	0	0
INVEST IN NV Canada Inc.	0	0	0
INVEST IN NV China, Inc.	0	0	0
INVEST IN NV de Mexico, SA de CV	0	0	0
INVEST IN NV Diamalt GmbH & Co	0	0	0
INVEST IN NV FCC, Inc.	0	0	0
INVEST IN NV Hilton Davis, Inc.	0	0	0
INVEST IN NV Holding Corporation	0	0	0
INVEST IN NV International, Inc.	0	0	0
INVEST IN NV Kalama, Inc.	0	0	0
INVEST IN NV Korea, Inc.	0	0	0
INVEST IN NV Textile Chemicals, I	0	0	0
INVEST IN Noveon, Inc.	0	0	0
INVEST IN Performance Materials I	0	0	0
INVEST IN SNP-Noveon Holding	0	0	0
INVEST IN Specialty Natural Prod	0	0	0
INVEST IN Terminal Industrial Apodac	0	0	0
INVEST IN AMT II	0	0	0
INVEST IN AMT Venture	0	0	0
INVEST IN Chemconnect	0	0	0
TOTAL	0	0	0

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Perf Materials
51-0408646

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

LINE 9: OTHER INVESTMENTS	
MISCELLANEOUS OTHER INVESTMENTS	0
INVEST IN 1500 West Elizabeth Ave	0
INVEST IN CPI Engineering Service	0
INVEST IN Gateway Additive Co.	0
INVEST IN Lubricant Investments	0
INVEST IN LZ (Gibraltar) Limited	214,305,764
INVEST IN LZ Canada Limited	0
INVEST IN LZ de Mexico Comercial	0
INVEST IN LZ de Venezuela C.A.	0
INVEST IN LZ do Brasil Aditivos	0
INVEST IN LZ Enterprises, Inc.	0
INVEST IN LZ Foam Control Additive	0
INVEST IN LZ Gesellschaft m.b.H.	0
INVEST IN LZ India Private Ltd	0
INVEST IN LZ Inter-Americas Corp	0
INVEST IN LZ Intl Management Corp	0
INVEST IN LZ International, Inc.	0
INVEST IN LZ Japan, Limited	0
INVEST IN LZ Overseas Trading Corp	0
INVEST IN LZ LOTC & Co KG	0
INVEST IN LZ Performance Systems	0
INVEST IN LZ Servicios Tecnicos	0
INVEST IN LZ Sweden AB	0
INVEST IN LZ Transarabian	0
INVEST IN MPP Pipeline Corp.	0
INVEST IN NV Canada Inc.	0
INVEST IN NV China, Inc.	0
INVEST IN NV de Mexico, SA de CV	0
INVEST IN NV Diamalt GmbH & Co	0
INVEST IN NV FCC, Inc.	0
INVEST IN NV Hilton Davis, Inc.	0
INVEST IN NV Holding Corporation	0
INVEST IN NV International, Inc.	0
INVEST IN NV Kalama, Inc.	0
INVEST IN NV Korea, Inc.	0
INVEST IN NV Textile Chemicals, I	0
INVEST IN Noveon, Inc.	0
INVEST IN Performance Materials I	0
INVEST IN SNP-Noveon Holding	0
INVEST IN Specialty Natural Prod	0
INVEST IN Terminal Industrial Apodac	0
INVEST IN AMT II	0
INVEST IN AMT Venture	0
INVEST IN Chemconnect	0
TOTAL	214,305,764

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STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

	Total	Consol Elims	Subtotal
LINE 14: OTHER ASSETS			
DEPOSITS	393,554	0	393,554
PREPAIDS	913,596	0	913,596
MISCELLANEOUS	18,809,211	0	18,809,211
DEBT ISSUE COSTS	15,091,384	0	15,091,384
INTERCO REC *MISCELLANEOUS*	8,683	0	8,683
INTERCO REC CPI Engineering Service	0	(155,190)	155,190
INTERCO REC Indiamalt Private Ltd	154,617	0	154,617
INTERCO REC Lanzhou LZ Lanlian Add	535,713	0	535,713
INTERCO REC LZ Investments, Inc.	0	(1,073,027)	1,073,027
INTERCO REC LZ Australia	2,685,639	0	2,685,639
INTERCO REC LZ Belgium BVBA	4,400,737	0	4,400,737
INTERCO REC LZ Canada Limited	4,630,357	0	4,630,357
INTERCO REC Lubrizol Corp	0	(1,455,997,679)	1,455,997,679
INTERCO REC LZ de Mexico Comercial	1,288,429	0	1,288,429
INTERCO REC LZ de Venezuela C.A.	6,032,420	0	6,032,420
INTERCO REC LZ Deutschland (Ham)	56,418	0	56,418
INTERCO REC LZ do Brasil Aditivos	8,698,695	0	8,698,695
INTERCO REC LZ DRC Belgium NV/SA	187	0	187
INTERCO REC LZ Foam Control Additive	0	(32,247,067)	32,247,067
INTERCO REC LZ France, SAS	56,621,135	0	56,621,135
INTERCO REC LZ Gesellschaft m.b.H.	2,830	0	2,830
INTERCO REC LZ India Private Ltd	3,235,686	0	3,235,686
INTERCO REC LZ Intl Management Corp	0	(192,000)	192,000
INTERCO REC LZ International, Inc.	20,226	0	20,226
INTERCO REC LZ Italiana, S.p.A.	1,873	0	1,873
INTERCO REC LZ Japan, Limited	12,641,645	0	12,641,645
INTERCO REC LZ Luxembourg S.a.r.l.	3,325,706	0	3,325,706
INTERCO REC LZ Overseas Trading Corp	0	(36,584)	36,584
INTERCO REC LZ Perf Systems Ltd (UK)	35,604	0	35,604
INTERCO REC LZ South Africa (Pty.)	4,123,834	0	4,123,834
INTERCO REC LZ Southeast Asia Pte.	34,923,066	0	34,923,066
INTERCO REC LZ Sweden AB	300,846	0	300,846
INTERCO REC LZ Transarabian	3,608,100	0	3,608,100
INTERCO REC NV (Shanghai) Co. Ltd.	12,835,778	0	12,835,778
INTERCO REC NV (Shanghai) Spec Poly	4,281,151	0	4,281,151
INTERCO REC NV Asia Pacific Limited	8,231	0	8,231
INTERCO REC NV Canada Inc.	1,775,888	0	1,775,888
INTERCO REC NV China, Inc.	0	(405,703)	405,703
INTERCO REC NV de Mexico, SA de CV	4,249,075	0	4,249,075
INTERCO REC NV Diamalt GmbH & Co	7,919,688	0	7,919,688
INTERCO REC NV Diamalt Private Ltd	180	0	180
INTERCO REC NV Europe BVBA	11,656,648	0	11,656,648
INTERCO REC NV Europe Coordination	67,931	0	67,931
INTERCO REC NV FCC, Inc.	0	(52,659,257)	52,659,257
INTERCO REC NV France SA	40,605	0	40,605
INTERCO REC NV Hilton Davis, Inc.	0	(44,458,916)	44,458,916
INTERCO REC NV Holding Corporation	0	(4,065,150)	4,065,150
INTERCO REC NV Hong Kong Limited	7,448,942	0	7,448,942
INTERCO REC NV Kalama, Inc.	0	(50,518,453)	50,518,453
INTERCO REC NV Malaysia Sdn. Bhd	913,525	0	913,525
INTERCO REC NV Manufacturing Spain	5,418	0	5,418
INTERCO REC NV Manufacturing UK Ltd	3,967	0	3,967
INTERCO REC NV Mauritius Holdings	32,221	0	32,221
INTERCO REC NV Spec Chem Shanghai	3,255,152	0	3,255,152
INTERCO REC NV Textile Chemicals, I	0	(22,329,826)	22,329,826
INTERCO REC Noveon, Inc.	0	(1,353,841,411)	1,353,841,411
INTERCO REC Shanghai LZ Int Trading	847,437	0	847,437
INTERCO REC Tianjin LZ Lanlian Add	564,401	0	564,401
TOTAL	238,446,429	(3,017,980,263)	3,256,426,692

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	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864

STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

LINE 14: OTHER ASSETS			
DEPOSITS	44,900	0	52,033
PREPAIDS	873,876	0	39,720
MISCELLANEOUS	16,576,612	0	0
DEBT ISSUE COSTS	15,091,384	0	0
INTERCO REC MISCELLANEOUS	0	0	0
INTERCO REC CPI Engineering Service	0	0	0
INTERCO REC Indiamalt Private Ltd	0	0	0
INTERCO REC Lanzhou LZ Lanlian Add	451,003	0	0
INTERCO REC LZ Investments, Inc.	1,073,027	0	0
INTERCO REC LZ Australia	2,325,639	0	0
INTERCO REC LZ Belgium BVBA	0	0	0
INTERCO REC LZ Canada Limited	4,072,831	0	0
INTERCO REC Lubrizol Corp	0	17,992	585,137,746
INTERCO REC LZ de Mexico Comercial	1,078,429	0	0
INTERCO REC LZ de Venezuela C.A.	6,032,420	0	0
INTERCO REC LZ Deutschland (Ham)	56,418	0	0
INTERCO REC LZ do Brasil Aditivos	6,211,654	0	0
INTERCO REC LZ DRC Belgium NV/SA	187	0	0
INTERCO REC LZ Foam Control Additive	32,246,802	0	0
INTERCO REC LZ France, SAS	41,514,195	0	0
INTERCO REC LZ Gesellschaft m.b.H.	2,830	0	0
INTERCO REC LZ India Private Ltd	3,235,686	0	0
INTERCO REC LZ Intl Management Corp	0	0	0
INTERCO REC LZ International, Inc.	20,226	0	0
INTERCO REC LZ Italiana, S.p.A.	1,873	0	0
INTERCO REC LZ Japan, Limited	12,641,645	0	0
INTERCO REC LZ Luxembourg S.a.r.l.	15,455	0	0
INTERCO REC LZ Overseas Trading Corp	0	0	0
INTERCO REC LZ Perf Systems Ltd (UK)	35,604	0	0
INTERCO REC LZ South Africa (Pty.)	3,642,453	0	0
INTERCO REC LZ Southeast Asia Pte.	28,571,527	0	0
INTERCO REC LZ Sweden AB	0	0	0
INTERCO REC LZ Transarabian	3,608,100	0	0
INTERCO REC NV (Shanghai) Co. Ltd.	434,878	0	0
INTERCO REC NV (Shanghai) Spec Poly	0	0	0
INTERCO REC NV Asia Pacific Limited	8,231	0	0
INTERCO REC NV Canada Inc.	0	0	0
INTERCO REC NV China, Inc.	0	0	0
INTERCO REC NV de Mexico, SA de CV	0	0	0
INTERCO REC NV Diamalt GmbH & Co	0	0	0
INTERCO REC NV Diamalt Private Ltd	0	0	0
INTERCO REC NV Europe BVBA	177,577	0	0
INTERCO REC NV Europe Coordination	67,931	0	0
INTERCO REC NV FCC, Inc.	0	0	0
INTERCO REC NV France SA	40,605	0	0
INTERCO REC NV Hilton Davis, Inc.	1,800	0	0
INTERCO REC NV Holding Corporation	0	0	0
INTERCO REC NV Hong Kong Limited	0	0	0
INTERCO REC NV Kalama, Inc.	0	0	0
INTERCO REC NV Malaysia Sdn. Bhd	0	0	0
INTERCO REC NV Manufacturing Spain	0	0	0
INTERCO REC NV Manufacturing UK Ltd	0	0	0
INTERCO REC NV Mauritius Holdings	0	0	0
INTERCO REC NV Spec Chem Shanghai	0	0	0
INTERCO REC NV Textile Chemicals, I	1,194	0	0
INTERCO REC Noveon, Inc.	0	0	0
INTERCO REC Shanghai LZ Int Trading	847,437	0	0
INTERCO REC Tianjin LZ Lanlian Add	564,401	0	0
TOTAL	181,568,830	17,992	585,229,499

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STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387
LINE 14: OTHER ASSETS			
DEPOSITS	0	0	0
PREPAIDS	0	0	0
MISCELLANEOUS	0	0	0
DEBT ISSUE COSTS	0	0	0
INTERCO REC MISCELLANEOUS	0	0	0
INTERCO REC CPI Engineering Service	0	0	0
INTERCO REC Indiamalt Private Ltd	0	0	0
INTERCO REC Lanzhou LZ Lanlian Add	0	0	0
INTERCO REC LZ Investments, Inc.	0	0	0
INTERCO REC LZ Australia	0	0	0
INTERCO REC LZ Belgium BVBA	0	0	0
INTERCO REC LZ Canada Limited	0	0	0
INTERCO REC Lubrizol Corp	10,199,170	0	1,762,158
INTERCO REC LZ de Mexico Comercial	0	0	0
INTERCO REC LZ de Venezuela C.A.	0	0	0
INTERCO REC LZ Deutschland (Ham)	0	0	0
INTERCO REC LZ do Brasil Aditivos	0	0	0
INTERCO REC LZ DRC Belgium NV/SA	0	0	0
INTERCO REC LZ Foam Control Additive	0	0	0
INTERCO REC LZ France, SAS	0	0	0
INTERCO REC LZ Gesellschaft m.b.H.	0	0	0
INTERCO REC LZ India Private Ltd	0	0	0
INTERCO REC LZ Intl Management Corp	0	0	0
INTERCO REC LZ International, Inc.	0	0	0
INTERCO REC LZ Italiana, S.p.A.	0	0	0
INTERCO REC LZ Japan, Limited	0	0	0
INTERCO REC LZ Luxembourg S.a.r.l.	0	0	0
INTERCO REC LZ Overseas Trading Corp	0	0	0
INTERCO REC LZ Perf Systems Ltd (UK)	0	0	0
INTERCO REC LZ South Africa (Pty.)	0	0	0
INTERCO REC LZ Southeast Asia Pte.	0	0	0
INTERCO REC LZ Sweden AB	0	0	0
INTERCO REC LZ Transarabian	0	0	0
INTERCO REC NV (Shanghai) Co. Ltd.	0	0	0
INTERCO REC NV (Shanghai) Spec Poly	0	0	0
INTERCO REC NV Asia Pacific Limited	0	0	0
INTERCO REC NV Canada Inc.	0	0	0
INTERCO REC NV China, Inc.	0	0	0
INTERCO REC NV de Mexico, SA de CV	0	0	0
INTERCO REC NV Diamalt GmbH & Co	0	0	0
INTERCO REC NV Diamalt Private Ltd	0	0	0
INTERCO REC NV Europe BVBA	0	0	0
INTERCO REC NV Europe Coordination	0	0	0
INTERCO REC NV FCC, Inc.	0	0	0
INTERCO REC NV France SA	0	0	0
INTERCO REC NV Hilton Davis, Inc.	0	0	0
INTERCO REC NV Holding Corporation	0	0	0
INTERCO REC NV Hong Kong Limited	0	0	0
INTERCO REC NV Kalama, Inc.	0	0	0
INTERCO REC NV Malaysia Sdn. Bhd	0	0	0
INTERCO REC NV Manufacturing Spain	0	0	0
INTERCO REC NV Manufacturing UK Ltd	0	0	0
INTERCO REC NV Mauritius Holdings	0	0	0
INTERCO REC NV Spec Chem Shanghai	0	0	0
INTERCO REC NV Textile Chemicals, I	0	0	0
INTERCO REC Noveon, Inc.	0	0	0
INTERCO REC Shanghai LZ Int Trading	0	0	0
INTERCO REC Tianjin LZ Lanlian Add	0	0	0
TOTAL	10,199,170	0	1,762,158

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STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
LINE 14: OTHER ASSETS			
DEPOSITS	0	0	105,500
PREPAIDS	0	0	0
MISCELLANEOUS	0	0	257,434
DEBT ISSUE COSTS	0	0	0
INTERCO REC MISCELLANEOUS	0	0	0
INTERCO REC CPI Engineering Service	155,190	0	0
INTERCO REC Indiamalt Private Ltd	0	0	0
INTERCO REC Lanzhou LZ Lanlian Add	0	0	84,710
INTERCO REC LZ Investments, Inc.	0	0	0
INTERCO REC LZ Australia	0	0	360,000
INTERCO REC LZ Belgium BVBA	0	0	0
INTERCO REC LZ Canada Limited	47,526	0	510,000
INTERCO REC Lubrizol Corp	0	1,907,154	46,619,437
INTERCO REC LZ de Mexico Comercial	0	0	210,000
INTERCO REC LZ de Venezuela C.A.	0	0	0
INTERCO REC LZ Deutschland (Ham)	0	0	0
INTERCO REC LZ do Brasil Aditivos	0	0	0
INTERCO REC LZ DRC Belgium NV/SA	0	0	0
INTERCO REC LZ Foam Control Additive	0	0	0
INTERCO REC LZ France, SAS	0	0	14,880,073
INTERCO REC LZ Gesellschaft m.b.H.	0	0	0
INTERCO REC LZ India Private Ltd	0	0	0
INTERCO REC LZ Intl Management Corp	0	0	0
INTERCO REC LZ International, Inc.	0	0	0
INTERCO REC LZ Italiana, S.p.A.	0	0	0
INTERCO REC LZ Japan, Limited	0	0	0
INTERCO REC LZ Luxembourg S.a.r.l.	0	0	0
INTERCO REC LZ Overseas Trading Corp	0	0	0
INTERCO REC LZ Perf Systems Ltd (UK)	0	0	0
INTERCO REC LZ South Africa (Pty.)	91,298	0	390,000
INTERCO REC LZ Southeast Asia Pte.	0	0	6,351,539
INTERCO REC LZ Sweden AB	0	0	0
INTERCO REC LZ Transarabian	0	0	0
INTERCO REC NV (Shanghai) Co. Ltd.	0	0	0
INTERCO REC NV (Shanghai) Spec Poly	0	0	0
INTERCO REC NV Asia Pacific Limited	0	0	0
INTERCO REC NV Canada Inc.	0	0	0
INTERCO REC NV China, Inc.	0	0	0
INTERCO REC NV de Mexico, SA de CV	0	0	0
INTERCO REC NV Diamalt GmbH & Co	0	0	0
INTERCO REC NV Diamalt Private Ltd	0	0	0
INTERCO REC NV Europe BVBA	0	0	0
INTERCO REC NV Europe Coordination	0	0	0
INTERCO REC NV FCC, Inc.	0	0	0
INTERCO REC NV France SA	0	0	0
INTERCO REC NV Hilton Davis, Inc.	0	0	0
INTERCO REC NV Holding Corporation	0	0	0
INTERCO REC NV Hong Kong Limited	0	0	0
INTERCO REC NV Kalama, Inc.	0	0	0
INTERCO REC NV Malaysia Sdn. Bhd	0	0	0
INTERCO REC NV Manufacturing Spain	0	0	0
INTERCO REC NV Manufacturing UK Ltd	0	0	0
INTERCO REC NV Mauritius Holdings	0	0	0
INTERCO REC NV Spec Chem Shanghai	0	0	0
INTERCO REC NV Textile Chemicals, I	0	0	0
INTERCO REC Noveon, Inc.	16,775,739	0	0
INTERCO REC Shanghai LZ Int Trading	0	0	0
INTERCO REC Tianjin LZ Lanlian Add	0	0	0
TOTAL	17,069,753	1,907,154	69,768,693

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STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
LINE 14: OTHER ASSETS			
DEPOSITS	0	0	0
PREPAIDS	0	0	0
MISCELLANEOUS	0	0	0
DEBT ISSUE COSTS	0	0	0
INTERCO REC MISCELLANEOUS	1	8,682	0
INTERCO REC CPI Engineering Service	0	0	0
INTERCO REC Indiamalt Private Ltd	0	0	0
INTERCO REC Lanzhou LZ Lanlian Add	0	0	0
INTERCO REC LZ Investments, Inc.	0	0	0
INTERCO REC LZ Australia	0	0	0
INTERCO REC LZ Belgium BVBA	4,400,737	0	0
INTERCO REC LZ Canada Limited	0	0	0
INTERCO REC Lubrizol Corp	65,054,463	16,717,724	6,764,942
INTERCO REC LZ de Mexico Comercial	0	0	0
INTERCO REC LZ de Venezuela C.A.	0	0	0
INTERCO REC LZ Deutschland (Ham)	0	0	0
INTERCO REC LZ do Brasil Aditivos	0	0	0
INTERCO REC LZ DRC Belgium NV/SA	0	0	0
INTERCO REC LZ Foam Control Additive	0	265	0
INTERCO REC LZ France, SAS	6,000	0	0
INTERCO REC LZ Gesellschaft m.b.H.	0	0	0
INTERCO REC LZ India Private Ltd	0	0	0
INTERCO REC LZ Intl Management Corp	192,000	0	0
INTERCO REC LZ International, Inc.	0	0	0
INTERCO REC LZ Italiana, S.p.A.	0	0	0
INTERCO REC LZ Japan, Limited	0	0	0
INTERCO REC LZ Luxembourg S.a.r.l.	0	0	0
INTERCO REC LZ Overseas Trading Corp	0	0	0
INTERCO REC LZ Perf Systems Ltd (UK)	0	0	0
INTERCO REC LZ South Africa (Pty.)	0	0	0
INTERCO REC LZ Southeast Asia Pte.	0	0	0
INTERCO REC LZ Sweden AB	300,846	0	0
INTERCO REC LZ Transarabian	0	0	0
INTERCO REC NV (Shanghai) Co. Ltd.	0	0	0
INTERCO REC NV (Shanghai) Spec Poly	0	0	0
INTERCO REC NV Asia Pacific Limited	0	0	0
INTERCO REC NV Canada Inc.	0	0	0
INTERCO REC NV China, Inc.	0	0	0
INTERCO REC NV de Mexico, SA de CV	0	0	0
INTERCO REC NV Diamalt GmbH & Co	0	0	0
INTERCO REC NV Diamalt Private Ltd	0	0	0
INTERCO REC NV Europe BVBA	0	0	0
INTERCO REC NV Europe Coordination	0	0	0
INTERCO REC NV FCC, Inc.	0	0	0
INTERCO REC NV France SA	0	0	0
INTERCO REC NV Hilton Davis, Inc.	0	0	0
INTERCO REC NV Holding Corporation	0	0	0
INTERCO REC NV Hong Kong Limited	0	0	0
INTERCO REC NV Kalama, Inc.	0	0	0
INTERCO REC NV Malaysia Sdn. Bhd	0	0	0
INTERCO REC NV Manufacturing Spain	0	0	0
INTERCO REC NV Manufacturing UK Ltd	0	0	0
INTERCO REC NV Mauritius Holdings	0	0	0
INTERCO REC NV Spec Chem Shanghai	0	0	0
INTERCO REC NV Textile Chemicals, I	0	0	0
INTERCO REC Noveon, Inc.	0	0	0
INTERCO REC Shanghai LZ Int Trading	0	0	0
INTERCO REC Tianjin LZ Lanlian Add	0	0	0
TOTAL	69,954,047	16,726,671	6,764,942

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	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152

STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

LINE 14: OTHER ASSETS			
DEPOSITS	0	191,121	0
PREPAIDS	0	0	0
MISCELLANEOUS	0	858,594	0
DEBT ISSUE COSTS	0	0	0
INTERCO REC MISCELLANEOUS	0	0	0
INTERCO REC CPI Engineering Service	0	0	0
INTERCO REC Indiamalt Private Ltd	0	154,617	0
INTERCO REC Lanzhou LZ Lanlian Add	0	0	0
INTERCO REC LZ Investments, Inc.	0	0	0
INTERCO REC LZ Australia	0	0	0
INTERCO REC LZ Belgium BVBA	0	0	0
INTERCO REC LZ Canada Limited	0	0	0
INTERCO REC Lubrizol Corp	0	721,816,893	0
INTERCO REC LZ de Mexico Comercial	0	0	0
INTERCO REC LZ de Venezuela C.A.	0	0	0
INTERCO REC LZ Deutschland (Ham)	0	0	0
INTERCO REC LZ do Brasil Aditivos	0	2,487,041	0
INTERCO REC LZ DRC Belgium NV/SA	0	0	0
INTERCO REC LZ Foam Control Additive	0	0	0
INTERCO REC LZ France, SAS	0	220,867	0
INTERCO REC LZ Gesellschaft m.b.H.	0	0	0
INTERCO REC LZ India Private Ltd	0	0	0
INTERCO REC LZ Intl Management Corp	0	0	0
INTERCO REC LZ International, Inc.	0	0	0
INTERCO REC LZ Italiana, S.p.A.	0	0	0
INTERCO REC LZ Japan, Limited	0	0	0
INTERCO REC LZ Luxembourg S.a.r.l.	0	3,310,251	0
INTERCO REC LZ Overseas Trading Corp	0	36,584	0
INTERCO REC LZ Perf Systems Ltd (UK)	0	0	0
INTERCO REC LZ South Africa (Pty.)	0	83	0
INTERCO REC LZ Southeast Asia Pte.	0	0	0
INTERCO REC LZ Sweden AB	0	0	0
INTERCO REC LZ Transarabian	0	0	0
INTERCO REC NV (Shanghai) Co. Ltd.	0	12,082,819	318,081
INTERCO REC NV (Shanghai) Spec Poly	0	4,281,151	0
INTERCO REC NV Asia Pacific Limited	0	0	0
INTERCO REC NV Canada Inc.	0	1,775,888	0
INTERCO REC NV China, Inc.	0	405,703	0
INTERCO REC NV de Mexico, SA de CV	0	4,249,075	0
INTERCO REC NV Diamalt GmbH & Co	0	818,296	0
INTERCO REC NV Diamalt Private Ltd	0	180	0
INTERCO REC NV Europe BVBA	0	11,479,071	0
INTERCO REC NV Europe Coordination	0	0	0
INTERCO REC NV FCC, Inc.	0	52,659,257	0
INTERCO REC NV France SA	0	0	0
INTERCO REC NV Hilton Davis, Inc.	0	0	0
INTERCO REC NV Holding Corporation	0	4,065,150	0
INTERCO REC NV Hong Kong Limited	0	7,448,942	0
INTERCO REC NV Kalama, Inc.	0	0	0
INTERCO REC NV Malaysia Sdn. Bhd	0	913,525	0
INTERCO REC NV Manufacturing Spain	0	5,418	0
INTERCO REC NV Manufacturing UK Ltd	0	3,967	0
INTERCO REC NV Mauritius Holdings	0	32,221	0
INTERCO REC NV Spec Chem Shanghai	0	3,255,152	0
INTERCO REC NV Textile Chemicals, I	0	0	0
INTERCO REC Noveon, Inc.	1,117,964,416	0	0
INTERCO REC Shanghai LZ Int Trading	0	0	0
INTERCO REC Tianjin LZ Lanlian Add	0	0	0
TOTAL	1,117,964,416	832,551,866	318,081

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	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786

STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

LINE 14: OTHER ASSETS			
DEPOSITS	0	0	0
PREPAIDS	0	0	0
MISCELLANEOUS	1,116,570	0	0
DEBT ISSUE COSTS	0	0	0
INTERCO REC MISCELLANEOUS	0	0	0
INTERCO REC CPI Engineering Service	0	0	0
INTERCO REC Indiamalt Private Ltd	0	0	0
INTERCO REC Lanzhou LZ Lanlian Add	0	0	0
INTERCO REC LZ Investments, Inc.	0	0	0
INTERCO REC LZ Australia	0	0	0
INTERCO REC LZ Belgium BVBA	0	0	0
INTERCO REC LZ Canada Limited	0	0	0
INTERCO REC Lubrizol Corp	0	0	0
INTERCO REC LZ de Mexico Comercial	0	0	0
INTERCO REC LZ de Venezuela C.A.	0	0	0
INTERCO REC LZ Deutschland (Ham)	0	0	0
INTERCO REC LZ do Brasil Aditivos	0	0	0
INTERCO REC LZ DRC Belgium NV/SA	0	0	0
INTERCO REC LZ Foam Control Additive	0	0	0
INTERCO REC LZ France, SAS	0	0	0
INTERCO REC LZ Gesellschaft m.b.H.	0	0	0
INTERCO REC LZ India Private Ltd	0	0	0
INTERCO REC LZ Intl Management Corp	0	0	0
INTERCO REC LZ International, Inc.	0	0	0
INTERCO REC LZ Italiana, S.p.A.	0	0	0
INTERCO REC LZ Japan, Limited	0	0	0
INTERCO REC LZ Luxembourg S.a.r.l.	0	0	0
INTERCO REC LZ Overseas Trading Corp	0	0	0
INTERCO REC LZ Perf Systems Ltd (UK)	0	0	0
INTERCO REC LZ South Africa (Pty.)	0	0	0
INTERCO REC LZ Southeast Asia Pte.	0	0	0
INTERCO REC LZ Sweden AB	0	0	0
INTERCO REC LZ Transarabian	0	0	0
INTERCO REC NV (Shanghai) Co. Ltd.	0	0	0
INTERCO REC NV (Shanghai) Spec Poly	0	0	0
INTERCO REC NV Asia Pacific Limited	0	0	0
INTERCO REC NV Canada Inc.	0	0	0
INTERCO REC NV China, Inc.	0	0	0
INTERCO REC NV de Mexico, SA de CV	0	0	0
INTERCO REC NV Diamalt GmbH & Co	3,621,710	3,479,682	0
INTERCO REC NV Diamalt Private Ltd	0	0	0
INTERCO REC NV Europe BVBA	0	0	0
INTERCO REC NV Europe Coordination	0	0	0
INTERCO REC NV FCC, Inc.	0	0	0
INTERCO REC NV France SA	0	0	0
INTERCO REC NV Hilton Davis, Inc.	43,798,164	0	0
INTERCO REC NV Holding Corporation	0	0	0
INTERCO REC NV Hong Kong Limited	0	0	0
INTERCO REC NV Kalama, Inc.	47,882,948	1,173,770	0
INTERCO REC NV Malaysia Sdn. Bhd	0	0	0
INTERCO REC NV Manufacturing Spain	0	0	0
INTERCO REC NV Manufacturing UK Ltd	0	0	0
INTERCO REC NV Mauritius Holdings	0	0	0
INTERCO REC NV Spec Chem Shanghai	0	0	0
INTERCO REC NV Textile Chemicals, I	22,328,632	0	0
INTERCO REC Noveon, Inc.	0	16,890,514	0
INTERCO REC Shanghai LZ Int Trading	0	0	0
INTERCO REC Tianjin LZ Lanlian Add	0	0	0
TOTAL	118,748,024	21,543,966	0

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STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462
LINE 14: OTHER ASSETS			
DEPOSITS	0	0	0
PREPAIDS	0	0	0
MISCELLANEOUS	0	0	1
DEBT ISSUE COSTS	0	0	0
INTERCO REC MISCELLANEOUS	0	0	0
INTERCO REC CPI Engineering Service	0	0	0
INTERCO REC Indiamalt Private Ltd	0	0	0
INTERCO REC Lanzhou LZ Lanlian Add	0	0	0
INTERCO REC LZ Investments, Inc.	0	0	0
INTERCO REC LZ Australia	0	0	0
INTERCO REC LZ Belgium BVBA	0	0	0
INTERCO REC LZ Canada Limited	0	0	0
INTERCO REC Lubrizol Corp	0	0	0
INTERCO REC LZ de Mexico Comercial	0	0	0
INTERCO REC LZ de Venezuela C.A.	0	0	0
INTERCO REC LZ Deutschland (Ham)	0	0	0
INTERCO REC LZ do Brasil Aditivos	0	0	0
INTERCO REC LZ DRC Belgium NV/SA	0	0	0
INTERCO REC LZ Foam Control Additive	0	0	0
INTERCO REC LZ France, SAS	0	0	0
INTERCO REC LZ Gesellschaft m.b.H.	0	0	0
INTERCO REC LZ India Private Ltd	0	0	0
INTERCO REC LZ Intl Management Corp	0	0	0
INTERCO REC LZ International, Inc.	0	0	0
INTERCO REC LZ Italiana, S.p.A.	0	0	0
INTERCO REC LZ Japan, Limited	0	0	0
INTERCO REC LZ Luxembourg S.a.r.l.	0	0	0
INTERCO REC LZ Overseas Trading Corp	0	0	0
INTERCO REC LZ Perf Systems Ltd (UK)	0	0	0
INTERCO REC LZ South Africa (Pty.)	0	0	0
INTERCO REC LZ Southeast Asia Pte.	0	0	0
INTERCO REC LZ Sweden AB	0	0	0
INTERCO REC LZ Transarabian	0	0	0
INTERCO REC NV (Shanghai) Co. Ltd.	0	0	0
INTERCO REC NV (Shanghai) Spec Poly	0	0	0
INTERCO REC NV Asia Pacific Limited	0	0	0
INTERCO REC NV Canada Inc.	0	0	0
INTERCO REC NV China, Inc.	0	0	0
INTERCO REC NV de Mexico, SA de CV	0	0	0
INTERCO REC NV Diamalt GmbH & Co	0	0	0
INTERCO REC NV Diamalt Private Ltd	0	0	0
INTERCO REC NV Europe BVBA	0	0	0
INTERCO REC NV Europe Coordination	0	0	0
INTERCO REC NV FCC, Inc.	0	0	0
INTERCO REC NV France SA	0	0	0
INTERCO REC NV Hilton Davis, Inc.	0	0	658,952
INTERCO REC NV Holding Corporation	0	0	0
INTERCO REC NV Hong Kong Limited	0	0	0
INTERCO REC NV Kalama, Inc.	0	0	1,461,735
INTERCO REC NV Malaysia Sdn. Bhd	0	0	0
INTERCO REC NV Manufacturing Spain	0	0	0
INTERCO REC NV Manufacturing UK Ltd	0	0	0
INTERCO REC NV Mauritius Holdings	0	0	0
INTERCO REC NV Spec Chem Shanghai	0	0	0
INTERCO REC NV Textile Chemicals, I	0	0	0
INTERCO REC Noveon, Inc.	0	41,581,015	28,453,438
INTERCO REC Shanghai LZ Int Trading	0	0	0
INTERCO REC Tianjin LZ Lanlian Add	0	0	0
TOTAL	0	41,581,015	30,574,126

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Perf Materials
51-0408646

STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

LINE 14: OTHER ASSETS	
DEPOSITS	0
PREPAIDS	0
MISCELLANEOUS	0
DEBT ISSUE COSTS	0
INTERCO REC MISCELLANEOUS	0
INTERCO REC CPI Engineering Service	0
INTERCO REC Indiamalt Private Ltd	0
INTERCO REC Lanzhou LZ Lanlian Add	0
INTERCO REC LZ Investments, Inc.	0
INTERCO REC LZ Australia	0
INTERCO REC LZ Belgium BVBA	0
INTERCO REC LZ Canada Limited	0
INTERCO REC Lubrizol Corp	0
INTERCO REC LZ de Mexico Comercial	0
INTERCO REC LZ de Venezuela C.A.	0
INTERCO REC LZ Deutschland (Ham)	0
INTERCO REC LZ do Brasil Aditivos	0
INTERCO REC LZ DRC Belgium NV/SA	0
INTERCO REC LZ Foam Control Additive	0
INTERCO REC LZ France, SAS	0
INTERCO REC LZ Gesellschaft m.b.H.	0
INTERCO REC LZ India Private Ltd	0
INTERCO REC LZ Intl Management Corp	0
INTERCO REC LZ International, Inc.	0
INTERCO REC LZ Italiana, S.p.A.	0
INTERCO REC LZ Japan, Limited	0
INTERCO REC LZ Luxembourg S.a.r.l.	0
INTERCO REC LZ Overseas Trading Corp	0
INTERCO REC LZ Perf Systems Ltd (UK)	0
INTERCO REC LZ South Africa (Pty.)	0
INTERCO REC LZ Southeast Asia Pte.	0
INTERCO REC LZ Sweden AB	0
INTERCO REC LZ Transarabian	0
INTERCO REC NV (Shanghai) Co. Ltd.	0
INTERCO REC NV (Shanghai) Spec Poly	0
INTERCO REC NV Asia Pacific Limited	0
INTERCO REC NV Canada Inc.	0
INTERCO REC NV China, Inc.	0
INTERCO REC NV de Mexico, SA de CV	0
INTERCO REC NV Diamalt GmbH & Co	0
INTERCO REC NV Diamalt Private Ltd	0
INTERCO REC NV Europe BVBA	0
INTERCO REC NV Europe Coordination	0
INTERCO REC NV FCC, Inc.	0
INTERCO REC NV France SA	0
INTERCO REC NV Hilton Davis, Inc.	0
INTERCO REC NV Holding Corporation	0
INTERCO REC NV Hong Kong Limited	0
INTERCO REC NV Kalama, Inc.	0
INTERCO REC NV Malaysia Sdn. Bhd	0
INTERCO REC NV Manufacturing Spain	0
INTERCO REC NV Manufacturing UK Ltd	0
INTERCO REC NV Mauritius Holdings	0
INTERCO REC NV Spec Chem Shanghai	0
INTERCO REC NV Textile Chemicals, I	0
INTERCO REC Noveon, Inc.	132,176,289
INTERCO REC Shanghai LZ Int Trading	0
INTERCO REC Tianjin LZ Lanlian Add	0
TOTAL	132,176,289

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STATEMENT 15 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

	Total	Consol Elims	Subtotal
LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	59,453,919	0	59,453,919
FEDERAL INCOME TAX PAYABLE	37,684,305	0	37,684,305
DIVIDENDS PAYABLE	17,945,348	0	17,945,348
STATE INCOME TAX PAYABLE	179,977	0	179,977
STATE TAXES PAYABLE	687,805	0	687,805
ACCRUED PAYROLL TAXES	116,546	0	116,546
TAXES - OTHER	18,152,442	0	18,152,442
FED DEFERRED TAXES PAYABLE - CURRENT	(37,867)	0	(37,867)
ACCRUED INTEREST	17,538,720	0	17,538,720
ACCRUED BENEFITS	8,565,492	0	8,565,492
ACCRUED WORKERS COMPENSATION	1,847,254	0	1,847,254
ACCRUED ENVIRONMENTAL	4,078,975	0	4,078,975
ACCRUED VACATION	319,000	0	319,000
ACCRUED REBATES	10,980,304	0	10,980,304
ACCRUED EXPENSES	13,625	0	13,625
OTHER ACCRUALS	5,808	0	5,808
MISCELLANEOUS	45,374,726	0	45,374,726
ACCRUED COMMISSIONS	1,239,895	0	1,239,895
ACCRUED BONUS	387,829	0	387,829
ACCRUED SELF INSURANCE	558,471	0	558,471
ACCRUED SALES TAX	425,412	0	425,412
ACCRUED REAL PROPERTY TAX	1,512,369	0	1,512,369
ACCRUED PERSONAL PROPERTY TAX	1,794,098	0	1,794,098
EMPLOYEE WITHHOLDINGS	1,329,763	0	1,329,763
ACCRUED PENSION	220,000	0	220,000
ACCRUED PROFIT SHARING	9,201,965	0	9,201,965
TOTAL	239,576,181	0	239,576,181

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	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864

STATEMENT 15 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	57,917,335	0	429,082
FEDERAL INCOME TAX PAYABLE	21,792,480	1,387	15,257,951
DIVIDENDS PAYABLE	17,945,348	0	0
STATE INCOME TAX PAYABLE	0	(100)	180,077
STATE TAXES PAYABLE	0	0	0
ACCRUED PAYROLL TAXES	102,887	0	0
TAXES - OTHER	12,787,365	0	0
FED DEFERRED TAXES PAYABLE - CURRENT	0	0	0
ACCRUED INTEREST	17,538,720	0	0
ACCRUED BENEFITS	8,519,794	0	0
ACCRUED WORKERS COMPENSATION	1,733,856	0	0
ACCRUED ENVIRONMENTAL	3,449,628	0	0
ACCRUED VACATION	0	0	0
ACCRUED REBATES	0	0	852,999
ACCRUED EXPENSES	0	0	8,625
OTHER ACCRUALS	0	0	5,808
MISCELLANEOUS	29,389,233	0	117,164
ACCRUED COMMISSIONS	1,214,895	0	0
ACCRUED BONUS	0	0	0
ACCRUED SELF INSURANCE	0	0	0
ACCRUED SALES TAX	272,274	0	0
ACCRUED REAL PROPERTY TAX	0	0	0
ACCRUED PERSONAL PROPERTY TAX	0	0	0
EMPLOYEE WITHHOLDINGS	1,329,763	0	0
ACCRUED PENSION	220,000	0	0
ACCRUED PROFIT SHARING	6,280,898	0	0
TOTAL	180,494,476	1,287	16,851,706

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STATEMENT 15 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387
LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	0	0	0
FEDERAL INCOME TAX PAYABLE	(478,101)	0	0
DIVIDENDS PAYABLE	0	0	0
STATE INCOME TAX PAYABLE	0	0	0
STATE TAXES PAYABLE	2,703	0	0
ACCRUED PAYROLL TAXES	0	0	0
TAXES - OTHER	0	0	0
FED DEFERRED TAXES PAYABLE - CURRENT	0	0	0
ACCRUED INTEREST	0	0	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
ACCRUED VACATION	0	0	0
ACCRUED REBATES	0	0	0
ACCRUED EXPENSES	5,000	0	0
OTHER ACCRUALS	0	0	0
MISCELLANEOUS	2,348	0	0
ACCRUED COMMISSIONS	25,000	0	0
ACCRUED BONUS	0	0	0
ACCRUED SELF INSURANCE	0	0	0
ACCRUED SALES TAX	0	0	0
ACCRUED REAL PROPERTY TAX	0	0	0
ACCRUED PERSONAL PROPERTY TAX	0	0	0
EMPLOYEE WITHHOLDINGS	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
TOTAL	(443,050)	0	0

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	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089

STATEMENT 15 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	42,026	0	0
FEDERAL INCOME TAX PAYABLE	(803,685)	(35)	6,548,194
DIVIDENDS PAYABLE	0	0	0
STATE INCOME TAX PAYABLE	0	0	0
STATE TAXES PAYABLE	(1,554)	0	0
ACCRUED PAYROLL TAXES	13,659	0	0
TAXES - OTHER	0	0	25,000
FED DEFERRED TAXES PAYABLE - CURRENT	0	0	0
ACCRUED INTEREST	0	0	0
ACCRUED BENEFITS	15,698	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
ACCRUED VACATION	0	0	0
ACCRUED REBATES	0	0	0
ACCRUED EXPENSES	0	0	0
OTHER ACCRUALS	0	0	0
MISCELLANEOUS	70,576	0	180,000
ACCRUED COMMISSIONS	0	0	0
ACCRUED BONUS	263,749	0	0
ACCRUED SELF INSURANCE	0	0	0
ACCRUED SALES TAX	(27,533)	0	0
ACCRUED REAL PROPERTY TAX	220,368	0	0
ACCRUED PERSONAL PROPERTY TAX	0	0	0
EMPLOYEE WITHHOLDINGS	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	1,000
TOTAL	(206,696)	(35)	6,754,194

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	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052

STATEMENT 15 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	0	0	0
FEDERAL INCOME TAX PAYABLE	7,088,666	0	129,899
DIVIDENDS PAYABLE	0	0	0
STATE INCOME TAX PAYABLE	0	0	0
STATE TAXES PAYABLE	0	(3,724)	0
ACCRUED PAYROLL TAXES	0	0	0
TAXES - OTHER	0	0	50,388
FED DEFERRED TAXES PAYABLE - CURRENT	0	(37,867)	0
ACCRUED INTEREST	0	0	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
ACCRUED VACATION	319,000	0	0
ACCRUED REBATES	0	0	0
ACCRUED EXPENSES	0	0	0
OTHER ACCRUALS	0	0	0
MISCELLANEOUS	144,680	10,000	0
ACCRUED COMMISSIONS	0	0	0
ACCRUED BONUS	0	0	0
ACCRUED SELF INSURANCE	0	0	0
ACCRUED SALES TAX	0	(2,742)	0
ACCRUED REAL PROPERTY TAX	0	0	0
ACCRUED PERSONAL PROPERTY TAX	0	0	0
EMPLOYEE WITHHOLDINGS	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
TOTAL	7,552,346	(34,333)	180,287

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
ar: 2006

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152

STATEMENT 15 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	0	1,065,476	0
FEDERAL INCOME TAX PAYABLE	2,147	(7,663,250)	32,509
DIVIDENDS PAYABLE	0	0	0
STATE INCOME TAX PAYABLE	0	0	0
STATE TAXES PAYABLE	(2,520)	612,166	0
ACCRUED PAYROLL TAXES	0	0	0
TAXES - OTHER	0	5,289,689	0
FED DEFERRED TAXES PAYABLE - CURRENT	0	0	0
ACCRUED INTEREST	0	0	0
ACCRUED BENEFITS	0	30,000	0
ACCRUED WORKERS COMPENSATION	0	104,140	0
ACCRUED ENVIRONMENTAL	0	89,410	0
ACCRUED VACATION	0	0	0
ACCRUED REBATES	0	10,127,305	0
ACCRUED EXPENSES	0	0	0
OTHER ACCRUALS	0	0	0
MISCELLANEOUS	0	15,460,725	0
ACCRUED COMMISSIONS	0	0	0
ACCRUED BONUS	0	124,080	0
ACCRUED SELF INSURANCE	0	560,000	0
ACCRUED SALES TAX	0	93,939	0
ACCRUED REAL PROPERTY TAX	0	1,292,001	0
ACCRUED PERSONAL PROPERTY TAX	0	1,781,000	0
EMPLOYEE WITHHOLDINGS	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	2,920,067	0
TOTAL	(373)	31,886,748	32,509

2006 CONS. FEDERAL 1120 TAX RETURN

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STATEMENT 15 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
LINE 18: OTHER CURRENT LIABILITIES			
ACCRUED PAYROLL	0	0	0
FEDERAL INCOME TAX PAYABLE	(4,737,294)	(4,542,699)	(44,379)
DIVIDENDS PAYABLE	0	0	0
STATE INCOME TAX PAYABLE	0	0	0
STATE TAXES PAYABLE	0	35,106	0
ACCRUED PAYROLL TAXES	0	0	0
TAXES - OTHER	0	0	0
FED DEFERRED TAXES PAYABLE - CURRENT	0	0	0
ACCRUED INTEREST	0	0	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	539,937	0	0
ACCRUED VACATION	0	0	0
ACCRUED REBATES	0	0	0
ACCRUED EXPENSES	0	0	0
OTHER ACCRUALS	0	0	0
MISCELLANEOUS	0	0	0
ACCRUED COMMISSIONS	0	0	0
ACCRUED BONUS	0	0	0
ACCRUED SELF INSURANCE	0	0	0
ACCRUED SALES TAX	0	0	0
ACCRUED REAL PROPERTY TAX	0	0	0
ACCRUED PERSONAL PROPERTY TAX	0	2,639	0
EMPLOYEE WITHHOLDINGS	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
TOTAL	(4,197,357)	(4,504,954)	(44,379)

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

STATEMENT 15 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

LINE 18: OTHER CURRENT LIABILITIES	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462
ACCRUED PAYROLL	0	0	0
FEDERAL INCOME TAX PAYABLE	0	1,826,776	2,573,299
DIVIDENDS PAYABLE	0	0	0
STATE INCOME TAX PAYABLE	0	0	0
STATE TAXES PAYABLE	0	3,566	42,062
ACCRUED PAYROLL TAXES	0	0	0
TAXES - OTHER	0	0	0
FED DEFERRED TAXES PAYABLE - CURRENT	0	0	0
ACCRUED INTEREST	0	0	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	9,258	0
ACCRUED ENVIRONMENTAL	0	0	0
ACCRUED VACATION	0	0	0
ACCRUED REBATES	0	0	0
ACCRUED EXPENSES	0	0	0
OTHER ACCRUALS	0	0	0
MISCELLANEOUS	0	0	0
ACCRUED COMMISSIONS	0	0	0
ACCRUED BONUS	0	0	0
ACCRUED SELF INSURANCE	0	(1,529)	0
ACCRUED SALES TAX	0	89,449	25
ACCRUED REAL PROPERTY TAX	0	0	0
ACCRUED PERSONAL PROPERTY TAX	0	0	10,459
EMPLOYEE WITHHOLDINGS	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
TOTAL	0	1,927,520	2,625,845

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Perf Materials
51-0408646

STATEMENT 15 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

LINE 18: OTHER CURRENT LIABILITIES	
ACCRUED PAYROLL	0
FEDERAL INCOME TAX PAYABLE	700,440
DIVIDENDS PAYABLE	0
STATE INCOME TAX PAYABLE	0
STATE TAXES PAYABLE	0
ACCRUED PAYROLL TAXES	0
TAXES - OTHER	0
FED DEFERRED TAXES PAYABLE - CURRENT	0
ACCRUED INTEREST	0
ACCRUED BENEFITS	0
ACCRUED WORKERS COMPENSATION	0
ACCRUED ENVIRONMENTAL	0
ACCRUED VACATION	0
ACCRUED REBATES	0
ACCRUED EXPENSES	0
OTHER ACCRUALS	0
MISCELLANEOUS	0
ACCRUED COMMISSIONS	0
ACCRUED BONUS	0
ACCRUED SELF INSURANCE	0
ACCRUED SALES TAX	0
ACCRUED REAL PROPERTY TAX	0
ACCRUED PERSONAL PROPERTY TAX	0
EMPLOYEE WITHHOLDINGS	0
ACCRUED PENSION	0
ACCRUED PROFIT SHARING	0
TOTAL	700,440

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
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STATEMENT 16 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

	Total	Consol Elims	Subtotal
LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	46,436,642	0	46,436,642
ST DEFERRED TAXES PAYABLE - NONCURR	11,711,889	0	11,711,889
ACCRUED BENEFITS	86,897,147	0	86,897,147
ACCRUED WORKERS COMPENSATION	32,684	0	32,684
ACCRUED ENVIRONMENTAL	6,283,049	0	6,283,049
RESTRUCTURING RESERVE	71,000	0	71,000
MISCELLANEOUS	9,788,585	267	9,788,318
DEFERRED COMPENSATION	18,426,225	0	18,426,225
ACCRUED PENSION	120,493,894	0	120,493,894
ACCRUED PROFIT SHARING	490,328	0	490,328
INTERCO PAY MISCELLANEOUS	16,127,048	(2,772,859)	18,899,907
INTERCO PAY 1500 West Elizabeth Ave	0	(17,992)	17,992
INTERCO PAY CPI Engineering Service	0	(585,137,746)	585,137,746
INTERCO PAY Gateway Additive Co.	0	(10,199,171)	10,199,171
INTERCO PAY LZ A.G.	20,720	0	20,720
INTERCO PAY LZ Adibis (UK) Limited	0	(186,470)	186,470
INTERCO PAY LZ Belgium BVBA	7,095	0	7,095
INTERCO PAY Lubrizol Corp	0	(33,164,411)	33,164,411
INTERCO PAY LZ Deutschland GmbH	139,330	0	139,330
INTERCO PAY LZ Deutschland (Rit	203,235	0	203,235
INTERCO PAY LZ DEUTSCHLAND (HAM)	52,587	0	52,587
INTERCO PAY LZ Enterprises, Inc.	0	(1,762,157)	1,762,157
INTERCO PAY LZ Espanola, S.A.	10,746	0	10,746
INTERCO PAY LZ Foam Control Add	0	(16,774,018)	16,774,018
INTERCO PAY LZ Gesellschaft m.b.H.	84,439	0	84,439
INTERCO PAY LZ India Private Ltd	38,327	0	38,327
INTERCO PAY LZ Inter-Americas Corp	0	(1,907,154)	1,907,154
INTERCO PAY LZ Intl Management Corp	0	(45,686,432)	45,686,432
INTERCO PAY LZ International, Inc.	62,619	0	62,619
INTERCO PAY LZ Italiana, S.p.A.	21,791	0	21,791
INTERCO PAY LZ Japan, Limited	645,607	0	645,607
INTERCO PAY LZ Korea	0	(931,405)	931,405
INTERCO PAY LZ Limited (UK)	6,683,051	0	6,683,051
INTERCO PAY LZ Overseas Trading Corp	0	(62,403,397)	62,403,397
INTERCO PAY LZ Performance Systems	0	(16,707,092)	16,707,092
INTERCO PAY MPP Pipeline Corp.	0	(6,740,941)	6,740,941
INTERCO PAY NV Europe Coordination	4,187,940	0	4,187,940
INTERCO PAY NV FCC, Inc.	0	(114,009,744)	114,009,744
INTERCO PAY NV Hilton Davis, Inc.	0	(18,064,284)	18,064,284
INTERCO PAY NV Holdings UK Limited	2	0	2
INTERCO PAY NV Hong Kong Limited	15,114	0	15,114
INTERCO PAY NV International, Inc.	0	(1,117,966,853)	1,117,966,853
INTERCO PAY NV Kalama, Inc.	0	(41,581,014)	41,581,014
INTERCO PAY NV Resin BV	169,204	0	169,204
INTERCO PAY NV Textile Chemicals, I	0	(30,573,851)	30,573,851
INTERCO PAY Noveon, Inc.	0	(779,216,983)	779,216,983
INTERCO PAY Performance Materials I	0	(132,176,289)	132,176,289
TOTAL	329,100,298	(3,017,979,996)	3,347,080,294

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2006CONSRT
Year: 2006

	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864

STATEMENT 16 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	(47,559,590)	0	545,476
ST DEFERRED TAXES PAYABLE - NONCURR	668,832	0	0
ACCRUED BENEFITS	86,897,147	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	4,421,120	0	0
RESTRUCTURING RESERVE	0	0	0
MISCELLANEOUS	6,301,318	0	0
DEFERRED COMPENSATION	18,426,225	0	0
ACCRUED PENSION	120,493,894	0	0
ACCRUED PROFIT SHARING	490,328	0	0
INTERCO PAY MISCELLANEOUS	0	0	0
INTERCO PAY 1500 West Elizabeth Ave	17,992	0	0
INTERCO PAY CPI Engineering Service	585,137,746	0	0
INTERCO PAY Gateway Additive Co.	10,199,171	0	0
INTERCO PAY LZ A.G.	0	0	0
INTERCO PAY LZ Adibis (UK) Limited	0	0	0
INTERCO PAY LZ Belgium BVBA	7,095	0	0
INTERCO PAY Lubrizol Corp	0	0	0
INTERCO PAY LZ Deutschland GmbH	0	0	0
INTERCO PAY LZ Deutschland (Rit	203,235	0	0
INTERCO PAY LZ DEUTSCHLAND (HAM)	0	0	0
INTERCO PAY LZ Enterprises, Inc.	1,762,157	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	0
INTERCO PAY LZ Foam Control Add	0	0	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	0	0
INTERCO PAY LZ India Private Ltd	0	0	0
INTERCO PAY LZ Inter-Americas Corp	1,907,154	0	0
INTERCO PAY LZ Intl Management Corp	45,686,432	0	0
INTERCO PAY LZ International, Inc.	0	0	0
INTERCO PAY LZ Italiana, S.p.A.	0	0	0
INTERCO PAY LZ Japan, Limited	0	0	0
INTERCO PAY LZ Korea	931,405	0	0
INTERCO PAY LZ Limited (UK)	1,828,598	0	0
INTERCO PAY LZ Overseas Trading Corp	62,403,397	0	0
INTERCO PAY LZ Performance Systems	16,707,092	0	0
INTERCO PAY MPP Pipeline Corp.	6,740,941	0	0
INTERCO PAY NV Europe Coordination	0	0	0
INTERCO PAY NV FCC, Inc.	0	0	0
INTERCO PAY NV Hilton Davis, Inc.	0	0	0
INTERCO PAY NV Holdings UK Limited	0	0	0
INTERCO PAY NV Hong Kong Limited	0	0	0
INTERCO PAY NV International, Inc.	0	0	0
INTERCO PAY NV Kalama, Inc.	0	0	0
INTERCO PAY NV Resin BV	49,706	0	0
INTERCO PAY NV Textile Chemicals, I	0	0	0
INTERCO PAY Noveon, Inc.	721,762,758	0	0
INTERCO PAY Performance Materials I	0	0	0
TOTAL	1,645,484,153	0	545,476

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
ar: 2006

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387

STATEMENT 16 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	14,935	0	(22,003)
ST DEFERRED TAXES PAYABLE - NONCURR	(42,670)	0	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
RESTRUCTURING RESERVE	0	0	0
MISCELLANEOUS	0	0	0
DEFERRED COMPENSATION	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
INTERCO PAY MISCELLANEOUS	0	0	0
INTERCO PAY 1500 West Elizabeth Ave	0	0	0
INTERCO PAY CPI Engineering Service	0	0	0
INTERCO PAY Gateway Additive Co.	0	0	0
INTERCO PAY LZ A.G.	0	0	0
INTERCO PAY LZ Adibis (UK) Limited	0	0	0
INTERCO PAY LZ Belgium BVBA	0	0	0
INTERCO PAY Lubrizol Corp	0	1,073,027	0
INTERCO PAY LZ Deutschland GmbH	0	0	0
INTERCO PAY LZ Deutschland (Rit	0	0	0
INTERCO PAY LZ DEUTSCHLAND (HAM)	0	0	0
INTERCO PAY LZ Enterprises, Inc.	0	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	0
INTERCO PAY LZ Foam Control Add	0	0	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	0	0
INTERCO PAY LZ India Private Ltd	0	0	0
INTERCO PAY LZ Inter-Americas Corp	0	0	0
INTERCO PAY LZ Intl Management Corp	0	0	0
INTERCO PAY LZ International, Inc.	0	0	0
INTERCO PAY LZ Italiana, S.p.A.	0	0	0
INTERCO PAY LZ Japan, Limited	0	0	0
INTERCO PAY LZ Korea	0	0	0
INTERCO PAY LZ Limited (UK)	0	0	0
INTERCO PAY LZ Overseas Trading Corp	0	0	0
INTERCO PAY LZ Performance Systems	0	0	0
INTERCO PAY MPP Pipeline Corp.	0	0	0
INTERCO PAY NV Europe Coordination	0	0	0
INTERCO PAY NV FCC, Inc.	0	0	0
INTERCO PAY NV Hilton Davis, Inc.	0	0	0
INTERCO PAY NV Holdings UK Limited	0	0	0
INTERCO PAY NV Hong Kong Limited	0	0	0
INTERCO PAY NV International, Inc.	0	0	0
INTERCO PAY NV Kalama, Inc.	0	0	0
INTERCO PAY NV Resin BV	0	0	0
INTERCO PAY NV Textile Chemicals, I	0	0	0
INTERCO PAY Noveon, Inc.	0	0	0
INTERCO PAY Performance Materials I	0	0	0
TOTAL	(27,735)	1,073,027	(22,003)

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089

STATEMENT 16 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	1,257,238	0	(243,072)
ST DEFERRED TAXES PAYABLE - NONCURR	0	0	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
RESTRUCTURING RESERVE	0	0	0
MISCELLANEOUS	0	0	910,000
DEFERRED COMPENSATION	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
INTERCO PAY MISCELLANEOUS	0	0	(171)
INTERCO PAY 1500 West Elizabeth Ave	0	0	0
INTERCO PAY CPI Engineering Service	0	0	0
INTERCO PAY Gateway Additive Co.	0	0	0
INTERCO PAY LZ A.G.	0	0	20,720
INTERCO PAY LZ Adibis (UK) Limited	0	0	186,470
INTERCO PAY LZ Belgium BVBA	0	0	0
INTERCO PAY Lubrizol Corp	32,064,390	0	0
INTERCO PAY LZ Deutschland GmbH	0	0	0
INTERCO PAY LZ Deutschland (Rit	0	0	0
INTERCO PAY LZ DEUTSCHLAND (HAM)	0	0	52,587
INTERCO PAY LZ Enterprises, Inc.	0	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	10,746
INTERCO PAY LZ Foam Control Add	0	0	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	0	36,420
INTERCO PAY LZ India Private Ltd	0	0	38,327
INTERCO PAY LZ Inter-Americas Corp	0	0	0
INTERCO PAY LZ Intl Management Corp	0	0	0
INTERCO PAY LZ International, Inc.	0	0	62,619
INTERCO PAY LZ Italiana, S.p.A.	0	0	21,791
INTERCO PAY LZ Japan, Limited	2,015	0	638,311
INTERCO PAY LZ Korea	0	0	0
INTERCO PAY LZ Limited (UK)	0	0	4,457,029
INTERCO PAY LZ Overseas Trading Corp	0	0	0
INTERCO PAY LZ Performance Systems	0	0	0
INTERCO PAY MPP Pipeline Corp.	0	0	0
INTERCO PAY NV Europe Coordination	0	0	0
INTERCO PAY NV FCC, Inc.	0	0	0
INTERCO PAY NV Hilton Davis, Inc.	0	0	0
INTERCO PAY NV Holdings UK Limited	0	0	0
INTERCO PAY NV Hong Kong Limited	0	0	0
INTERCO PAY NV International, Inc.	0	0	0
INTERCO PAY NV Kalama, Inc.	0	0	0
INTERCO PAY NV Resin BV	0	0	0
INTERCO PAY NV Textile Chemicals, I	0	0	0
INTERCO PAY Noveon, Inc.	0	0	0
INTERCO PAY Performance Materials I	0	0	0
TOTAL	33,323,643	0	6,191,777

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052

STATEMENT 16 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	1,450,348	2,704	361,018
ST DEFERRED TAXES PAYABLE - NONCURR	0	(7,725)	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
RESTRUCTURING RESERVE	71,000	0	0
MISCELLANEOUS	2,484,000	0	0
DEFERRED COMPENSATION	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
INTERCO PAY MISCELLANEOUS	483	0	0
INTERCO PAY 1500 West Elizabeth Ave	0	0	0
INTERCO PAY CPI Engineering Service	0	0	0
INTERCO PAY Gateway Additive Co.	0	0	0
INTERCO PAY LZ A.G.	0	0	0
INTERCO PAY LZ Adibis (UK) Limited	0	0	0
INTERCO PAY LZ Belgium BVBA	0	0	0
INTERCO PAY Lubrizol Corp	0	0	24,000
INTERCO PAY LZ Deutschland GmbH	0	0	0
INTERCO PAY LZ Deutschland (Rit	0	0	0
INTERCO PAY LZ DEUTSCHLAND (HAM)	0	0	0
INTERCO PAY LZ Enterprises, Inc.	0	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	0
INTERCO PAY LZ Foam Control Add	0	0	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	0	0
INTERCO PAY LZ India Private Ltd	0	0	0
INTERCO PAY LZ Inter-Americas Corp	0	0	0
INTERCO PAY LZ Intl Management Corp	0	0	0
INTERCO PAY LZ International, Inc.	0	0	0
INTERCO PAY LZ Italiana, S.p.A.	0	0	0
INTERCO PAY LZ Japan, Limited	0	0	0
INTERCO PAY LZ Korea	0	0	0
INTERCO PAY LZ Limited (UK)	28,000	0	0
INTERCO PAY LZ Overseas Trading Corp	0	0	0
INTERCO PAY LZ Performance Systems	0	0	0
INTERCO PAY MPP Pipeline Corp.	0	0	0
INTERCO PAY NV Europe Coordination	0	0	0
INTERCO PAY NV FCC, Inc.	0	0	0
INTERCO PAY NV Hilton Davis, Inc.	0	0	0
INTERCO PAY NV Holdings UK Limited	0	0	0
INTERCO PAY NV Hong Kong Limited	0	0	0
INTERCO PAY NV International, Inc.	0	0	0
INTERCO PAY NV Kalama, Inc.	0	0	0
INTERCO PAY NV Resin BV	0	0	0
INTERCO PAY NV Textile Chemicals, I	0	0	0
INTERCO PAY Noveon, Inc.	36,584	0	0
INTERCO PAY Performance Materials I	0	0	0
TOTAL	4,070,415	(5,021)	385,018

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152

STATEMENT 16 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	1,807	91,339,330	0
ST DEFERRED TAXES PAYABLE - NONCURR	(5,162)	11,098,614	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	32,684	0
ACCRUED ENVIRONMENTAL	0	504,948	0
RESTRUCTURING RESERVE	0	0	0
MISCELLANEOUS	0	93,000	0
DEFERRED COMPENSATION	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
INTERCO PAY MISCELLANEOUS	0	18,899,595	0
INTERCO PAY 1500 West Elizabeth Ave	0	0	0
INTERCO PAY CPI Engineering Service	0	0	0
INTERCO PAY Gateway Additive Co.	0	0	0
INTERCO PAY LZ A.G.	0	0	0
INTERCO PAY LZ Adibis (UK) Limited	0	0	0
INTERCO PAY LZ Belgium BVBA	0	0	0
INTERCO PAY Lubrizol Corp	0	0	0
INTERCO PAY LZ Deutschland GmbH	0	139,330	0
INTERCO PAY LZ Deutschland (Rit	0	0	0
INTERCO PAY LZ DEUTSCHLAND (HAM)	0	0	0
INTERCO PAY LZ Enterprises, Inc.	0	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	0
INTERCO PAY LZ Foam Control Add	0	16,774,018	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	48,019	0
INTERCO PAY LZ India Private Ltd	0	0	0
INTERCO PAY LZ Inter-Americas Corp	0	0	0
INTERCO PAY LZ Intl Management Corp	0	0	0
INTERCO PAY LZ International, Inc.	0	0	0
INTERCO PAY LZ Italiana, S.p.A.	0	0	0
INTERCO PAY LZ Japan, Limited	0	5,281	0
INTERCO PAY LZ Korea	0	0	0
INTERCO PAY LZ Limited (UK)	0	369,424	0
INTERCO PAY LZ Overseas Trading Corp	0	0	0
INTERCO PAY LZ Performance Systems	0	0	0
INTERCO PAY MPP Pipeline Corp.	0	0	0
INTERCO PAY NV Europe Coordination	0	4,187,940	0
INTERCO PAY NV FCC, Inc.	0	0	0
INTERCO PAY NV Hilton Davis, Inc.	0	16,890,514	0
INTERCO PAY NV Holdings UK Limited	0	2	0
INTERCO PAY NV Hong Kong Limited	0	0	15,114
INTERCO PAY NV International, Inc.	0	1,117,966,853	0
INTERCO PAY NV Kalama, Inc.	0	41,581,014	0
INTERCO PAY NV Resin BV	0	119,498	0
INTERCO PAY NV Textile Chemicals, I	0	28,453,164	0
INTERCO PAY Noveon, Inc.	0	0	723,784
INTERCO PAY Performance Materials I	0	132,176,289	0
TOTAL	(3,355)	1,480,679,517	738,898

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STATEMENT 16 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	(404,123)	(307,426)	0
ST DEFERRED TAXES PAYABLE - NONCURR	0	0	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	1,356,981	0	0
RESTRUCTURING RESERVE	0	0	0
MISCELLANEOUS	0	0	0
DEFERRED COMPENSATION	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
INTERCO PAY MISCELLANEOUS	0	0	0
INTERCO PAY 1500 West Elizabeth Ave	0	0	0
INTERCO PAY CPI Engineering Service	0	0	0
INTERCO PAY Gateway Additive Co.	0	0	0
INTERCO PAY LZ A.G.	0	0	0
INTERCO PAY LZ Adibis (UK) Limited	0	0	0
INTERCO PAY LZ Belgium BVBA	0	0	0
INTERCO PAY Lubrizol Corp	0	1,800	0
INTERCO PAY LZ Deutschland GmbH	0	0	0
INTERCO PAY LZ Deutschland (Rit	0	0	0
INTERCO PAY LZ DEUTSCHLAND (HAM)	0	0	0
INTERCO PAY LZ Enterprises, Inc.	0	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	0
INTERCO PAY LZ Foam Control Add	0	0	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	0	0
INTERCO PAY LZ India Private Ltd	0	0	0
INTERCO PAY LZ Inter-Americas Corp	0	0	0
INTERCO PAY LZ Intl Management Corp	0	0	0
INTERCO PAY LZ International, Inc.	0	0	0
INTERCO PAY LZ Italiana, S.p.A.	0	0	0
INTERCO PAY LZ Japan, Limited	0	0	0
INTERCO PAY LZ Korea	0	0	0
INTERCO PAY LZ Limited (UK)	0	0	0
INTERCO PAY LZ Overseas Trading Corp	0	0	0
INTERCO PAY LZ Performance Systems	0	0	0
INTERCO PAY MPP Pipeline Corp.	0	0	0
INTERCO PAY NV Europe Coordination	0	0	0
INTERCO PAY NV FCC, Inc.	0	43,798,164	0
INTERCO PAY NV Hilton Davis, Inc.	0	0	0
INTERCO PAY NV Holdings UK Limited	0	0	0
INTERCO PAY NV Hong Kong Limited	0	0	0
INTERCO PAY NV International, Inc.	0	0	0
INTERCO PAY NV Kalama, Inc.	0	0	0
INTERCO PAY NV Resin BV	0	0	0
INTERCO PAY NV Textile Chemicals, I	0	658,952	0
INTERCO PAY Noveon, Inc.	52,628,707	0	4,065,150
INTERCO PAY Performance Materials I	0	0	0
TOTAL	53,581,565	44,151,490	4,065,150

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	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462

STATEMENT 16 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

LINE 21: OTHER LIABILITIES			
FED DEFERRED INC TAXES - NONCURRENT	0	0	0
ST DEFERRED TAXES PAYABLE - NONCURR	0	0	0
ACCRUED BENEFITS	0	0	0
ACCRUED WORKERS COMPENSATION	0	0	0
ACCRUED ENVIRONMENTAL	0	0	0
RESTRUCTURING RESERVE	0	0	0
MISCELLANEOUS	0	0	0
DEFERRED COMPENSATION	0	0	0
ACCRUED PENSION	0	0	0
ACCRUED PROFIT SHARING	0	0	0
INTERCO PAY MISCELLANEOUS	0	0	0
INTERCO PAY 1500 West Elizabeth Ave	0	0	0
INTERCO PAY CPI Engineering Service	0	0	0
INTERCO PAY Gateway Additive Co.	0	0	0
INTERCO PAY LZ A.G.	0	0	0
INTERCO PAY LZ Adibis (UK) Limited	0	0	0
INTERCO PAY LZ Belgium BVBA	0	0	0
INTERCO PAY Lubrizol Corp	0	0	1,194
INTERCO PAY LZ Deutschland GmbH	0	0	0
INTERCO PAY LZ Deutschland (Rit	0	0	0
INTERCO PAY LZ DEUTSCHLAND (HAM)	0	0	0
INTERCO PAY LZ Enterprises, Inc.	0	0	0
INTERCO PAY LZ Espanola, S.A.	0	0	0
INTERCO PAY LZ Foam Control Add	0	0	0
INTERCO PAY LZ Gesellschaft m.b.H.	0	0	0
INTERCO PAY LZ India Private Ltd	0	0	0
INTERCO PAY LZ Inter-Americas Corp	0	0	0
INTERCO PAY LZ Intl Management Corp	0	0	0
INTERCO PAY LZ International, Inc.	0	0	0
INTERCO PAY LZ Italiana, S.p.A.	0	0	0
INTERCO PAY LZ Japan, Limited	0	0	0
INTERCO PAY LZ Korea	0	0	0
INTERCO PAY LZ Limited (UK)	0	0	0
INTERCO PAY LZ Overseas Trading Corp	0	0	0
INTERCO PAY LZ Performance Systems	0	0	0
INTERCO PAY MPP Pipeline Corp.	0	0	0
INTERCO PAY NV Europe Coordination	0	0	0
INTERCO PAY NV FCC, Inc.	0	47,882,948	22,328,632
INTERCO PAY NV Hilton Davis, Inc.	0	1,173,770	0
INTERCO PAY NV Holdings UK Limited	0	0	0
INTERCO PAY NV Hong Kong Limited	0	0	0
INTERCO PAY NV International, Inc.	0	0	0
INTERCO PAY NV Kalama, Inc.	0	0	0
INTERCO PAY NV Resin BV	0	0	0
INTERCO PAY NV Textile Chemicals, I	0	1,461,735	0
INTERCO PAY Noveon, Inc.	0	0	0
INTERCO PAY Performance Materials I	0	0	0
TOTAL	0	50,518,453	22,329,826

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Perf Materials
51-0408646

STATEMENT 16 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

LINE 21: OTHER LIABILITIES	
FED DEFERRED INC TAXES - NONCURRENT	0
ST DEFERRED TAXES PAYABLE - NONCURR	0
ACCRUED BENEFITS	0
ACCRUED WORKERS COMPENSATION	0
ACCRUED ENVIRONMENTAL	0
RESTRUCTURING RESERVE	0
MISCELLANEOUS	0
DEFERRED COMPENSATION	0
ACCRUED PENSION	0
ACCRUED PROFIT SHARING	0
INTERCO PAY MISCELLANEOUS	0
INTERCO PAY 1500 West Elizabeth Ave	0
INTERCO PAY CPI Engineering Service	0
INTERCO PAY Gateway Additive Co.	0
INTERCO PAY LZ A.G.	0
INTERCO PAY LZ Adibis (UK) Limited	0
INTERCO PAY LZ Belgium BVBA	0
INTERCO PAY Lubrizol Corp	0
INTERCO PAY LZ Deutschland GmbH	0
INTERCO PAY LZ Deutschland (Rit	0
INTERCO PAY LZ DEUTSCHLAND (HAM)	0
INTERCO PAY LZ Enterprises, Inc.	0
INTERCO PAY LZ Espanola, S.A.	0
INTERCO PAY LZ Foam Control Add	0
INTERCO PAY LZ Gesellschaft m.b.H.	0
INTERCO PAY LZ India Private Ltd	0
INTERCO PAY LZ Inter-Americas Corp	0
INTERCO PAY LZ Intl Management Corp	0
INTERCO PAY LZ International, Inc.	0
INTERCO PAY LZ Italiana, S.p.A.	0
INTERCO PAY LZ Japan, Limited	0
INTERCO PAY LZ Korea	0
INTERCO PAY LZ Limited (UK)	0
INTERCO PAY LZ Overseas Trading Corp	0
INTERCO PAY LZ Performance Systems	0
INTERCO PAY MPP Pipeline Corp.	0
INTERCO PAY NV Europe Coordination	0
INTERCO PAY NV FCC, Inc.	0
INTERCO PAY NV Hilton Davis, Inc.	0
INTERCO PAY NV Holdings UK Limited	0
INTERCO PAY NV Hong Kong Limited	0
INTERCO PAY NV International, Inc.	0
INTERCO PAY NV Kalama, Inc.	0
INTERCO PAY NV Resin BV	0
INTERCO PAY NV Textile Chemicals, I	0
INTERCO PAY Noveon, Inc.	0
INTERCO PAY Performance Materials I	0
TOTAL	0

Form **4562**

Department of the Treasury
Internal Revenue Service

Depreciation and Amortization (Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2006

Attachment Sequence No. 67

Name(s) shown on return	Business or activity to which this form relates	Identifying number
The Lubrizol Corporation and Subsidiaries	Manufacturing & Sales	34-0367600

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	$108,000
2	Total cost of section 179 property placed in service (see instructions)	2	0
3	Threshold cost of section 179 property before reduction in limitation	3	$430,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000

	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6		0	0
		0	0
7	Listed property. Enter the amount from line 29		0

8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	0
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	0
10	Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	0
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	108,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0
13	Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12 ▶	13	0

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	0
15	Property subject to section 168(f)(1) election	15	0
16	Other depreciation (including ACRS)	16	75,701

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2006	17	91,331,256
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed In Service During 2006 Tax Year Using the General Depreciation System

	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property		373,968				122,401
b	5-year property		61,650,081				12,499,979
c	7-year property		3,390,437				477,326
d	10-year property		0				0
e	15-year property		2,368,152				108,609
f	20-year property		0				0
g	25-year property		0	25 yrs.		S/L	0
h	Residential rental property		0	27.5 yrs.	MM	S/L	0
			0	27.5 yrs.	MM	S/L	0
i	Nonresidential real property		4,919,532	39 yrs.	MM	S/L	60,710
			0		MM	S/L	0

Section C - Assets Placed In Service During 2006 Tax Year Using the Alternative Depreciation System

20a	Class life		163,000			S/L	16,300
b	12-year		0	12 yrs.		S/L	0
c	40-year		0	40 yrs.	MM	S/L	0

Part IV Summary (See instructions)

21	Listed property. Enter amount from line 28	21	0
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	104,692,282
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	0

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25	0	
26 Property used more than 50% in a qualified business use:								
		%	0	0			0	0
		%	0	0			0	0
		%	0	0			0	0
27 Property used 50% or less in a qualified business use:								
		%	0	0		S/L-	0	
		%	0	0		S/L-	0	
		%	0	0		S/L-	0	
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28	0	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.						29		0

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles)	0		0		0		0		0		0	
31 Total commuting miles driven during the year	0		0		0		0		0		0	
32 Total other personal (noncommuting) miles driven	0		0		0		0		0		0	
33 Total miles driven during the year. Add lines 30 through 32	0		0		0		0		0		0	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
Amortization of costs that begins during your 2006 tax year (see instructions):					
		0			0
		406,323			94,534
43 Amortization of costs that began before your 2006 tax year				43	27,884,407
44 Total. Add amounts in column (f). See the instructions for where to report				44	27,978,941

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	Total	Consol Elims	Subtotal
FORM 4562 - DEPRECIATION AND AMORTIZATION			
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.			
1 MAXIMUM DOLLAR LIMITATION	108,000		
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY	430,000		
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)	0		
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)	108,000		
6 COLUMN (B) COST	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8	0		
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5	108,000		
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11	0		
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR	0		
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION			
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	75,701	0	75,701
PART III MACRS DEPRECIATION			
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2006	91,331,256	0	91,331,256
GENERAL DEPRECIATION SYSTEM (GDS)			
COLUMN C: BASIS FOR DEPRECIATION			
A 3-YEAR PROPERTY	373,968	0	373,968
B 5-YEAR PROPERTY	61,650,081	0	61,650,081
C 7-YEAR PROPERTY	3,390,437	0	3,390,437
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	2,368,152	0	2,368,152
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	4,919,532	0	4,919,532
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A 3-YEAR PROPERTY	122,401	0	122,401
B 5-YEAR PROPERTY	12,499,979	0	12,499,979
C 7-YEAR PROPERTY	477,326	0	477,326
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	108,609	0	108,609
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	60,710	0	60,710
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN B: BASIS FOR DEPRECIATION			
A CLASS LIFE	163,000	0	163,000
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A CLASS LIFE	16,300	0	16,300
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
PART IV SUMMARY			
LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0
TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	104,692,282	0	104,692,282
FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0
PART V LISTED PROPERTY			
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0

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	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864
FORM 4562 - DEPRECIATION AND AMORTIZATION			
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.			
1 MAXIMUM DOLLAR LIMITATION			
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY			
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)			
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)			
6 COLUMN (B) COST	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8			
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5			
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11			
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR			
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION			
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	35,001	0	0
PART III MACRS DEPRECIATION			
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2006	28,343,685	0	534,842
GENERAL DEPRECIATION SYSTEM (GDS)			
COLUMN C: BASIS FOR DEPRECIATION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	36,383,632	0	368,912
C 7-YEAR PROPERTY	179,864	0	2,507
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	1,541,014	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	2,534,396	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	7,192,638	0	73,782
C 7-YEAR PROPERTY	25,695	0	358
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	76,909	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	33,024	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN B: BASIS FOR DEPRECIATION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
PART IV SUMMARY			
LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0
TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	35,706,952	0	608,982
FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0
PART V LISTED PROPERTY			
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0

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2006CONSRT
Year: 2006

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387
FORM 4562 - DEPRECIATION AND AMORTIZATION			
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.			
1 MAXIMUM DOLLAR LIMITATION			
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY			
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)			
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)			
6 COLUMN (B) COST	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8			
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5			
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11			
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR			
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION			
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0
PART III MACRS DEPRECIATION			
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2006	0	0	0
GENERAL DEPRECIATION SYSTEM (GDS)			
COLUMN C: BASIS FOR DEPRECIATION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	0	0	0
C 7-YEAR PROPERTY	0	0	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	0	0	0
C 7-YEAR PROPERTY	0	0	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN B: BASIS FOR DEPRECIATION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
PART IV SUMMARY			
LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0
TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	0	0
FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0
PART V LISTED PROPERTY			
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
FORM 4562 - DEPRECIATION AND AMORTIZATION			
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.			
1 MAXIMUM DOLLAR LIMITATION			
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY			
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)			
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)			
6 COLUMN (B) COST	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8			
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5			
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11			
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR			
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION			
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	40,700
PART III MACRS DEPRECIATION			
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2006	1,390,459	0	0
GENERAL DEPRECIATION SYSTEM (GDS)			
COLUMN C: BASIS FOR DEPRECIATION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	1,518,344	0	0
C 7-YEAR PROPERTY	0	0	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	303,669	0	0
C 7-YEAR PROPERTY	0	0	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN B: BASIS FOR DEPRECIATION			
A CLASS LIFE	0	0	163,000
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A CLASS LIFE	0	0	16,300
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
PART IV SUMMARY			
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0
TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	1,694,128	0	57,000
FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0
PART V LISTED PROPERTY			
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052

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* FORM 4562 - DEPRECIATION AND AMORTIZATION *
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PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.			
1 MAXIMUM DOLLAR LIMITATION			
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY			
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)			
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)			
6 COLUMN (B) COST	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8			
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5			
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11			
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR			
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION			
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0
PART III MACRS DEPRECIATION			
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2006	0	0	0
GENERAL DEPRECIATION SYSTEM (GDS)			
COLUMN C: BASIS FOR DEPRECIATION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	0	0	0
C 7-YEAR PROPERTY	0	0	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	0	0	0
C 7-YEAR PROPERTY	0	0	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN B: BASIS FOR DEPRECIATION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
PART IV SUMMARY			
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0
TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	0	0
FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0
PART V LISTED PROPERTY			
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0

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2006CONSRT
Year: 2006

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
FORM 4562 - DEPRECIATION AND AMORTIZATION			
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.			
1 MAXIMUM DOLLAR LIMITATION			
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY			
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)			
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)			
6 COLUMN (B) COST	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8			
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5			
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11			
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR			
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION			
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0
PART III MACRS DEPRECIATION			
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2006	0	60,065,553	0
9 GENERAL DEPRECIATION SYSTEM (GDS)			
COLUMN C: BASIS FOR DEPRECIATION			
A 3-YEAR PROPERTY	0	373,968	0
B 5-YEAR PROPERTY	0	22,180,583	0
C 7-YEAR PROPERTY	0	3,158,515	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	658,652	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	2,288,264	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A 3-YEAR PROPERTY	0	122,401	0
B 5-YEAR PROPERTY	0	4,929,890	0
C 7-YEAR PROPERTY	0	451,273	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	31,700	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	27,686	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN B: BASIS FOR DEPRECIATION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
PART IV SUMMARY			
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0
TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	65,628,503	0
FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0
PART V LISTED PROPERTY			
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

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Year: 2006

	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
FORM 4562 - DEPRECIATION AND AMORTIZATION			
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.			
1 MAXIMUM DOLLAR LIMITATION			
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY			
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)			
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)			
6 COLUMN (B) COST	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8			
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5			
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11			
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR			
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION			
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0
PART III MACRS DEPRECIATION			
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2006	0	347,074	0
GENERAL DEPRECIATION SYSTEM (GDS)			
COLUMN C: BASIS FOR DEPRECIATION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	0	546,309	0
C 7-YEAR PROPERTY	0	44,021	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	4,597	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	60,500	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	0	0	0
C 7-YEAR PROPERTY	0	0	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN B: BASIS FOR DEPRECIATION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
PART IV SUMMARY			
20 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0
TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	347,074	0
FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0
PART V LISTED PROPERTY			
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0

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2006CONSRT
Year: 2006

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462
********** FORM 4562 - DEPRECIATION AND AMORTIZATION **********			
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.			
1 MAXIMUM DOLLAR LIMITATION			
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY			
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)			
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)			
6 COLUMN (B) COST	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8			
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5			
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11			
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR			
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION			
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0
PART III MACRS DEPRECIATION			
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2006	0	484,536	165,107
GENERAL DEPRECIATION SYSTEM (GDS)			
COLUMN C: BASIS FOR DEPRECIATION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	0	554,862	97,439
C 7-YEAR PROPERTY	0	5,530	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	163,889	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	36,372	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	0	0	0
C 7-YEAR PROPERTY	0	0	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN B: BASIS FOR DEPRECIATION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
PART IV SUMMARY			
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0
TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	484,536	165,107
FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0
PART V LISTED PROPERTY			
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

Perf Materials
51-0408646

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* FORM 4562 - DEPRECIATION AND AMORTIZATION *
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PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.		
1	MAXIMUM DOLLAR LIMITATION	
2	TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0
3	THRESHOLD COST OF SECTION 179 PROPERTY	
4	REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)	
5	DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)	
6	COLUMN (B) COST	0
6	COLUMN (C) ELECTED COST	0
7	LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0
8	TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0
9	TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8	
10	CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0
11	TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5	
12	SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11	
13	CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR	
PART II	SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION	
14	SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0
15	PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0
16	ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0
PART III	MACRS DEPRECIATION	
17	MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2006	0
)	GENERAL DEPRECIATION SYSTEM (GDS)	
	COLUMN C: BASIS FOR DEPRECIATION	
A	3-YEAR PROPERTY	0
B	5-YEAR PROPERTY	0
C	7-YEAR PROPERTY	0
D	10-YEAR PROPERTY	0
E	15-YEAR PROPERTY	0
F	20-YEAR PROPERTY	0
G	25-YEAR PROPERTY	0
H	RESIDENTIAL RENTAL PROPERTY	0
H	RESIDENTIAL RENTAL PROPERTY	0
I	NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0
I	NONRESIDENTIAL REAL PROPERTY	0
	COLUMN G: DEPRECIATION DEDUCTION	
A	3-YEAR PROPERTY	0
B	5-YEAR PROPERTY	0
C	7-YEAR PROPERTY	0
D	10-YEAR PROPERTY	0
E	15-YEAR PROPERTY	0
F	20-YEAR PROPERTY	0
G	25-YEAR PROPERTY	0
H	RESIDENTIAL RENTAL PROPERTY	0
H	RESIDENTIAL RENTAL PROPERTY	0
I	NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0
I	NONRESIDENTIAL REAL PROPERTY	0
	COLUMN B: BASIS FOR DEPRECIATION	
A	CLASS LIFE	0
B	12-YEAR	0
C	40-YEAR	0
	COLUMN G: DEPRECIATION DEDUCTION	
A	CLASS LIFE	0
B	12-YEAR	0
C	40-YEAR	0
PART IV	SUMMARY	
21	LISTED PROPERTY - AMOUNT FROM LINE 28	0
	TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0
	FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0
PART V	LISTED PROPERTY	
25(H)	SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0

	Total	Consol Elims	Subtotal
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0
29(I) ADD LINE 26	0	0	0
PART VI - AMORTIZATION			
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR			
(C) AMORTIZABLE AMOUNT	0	0	0
(C) AMORTIZABLE AMOUNT	406,323	0	406,323
(F) AMORTIZATION FOR THIS YEAR	0	0	0
(F) AMORTIZATION FOR THIS YEAR	94,534	0	94,534
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	27,884,407	0	27,884,407
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	27,978,941	0	27,978,941

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Lubrizol 34-0367600	1500 W Eliz 22-3838065	CPI 38-2050864
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0
29(I) ADD LINE 26	0	0	0
PART VI - AMORTIZATION			
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR			
(C) AMORTIZABLE AMOUNT	0	0	0
(C) AMORTIZABLE AMOUNT	406,323	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
(F) AMORTIZATION FOR THIS YEAR	94,534	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	7,683,747	0	217,090
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	7,778,281	0	217,090

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ Enterprises 34-1502387
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0
29(I) ADD LINE 26	0	0	0
PART VI - AMORTIZATION			
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR			
(C) AMORTIZABLE AMOUNT	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	0	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0
29(I) ADD LINE 26	0	0	0
PART VI - AMORTIZATION			
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR			
(C) AMORTIZABLE AMOUNT	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	50,782	0	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	50,782	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0
29(I) ADD LINE 26	0	0	0
PART VI - AMORTIZATION			
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR			
(C) AMORTIZABLE AMOUNT	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	0	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	0	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0
29(I) ADD LINE 26	0	0	0
PART VI - AMORTIZATION			
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR			
(C) AMORTIZABLE AMOUNT	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	15,382,652	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	15,382,652	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0
29(I) ADD LINE 26	0	0	0
PART VI - AMORTIZATION			
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR			
(C) AMORTIZABLE AMOUNT	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	66,634	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	66,634	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0
29(I) ADD LINE 26	0	0	0
PART VI - AMORTIZATION			
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR			
(C) AMORTIZABLE AMOUNT	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	4,447,124	36,378	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	4,447,124	36,378	0

2006 CONS. FEDERAL 1120 TAX RETURN

2006CONSRT
Year: 2006

	Perf Materials 51-0408646
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0
28(H) ADD LINES 25 THRU 27	0
29(I) ADD LINE 26	0
PART VI - AMORTIZATION	
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR	
(C) AMORTIZABLE AMOUNT	0
(C) AMORTIZABLE AMOUNT	0
(F) AMORTIZATION FOR THIS YEAR	0
(F) AMORTIZATION FOR THIS YEAR	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0

Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2005 or tax year beginning _____, 2005, and ending _____, 20____

▶ See separate instructions.

OMB No. 1545-0123

2005

A Check if:
- Consolidated return (attach Form 851) [X]
- Personal holding co. (attach Sch. PH) [ ]
- 3 Personal service corp. (see instructions) [ ]
- 4 Schedule M-3 required (attach Sch. M-3) [X]

Use IRS label. Other-wise, print or type.

Name, Number, street, and room or suite no. If a P.O. box, see instructions.
City or town, state, and ZIP code

The Lubrizol Corporation & Subsidiaries
29400 Lakeland Blvd
Wickliffe OH 44092

B Employer identification number
34-0367600

C Date incorporated
07 31 1928

D Total assets (see instructions)
$ 3,404,250,211

E Check if: (1) [ ] Initial return (2) [ ] Final return (3) [ ] Name change (4) [ ] Address change

Income	1a	Gross receipts or sales 2,756,983,122	b Less returns and allowances 65,850,630	c Bal ▶	1c	2,691,132,492
	2	Cost of goods sold (Schedule A, line 8)			2	1,482,614,227
	3	Gross profit. Subtract line 2 from line 1c			3	1,208,518,265
	4	Dividends (Schedule C, line 19)			4	707,437,705
	5	Interest			5	36,752,898
	6	Gross rents			6	1,514,325
	7	Gross royalties			7	46,973,630
	8	Capital gain net income (attach Schedule D (Form 1120))			8	1,983,726
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)			9	1,705,290
	10	Other income (see instructions – attach schedule) STATEMENT 1			10	183,195,706
	11	**Total income.** Add lines 3 through 10		▶	11	2,188,081,545
Deductions (See instructions for limitations on deductions)	12	Compensation of officers (Schedule E, line 4)			12	7,723,446
	13	Salaries and wages (less employment credits)			13	395,233,055
	14	Repairs and maintenance			14	36,986,028
	15	Bad debts			15	1,398,547
	16	Rents			16	15,007,210
	17	Taxes and licenses STATEMENT 2			17	43,254,257
	18	Interest			18	136,771,657
	19	Charitable contributions (see instructions for 10% limitation)			19	756,018
	20a	Depreciation (attach Form 4562)	20a 93,179,895			
	b	Less depreciation claimed on Schedule A and elsewhere on return	20b 0		20c	93,179,895
	21	Depletion			21	0
	22	Advertising			22	3,627,763
	23	Pension, profit-sharing, etc., plans			23	23,008,502
	24	Employee benefit programs			24	52,580,541
	25	Domestic production activities deduction (attach Form 8903)			25	0
	26	Other deductions (attach schedule) STATEMENT 3			26	551,043,100
	27	**Total deductions.** Add lines 12 through 26		▶	27	1,360,570,019
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11			28	827,511,526
	29	Less: a Net operating loss deduction (see instructions)	29a 169,382,705			
		b Special deductions (Schedule C, line 20)	29b 630,051,807		29c	799,434,512
Tax and Payments	30	**Taxable income.** Subtract line 29c from line 28 (see instructions if Schedule C, line 12, was completed)			30	28,077,014
	31	**Total tax** (Schedule J, line 11) 0			31	13,111,431
	32	**Payments:** a 2004 overpayment credited to 2005	32a 162			
	b	2005 estimated tax payments 0	32b 14,410,000			
	c	Less 2005 refund applied for on Form 4466	32c (0)	d Bal ▶ 32d 14,410,162		
	e	Tax deposited with Form 7004		32e 0		
	f	Credits: (1) Form 2439 0 (2) Form 4136 118,964		32f 118,964	32g	14,529,126
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ [X]			33	0
	34	**Tax due.** If line 32g is smaller than the total of lines 31 and 33, enter amount owed			34	0
	35	**Overpayment.** If line 32g is larger than the total of lines 31 and 33, enter amount overpaid			35	1,417,695
	36	Enter amount of line 35 you want: **Credited to 2006 estimated tax** ▶ 1,417,695 **Refunded** ▶			36	0

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: Jeffrey A. Vavruska — Date: 8/28/2006 — Title: Chief Tax Officer

May the IRS discuss this return with the preparer shown below (see instr.)? [ ] Yes [ ] No

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-employed [ ] | Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code | EIN | Phone no.

FRE 2005 Deloitte & Touche Tax Technologies LLC

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	287,527,530
2	Purchases	2	1,488,318,080
3	Cost of labor	3	0
4	Additional section 263A costs (attach schedule)	4	0
5	Other costs (attach schedule)	5	0
6	**Total.** Add lines 1 through 5	6	1,775,845,610
7	Inventory at end of year	7	293,231,383
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2	8	1,482,614,227

9a Check all methods used for valuing closing inventory:
- (i) [X] Cost
- (ii) [ ] Lower of cost or market
- (iii) [ ] Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO — 9d: 49

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? [X] Yes [ ] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation [ ] Yes [X] No

Schedule C Dividends and Special Deductions (see instructions)

		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	91	70	64
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	0	80	0
3	Dividends on debt-financed stock of domestic and foreign corporations	0	see instructions	0
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	0	42	0
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	0	48	0
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs	0	70	0
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs	0	80	0
8	Dividends from wholly owned foreign subsidiaries	0	100	0
9	**Total.** Add lines 1 through 8. See instructions for limitation			64
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	0	100	0
11	Dividends from affiliated group members and certain FSCs	470,948,664	100	470,948,664
12	Dividends from controlled foreign corporations (attach Form 8895)	187,180,093	85	159,103,079
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12	39,664,281		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)	9,644,576		
15	Foreign dividend gross-up	0		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3	0		
17	Other dividends	0		
18	Deduction for dividends paid on certain preferred stock of public utilities			0
19	**Total dividends.** Add lines 1 through 17. Enter here and on page 1, line 4 ▶	707,437,705		
20	**Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			630,051,807

Schedule E Compensation of Officers (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are $500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned (d) Common	(e) Preferred	(f) Amount of compensation
1 Available Upon Request		%	%	%	0
		%	%	%	0
		%	%	%	0
		%	%	%	0
		%	%	%	0
2 Total compensation of officers					0
3 Compensation of officers claimed on Schedule A and elsewhere on return					0
4 Subtract line 3 from line 2. Enter the result here and on page 1, line 12					7,723,446

2005 Deloitte & Touche Tax Technologies LLC

Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group ▶ ☐ Important: Members of a controlled group, see instructions.				
2a	If the box on line 1 is checked, enter the corporation's share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order): (1) $ 0 (2) $ 0 (3) $ 0				
b	Enter the corporation's share of: (1) Additional 5% tax (not more than $11,750)		$ 11,750		
	(2) Additional 3% tax (not more than $100,000)		$ 100,000		
3	Income tax. Check if a qualified personal service corporation (see instructions) ▶ ☐			3	9,826,955
4	Alternative minimum tax (attach Form 4626)			4	3,284,476
5	Add lines 3 and 4			5	13,111,431
6a	Foreign tax credit (attach Form 1118)	6a	0		
b	Possessions tax credit (attach Form 5735)	6b	0		
c	Credits from: ☐ Form 8834 ☐ Form 8907, line 23	6c	0		
d	General business credit. Check box(es) and indicate which forms are attached: ☐ Form 3800 ☒ Form(s) (specify) ▶ 6765	6d	0		
e	Credit for prior year minimum tax (attach Form 8827)	6e	0		
f	Bond credits from: ☐ Form 8860 ☐ Form 8912	6f	0		
7	**Total credits.** Add lines 6a through 6f			7	0
8	Subtract line 7 from line 5			8	13,111,431
9	Personal holding company tax (attach Schedule PH (Form 1120))			9	0
10	Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Form 8902 ☐ Other (attach schedule)			10	0
11	**Total tax.** Add lines 8 through 10. Enter here and on page 1, line 31		0	11	13,111,431

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ▶		
2	See the instructions and enter the:		
a	Business activity code no. ▶ 325900		
	Business activity ▶ Manufacturing & Sales		
	Product or service ▶ Chemical Additives		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)	X	
	If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?		X
	If "Yes," enter name and EIN of the parent corporation ▶		
5	At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)		X
	If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶		
6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)		X
	If "Yes," file **Form 5452,** Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on **Form 851,** Affiliations Schedule, for each subsidiary.		
7	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation?		X
	If "Yes," enter: (a) Percentage owned ▶ and (b) Owner's country ▶		
c	The corporation may have to file **Form 5472,** Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶		
8	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If checked, the corporation may have to file **Form 8281,** Information Return for Publicly Offered Original Issue Discount Instruments.		
9	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ 0		
10	Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶		
11	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ ☐ If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3) must be attached or the election will not be valid.		
12	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ $ 341,332,635		
13	Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year **and** its total assets at the end of the tax year less than $250,000?		X
	If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ $ 0		

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120),** Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

2005 Deloitte & Touche Tax Technologies LLC

Note: The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes."

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash		49,939,510		86,285,598
2a Trade notes and accounts receivable	276,790,945		284,221,763	
b Less allowance for bad debts	(6,085,215)	270,705,730	(5,619,995)	278,601,768
3 Inventories		287,527,530		293,231,383
4 U.S. government obligations		0		0
5 Tax-exempt securities (see instructions)		0		0
6 Other current assets (attach schedule)	STATEMENT 4	67,047,558	STATEMENT 9	102,476,829
7 Loans to shareholders		0		0
8 Mortgage and real estate loans		0		0
9 Other investments (attach schedule)	STATEMENT 5	472,188,373	STATEMENT 10	489,087,483
10a Buildings and other depreciable assets	1,648,275,974		1,662,352,964	
b Less accumulated depreciation	(790,690,593)	857,585,381	(864,419,959)	797,933,005
11a Depletable assets	0		0	
b Less accumulated depletion	(0)	0	(0)	0
12 Land (net of any amortization)		31,716,696		30,177,820
13a Intangible assets (amortizable only)	1,494,819,178		1,128,774,365	
b Less accumulated amortization	(108,909,855)	1,385,909,323	(90,711,456)	1,038,062,909
14 Other assets (attach schedule)	STATEMENT 6	248,605,993	STATEMENT 11	288,393,416
15 Total assets		3,671,226,094		3,404,250,211
Liabilities and Shareholders' Equity				
16 Accounts payable		216,089,670		236,090,095
17 Mortgages, notes, bonds payable in less than 1 year		0		0
18 Other current liabilities (attach schedule)	STATEMENT 7	235,478,426	STATEMENT 12	225,243,514
19 Loans from shareholders		0		0
20 Mortgages, notes, bonds payable in 1 year or more		1,957,195,202		1,445,195,760
21 Other liabilities (attach schedule)	STATEMENT 8	382,375,231	STATEMENT 13	377,913,878
22 Capital stock: a Preferred stock	0		0	
b Common stock	128,879,173	128,879,173	171,938,452	171,938,452
23 Additional paid-in capital		518,853,037		527,524,705
24 Retained earnings - Appropriated (attach schedule)		0		0
25 Retained earnings - Unappropriated		448,749,047		635,368,150
26 Adjustments to shareholders' equity (attach schedule)		0		0
27 Less cost of treasury stock		(216,393,692)		(215,024,343)
28 Total liabilities and shareholders' equity		3,671,226,094		3,404,250,211

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)

1	Net income (loss) per books	835,169,807	7 Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books	30,454,882	Tax-exempt interest $ 0	
3	Excess of capital losses over capital gains	0		
4	Income subject to tax not recorded on books this year (itemize):		STATEMENT 16 72,774,884	72,774,884
	STATEMENT 14	30,800,905	8 Deductions on this return not charged against book income this year (itemize):	
5	Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation $ 0	
a	Depreciation $ 6,503,072		b Charitable contributions $ 606,311	
b	Charitable contributions $ 0			
c	Travel & entertainment $ 2,189,197		STATEMENT 17 72,538,742	73,145,053
	STATEMENT 15 68,313,600	77,005,869	9 Add lines 7 and 8	145,919,937
6	Add lines 1 through 5	973,431,463	10 Income (page 1, line 28) - line 6 less line 9	827,511,526

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	448,749,047	5 Distributions: a Cash	541,634,145
2	Net income (loss) per books	835,169,807	b Stock	0
3	Other increases (itemize):		c Property	0
	STATEMENT 18	6,246,652	6 Other decreases (itemize): STATEMENT 19	113,163,211
4	Add lines 1, 2, and 3	1,290,165,506	7 Add lines 5 and 6	654,797,356
			8 Balance at end of year (line 4 less line 7)	635,368,150

2005 Deloitte & Touche Tax Technologies LLC

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

		Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
	SCHEDULE A - COST OF GOODS SOLD					
1	INVENTORY AT BEGINNING OF YEAR. 1	287,527,530	0	287,527,530	113,223,893	0
2	PURCHASES 2	1,488,318,080	0	1,488,318,080	820,031,701	0
3	COST OF LABOR 3	0	0	0	0	0
4	ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5	OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6	TOTAL - ADD LINES 1 THROUGH 5 6	1,775,845,610	0	1,775,845,610	933,255,594	0
7	INVENTORY AT END OF YEAR. 7	293,231,383	0	293,231,383	118,177,508	0
8	COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	1,482,614,227	0	1,482,614,227	815,078,086	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

		CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
SCHEDULE A - COST OF GOODS SOLD						
1 INVENTORY AT BEGINNING OF YEAR	1	9,891,347	8,844,905	1,019,351	0	0
2 PURCHASES	2	49,197,987	17,395,098	2,501,274	0	0
3 COST OF LABOR	3	0	0	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE)	4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE)	5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5	6	59,089,334	26,240,003	3,520,625	0	0
7 INVENTORY AT END OF YEAR	7	10,072,026	0	0	0	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1)	8	49,017,308	26,240,003	3,520,625	0	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR. 1	0	8,146,049	0	19,000	0
2 PURCHASES 2	0	39,729,365	0	3,712,000	0
3 COST OF LABOR 3	0	0	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	0	47,875,414	0	3,731,000	0
7 INVENTORY AT END OF YEAR. 7	0	9,393,874	0	4,000	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	0	38,481,540	0	3,727,000	0

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR. 1	1,821,242	0	0	101,040,725	0
2 PURCHASES 2	5,786,124	0	0	426,522,560	0
3 COST OF LABOR 3	0	0	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	7,607,366	0	0	527,563,285	0
7 INVENTORY AT END OF YEAR. 7	0	0	0	115,437,994	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	7,607,366	0	0	412,125,291	0

LZ Consolidated
Year: 2005

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR 1	0	0	13,769,584	0	0
2 PURCHASES 2	0	0	12,004,150	0	0
3 COST OF LABOR 3	0	0	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE) . . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	0	0	25,773,734	0	0
7 INVENTORY AT END OF YEAR 7	0	0	14,780,471	0	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1) . 8	0	0	10,993,263	0	0

LZ Consolidated
Year: 2005

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646
SCHEDULE A - COST OF GOODS SOLD			
1 INVENTORY AT BEGINNING OF YEAR 1	25,914,198	3,837,236	0
2 PURCHASES 2	95,390,070	16,047,751	0
3 COST OF LABOR 3	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE) . . . 4	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	121,304,268	19,884,987	0
7 INVENTORY AT END OF YEAR 7	22,125,799	3,239,711	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1) . 8	99,178,469	16,645,276	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
1120 - U.S. CORPORATION INCOME TAX RETURN					
TOTAL ASSETS	3,404,250,211	(8,520,214,934)	11924465145	4,134,863,908	27,854
1A GROSS RECEIPTS OR SALES 1A	2,756,983,122	0	2,756,983,122	1,359,480,637	0
B LESS RETURNS AND ALLOWANCES 1B	65,850,630	0	65,850,630	16,703,683	0
BALANCE >1C	2,691,132,492	0	2,691,132,492	1,342,776,954	0
2 COST OF GOODS SOLD (SCHEDULE A) 2	1,482,614,227	0	1,482,614,227	815,078,086	0
3 GROSS PROFIT (LINE 1(C) LESS LINE 2) 3	1,208,518,265	0	1,208,518,265	527,698,868	0
4 DIVIDENDS (SCHEDULE C) 4	707,437,705	0	707,437,705	164,073,264	0
5 INTEREST 5	36,752,898	0	36,752,898	2,179,223	0
6 GROSS RENTS 6	1,514,325	0	1,514,325	33,549	108,000
7 GROSS ROYALTIES 7	46,973,630	0	46,973,630	44,406,585	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D) 8	1,983,726	0	1,983,726	1,893,872	0
9 NET GAIN (LOSS) FROM FORM 4797 9	1,705,290	0	1,705,290	820,890	0
10 OTHER INCOME (ATTACH SCHEDULE) 10	183,195,706	36,930	183,158,776	42,955,753	0
11 TOTAL INCOME (LINES 3 THROUGH 10) >11	2,188,081,545	36,930	2,188,044,615	784,062,004	108,000
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	7,723,446	0	7,723,446	7,723,446	0
13 SALARIES AND WAGES 13	395,233,055	0	395,233,055	184,506,547	0
14 REPAIRS 14	36,986,028	0	36,966,028	16,911,472	0
15 BAD DEBTS 15	1,398,547	0	1,398,547	37,164	0
16 RENTS 16	15,007,210	0	15,007,210	7,327,434	84,000
17 TAXES 17	43,254,257	0	43,254,257	28,271,689	13,358
18 INTEREST 18	136,771,657	0	136,771,657	127,139,644	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS) 19	756,018	0	756,018	165,537	0
20A DEPRECIATION (FORM 4562) 20A	93,179,895	0	93,179,895	32,903,857	0
B LESS DEPRECIATION IN SCH A & ELSEWHERE 20B	0	0	0	0	0
20C	93,179,895	0	93,179,895	32,903,857	0
21 DEPLETION 21	0	0	0	0	0
22 ADVERTISING 22	3,627,763	0	3,627,763	531,619	0
23 PENSION, PROFIT SHARING, ETC. PLANS 23	23,008,502	0	23,008,502	16,673,064	0
24 EMPLOYEE BENEFIT PROGRAMS 24	52,580,541	0	52,580,541	13,406,116	0
25 DOMESTIC PRODUCTION ACTIVITIES DEDUCTION 25	0	0	0	0	0
26 OTHER DEDUCTIONS 26	551,043,100	0	551,043,100	227,128,421	0
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26) >27	1,360,570,019	0	1,360,570,019	662,726,010	97,358
TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. 28	827,511,526	36,930	827,474,596	121,335,994	10,642
LESS: A. NET OPERATING LOSS DEDUCTION 29A	169,382,705	169,382,705	0	0	0
B. SPECIAL DEDUCTIONS (SCHEDULE C) 29B	630,051,807	0	630,051,807	158,507,536	0
C. TOTAL 29C	799,434,512	169,382,705	630,051,807	158,507,536	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	28,077,014	0	197,422,789	0	10,642

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
********** * 1120 - U.S. CORPORATION INCOME TAX RETURN * **********					
TOTAL ASSETS	625,690,730	0	0	21,085,311	57,407
1A GROSS RECEIPTS OR SALES 1A	71,533,676	37,954,649	6,003,273	0	0
B LESS RETURNS AND ALLOWANCES 1B	97,104	265,092	35,286	0	0
BALANCE >1C	71,436,572	37,689,557	5,967,987	0	0
2 COST OF GOODS SOLD (SCHEDULE A) 2	49,017,308	26,240,003	3,520,625	0	0
3 GROSS PROFIT (LINE 1(C) LESS LINE 2) 3	22,419,264	11,449,554	2,447,362	0	0
4 DIVIDENDS (SCHEDULE C) 4	0	0	0	0	3,065,791
5 INTEREST 5	25,362,312	11,015	23	0	0
6 GROSS RENTS 6	0	0	0	274,316	0
7 GROSS ROYALTIES 7	0	777,361	0	893,980	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D) 8	0	0	0	0	0
9 NET GAIN (LOSS) FROM FORM 4797 9	600	56,246	0	(123,099)	0
10 OTHER INCOME (ATTACH SCHEDULE) 10	(191,946)	(54,229)	137,630	620,830	0
11 TOTAL INCOME (LINES 3 THROUGH 10) . . . .>11	47,590,230	12,239,947	2,585,015	1,666,027	3,065,791
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0	0	0
13 SALARIES AND WAGES 13	3,740,245	5,405,681	895,870	170,132	0
14 REPAIRS 14	196,469	321,625	33,353	0	0
15 BAD DEBTS 15	57,407	(1,085)	0	0	0
16 RENTS 16	27,561	497,695	256,292	257,456	0
17 TAXES 17	1,025,442	743,856	89,114	63,317	0
18 INTEREST 18	0	0	28	4,009	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS) 19	28,806	2,535	0	0	0
20A DEPRECIATION (FORM 4562) 20A	580,378	938,283	64,945	7,042	0
B LESS DEPRECIATION IN SCH A & ELSEWHERE . . .20B	0	0	0	0	0
20C	580,378	938,283	64,945	7,042	0
21 DEPLETION 21	0	0	0	0	0
22 ADVERTISING 22	84,846	42,330	265	0	0
23 PENSION, PROFIT SHARING, ETC. PLANS 23	383,948	938,182	91,519	6,166	0
24 EMPLOYEE BENEFIT PROGRAMS 24	481,749	1,203,383	312,023	27,240	0
25 DOMESTIC PRODUCTION ACTIVITIES DEDUCTION. . . 25	0	0	0	0	0
26 OTHER DEDUCTIONS 26	2,625,291	5,263,230	514,566	281,456	0
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26) . .>27	9,232,142	15,355,715	2,257,975	816,818	0
TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. . 28	38,358,088	(3,115,768)	327,040	849,209	3,065,791
LESS: A. NET OPERATING LOSS DEDUCTION 29A	0	0	0	0	0
B. SPECIAL DEDUCTIONS (SCHEDULE C) . . .29B	0	0	0	0	0
C. TOTAL 29C	0	0	0	0	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	38,358,088	0	327,040	849,209	3,065,791

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
1120 - U.S. CORPORATION INCOME TAX RETURN					
TOTAL ASSETS	1,972,015	57,317,044	2,817,348	310,842,821	768,628,442
1A GROSS RECEIPTS OR SALES. 1A	0	57,730,434	0	4,046,000	0
B LESS RETURNS AND ALLOWANCES. 1B	0	1,484,586	0	0	0
BALANCE >1C	0	56,245,848	0	4,046,000	0
2 COST OF GOODS SOLD (SCHEDULE A) 2	0	38,481,540	0	3,727,000	0
3 GROSS PROFIT (LINE 1(C) LESS LINE 2). 3	0	17,764,308	0	319,000	0
4 DIVIDENDS (SCHEDULE C). 4	91	0	2,865,858	73,484	112,293,246
5 INTEREST. 5	0	539	0	2,000	295,513
6 GROSS RENTS 6	0	0	0	0	0
7 GROSS ROYALTIES 7	0	0	0	0	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D). 8	(28,706)	0	0	0	0
9 NET GAIN (LOSS) FROM FORM 4797. 9	0	(8,477)	0	(1,000)	185,799
10 OTHER INCOME (ATTACH SCHEDULE). 10	(78,498)	326,625	0	119,148,218	3,163,968
11 TOTAL INCOME (LINES 3 THROUGH 10). . . . .>11	(107,113)	18,082,995	2,865,858	119,541,702	115,938,526
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0	0	0
13 SALARIES AND WAGES. 13	0	6,459,684	0	870,000	1,256,000
14 REPAIRS 14	0	475,313	0	43,000	10,000
15 BAD DEBTS 15	0	0	0	0	0
16 RENTS 16	0	232,549	0	114,000	48,000
17 TAXES 17	0	823,551	438,750	368,987	379,754
18 INTEREST. 18	0	0	0	0	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS). 19	0	16,925	0	0	2,000
20A DEPRECIATION (FORM 4562). 20A	0	1,752,103	0	46,000	0
B LESS DEPRECIATION IN SCH A & ELSEWHERE . . .20B	0	0	0	0	0
20C	0	1,752,103	0	46,000	0
21 DEPLETION 21	0	0	0	0	0
22 ADVERTISING 22	0	37,489	0	0	0
23 PENSION, PROFIT SHARING, ETC. PLANS 23	0	685,419	0	12,000	412,000
24 EMPLOYEE BENEFIT PROGRAMS 24	0	1,414,571	0	55,000	34,000
25 DOMESTIC PRODUCTION ACTIVITIES DEDUCTION. . . 25	0	0	0	0	0
26 OTHER DEDUCTIONS. 26	0	4,555,763	200	102,775,349	980,733
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26). .>27	0	16,453,367	438,950	104,284,336	3,122,487
TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. . 28	(107,113)	1,629,628	2,426,908	15,257,366	112,816,039
LESS: A. NET OPERATING LOSS DEDUCTION 29A	0	0	0	0	0
B. SPECIAL DEDUCTIONS (SCHEDULE C). . .29B	64	0	0	0	71,516,571
C. TOTAL. 29C	64	0	0	0	71,516,571
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	0	1,629,628	2,426,908	15,257,366	41,299,468

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
1120 - U.S. CORPORATION INCOME TAX RETURN					
TOTAL ASSETS	18,181,268	11,772,432	2,219,740,374	2,708,887,845	247,841
1A GROSS RECEIPTS OR SALES 1A	14,280,379	0	0	983,674,394	0
B LESS RETURNS AND ALLOWANCES 1B	997,214	0	0	44,796,371	0
BALANCE >1C	13,283,165	0	0	938,878,023	0
2 COST OF GOODS SOLD (SCHEDULE A) 2	7,607,366	0	0	412,125,291	0
3 GROSS PROFIT (LINE 1(C) LESS LINE 2) 3	5,675,799	0	0	526,752,732	0
4 DIVIDENDS (SCHEDULE C) 4	0	0	173,748,490	162,931,117	28,109
5 INTEREST 5	0	0	0	8,776,746	0
6 GROSS RENTS 6	20,401	0	0	1,078,059	0
7 GROSS ROYALTIES 7	0	0	0	895,704	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D) 8	734,958	0	0	(616,398)	0
9 NET GAIN (LOSS) FROM FORM 4797 9	1,380,660	0	0	(365,325)	0
10 OTHER INCOME (ATTACH SCHEDULE) 10	8,131	509,055	29,134	14,744,104	0
11 TOTAL INCOME (LINES 3 THROUGH 10) >11	7,819,949	509,055	173,777,624	714,196,739	28,109
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0	0	0
13 SALARIES AND WAGES 13	2,002,270	0	0	155,575,968	0
14 REPAIRS 14	34,631	0	0	13,418,410	0
15 BAD DEBTS 15	301,123	0	0	1,003,711	0
16 RENTS 16	0	0	0	5,207,584	0
17 TAXES 17	303,158	50,923	0	7,740,303	0
18 INTEREST 18	0	0	0	(64,898)	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS) 19	85	0	0	510,007	0
20A DEPRECIATION (FORM 4562) 20A	86,452	0	0	49,748,093	0
B LESS DEPRECIATION IN SCH A & ELSEWHERE 20B	0	0	0	0	0
20C	86,452	0	0	49,748,093	0
21 DEPLETION 21	0	0	0	0	0
22 ADVERTISING 22	24,963	0	0	2,893,923	0
23 PENSION, PROFIT SHARING, ETC. PLANS 23	227,230	0	0	2,215,311	0
24 EMPLOYEE BENEFIT PROGRAMS 24	288,491	0	0	31,135,219	0
25 DOMESTIC PRODUCTION ACTIVITIES DEDUCTION 25	0	0	0	0	0
26 OTHER DEDUCTIONS 26	896,304	94,109	0	168,093,768	4,913
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26) >27	4,164,707	145,032	0	437,477,399	4,913
TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. 28	3,655,242	364,023	173,777,624	276,719,340	23,196
LESS: A. NET OPERATING LOSS DEDUCTION 29A	0	0	0	0	0
B. SPECIAL DEDUCTIONS (SCHEDULE C) 29B	0	0	173,748,490	152,374,386	0
C. TOTAL 29C	0	0	173,748,490	152,374,386	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	3,655,242	364,023	29,134	124,344,954	23,196

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
1120 - U.S. CORPORATION INCOME TAX RETURN					
TOTAL ASSETS	0	124,337,650	223,841,478	9,311,937	157,973,073
1A GROSS RECEIPTS OR SALES 1A	0	0	52,930,264	0	0
B *LESS RETURNS AND ALLOWANCES* 1B	0	0	588,339	0	0
BALANCE >1C	0	0	52,341,925	0	0
2 COST OF GOODS SOLD (SCHEDULE A) .2	0	0	10,993,263	0	0
3 GROSS PROFIT (LINE 1(C) LESS LINE 2) .3	0	0	41,348,662	0	0
4 DIVIDENDS (SCHEDULE C) .4	0	0	0	2,473,575	0
5 INTEREST .5	0	102,989	22,538	0	0
6 GROSS RENTS .6	0	0	0	0	0
7 GROSS ROYALTIES .7	0	0	0	0	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D) .8	0	0	0	0	0
9 NET GAIN (LOSS) FROM FORM 4797 .9	0	0	(221,732)	0	0
10 OTHER INCOME (ATTACH SCHEDULE) 10	0	141,374	136,526	0	0
11 TOTAL INCOME (LINES 3 THROUGH 10) >11	0	244,363	41,285,994	2,473,575	0
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0	0	0
13 SALARIES AND WAGES 13	0	0	16,416,296	0	0
14 REPAIRS 14	0	0	2,243,083	0	0
15 BAD DEBTS 15	0	0	227	0	0
16 RENTS 16	0	0	281,835	0	0
17 TAXES 17	0	0	767,146	269,001	0
18 INTEREST 18	0	663,929	696,608	172,217	8,160,120
19 CONTRIBUTIONS (SEE INSTRUCTIONS) 19	0	0	0	0	0
20A DEPRECIATION (FORM 4562) 20A	0	0	3,076,948	0	0
B LESS DEPRECIATION IN SCH A & ELSEWHERE .20B	0	0	0	0	0
20C	0	0	3,076,948	0	0
21 DEPLETION 21	0	0	0	0	0
22 ADVERTISING 22	0	0	11,405	0	0
23 PENSION, PROFIT SHARING, ETC. PLANS 23	0	0	178,786	0	0
24 EMPLOYEE BENEFIT PROGRAMS 24	0	0	3,168,929	0	0
25 DOMESTIC PRODUCTION ACTIVITIES DEDUCTION. 25	0	0	0	0	0
26 OTHER DEDUCTIONS 26	0	193,474	14,253,407	610	9,089,111
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26) >27	0	857,403	41,094,670	441,828	17,249,231
TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. 28	0	(613,040)	191,324	2,031,747	(17,249,231)
LESS: A. NET OPERATING LOSS DEDUCTION .29A	0	0	0	0	0
B. *SPECIAL DEDUCTIONS (SCHEDULE C)* .29B	0	0	0	2,078,646	0
C. TOTAL .29C	0	0	0	2,078,646	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	0	0	191,324	366,820	0

2005 CONS. FEDERAL 1120 TAX RETURN

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	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646
TOTAL ASSETS	55,710,578	119,183,671	351,974,118
1A GROSS RECEIPTS OR SALES. 1A	135,722,027	33,627,389	0
B LESS RETURNS AND ALLOWANCES. 1B	0	882,955	0
BALANCE >1C	135,722,027	32,744,434	0
2 COST OF GOODS SOLD (SCHEDULE A) 2	99,178,469	16,645,276	0
3 GROSS PROFIT (LINE 1(C) LESS LINE 2). 3	36,543,558	16,099,158	0
4 DIVIDENDS (SCHEDULE C). 4	0	0	85,884,680
5 INTEREST. 5	0	0	0
6 GROSS RENTS 6	0	0	0
7 GROSS ROYALTIES 7	0	0	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D). 8	0	0	0
9 NET GAIN (LOSS) FROM FORM 4797. 9	(8,206)	(11,066)	0
10 OTHER INCOME (ATTACH SCHEDULE). 10	(71,977)	1,033	1,633,045
11 TOTAL INCOME (LINES 3 THROUGH 10). . . .>11	36,463,375	16,089,125	87,517,725
DEDUCTIONS			
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0
13 SALARIES AND WAGES. 13	12,643,181	5,291,181	0
14 REPAIRS 14	2,071,713	1,226,959	0
15 BAD DEBTS 15	0	0	0
16 RENTS 16	446,772	226,032	0
17 TAXES 17	1,792,708	113,200	0
18 INTEREST. 18	0	0	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS). 19	26,873	3,250	0
20A DEPRECIATION (FORM 4562). 20A	2,884,247	1,091,547	0
B LESS DEPRECIATION IN SCH A & ELSEWHERE . . .20B	0	0	0
20C	2,884,247	1,091,547	0
21 DEPLETION 21	0	0	0
22 ADVERTISING 22	184	739	0
23 PENSION, PROFIT SHARING, ETC. PLANS 23	1,109,440	75,437	0
24 EMPLOYEE BENEFIT PROGRAMS 24	29,575	1,024,245	0
25 DOMESTIC PRODUCTION ACTIVITIES DEDUCTION. . . 25	0	0	0
26 OTHER DEDUCTIONS. 26	7,612,571	6,679,824	0
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26). .>27	28,617,264	15,732,414	0
TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. . 28	7,846,111	356,711	87,517,725
LESS: A. NET OPERATING LOSS DEDUCTION 29A	0	0	0
B. SPECIAL DEDUCTIONS (SCHEDULE C). . .29B	0	0	71,826,114
C. TOTAL. 29C	0	0	71,826,114
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	7,846,111	356,711	15,691,611

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* 1120 - U.S. CORPORATION INCOME TAX RETURN *
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STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 10: OTHER INCOME					
AUTO LEASE INCLUSION	11,255	0	11,255	0	0
MISCELLANEOUS OTHER INCOME	3,509,718	0	3,509,718	2,808,164	0
TRANSFER TO A/R-OTHER	268,000	0	268,000	0	0
SERVICE FEES	60,506	0	60,506	60,506	0
SERVICE FEES COSTS	(34,323)	0	(34,323)	(34,323)	0
INC (LOSS) FROM U.S. PSHIP	(83,650)	0	(83,650)	(5,152)	0
INC (LOSS) FROM FRGN PSHIP	277,205	0	277,205	0	0
TESTING SERVICES REVENUE	177,316	0	177,316	177,316	0
TESTING SERVICE COST	(89,932)	0	(89,932)	(89,932)	0
TOLL PROCESSING REVENUES	4,922	0	4,922	4,922	0
TOLL PROCESSING COSTS	(287,497)	0	(287,497)	(287,497)	0
KNOWLEDGE SERVICE REVENUES	76,931	0	76,931	76,931	0
KNOWLEDGE SERVICES COSTS	(25,410)	0	(25,410)	(25,410)	0
GAIN OR LOSS ON FGN EXCHANGE-MISC	(1,013,132)	0	(1,013,132)	3,541	0
GAIN OR LOSS ON FGN EXCHANGE-FRAN	(368,839)	0	(368,839)	(368,839)	0
MISC INCOME/EXPENSE	(760,447)	0	(760,447)	0	0
GAIN OR LOSS ON FGN EXCHANGE-CANA	535	0	535	547	0
GAIN OR LOSS ON FGN EXCHANGE-MEXC	8,820	0	8,820	8,820	0
GAIN OR LOSS ON FGN EXCHANGE-LLTD	142,082	0	142,082	142,082	0
GAIN OR LOSS ON FGN EXCHANGE-LJLI	(83,586)	0	(83,586)	(83,586)	0
GAIN OR LOSS ON FGN EXCHANGE-LSAL	(12,318)	0	(12,318)	(12,318)	0
BUY/SELL CUSTOM MANUFACTURERS	(41,798)	0	(41,798)	(41,798)	0
GAIN OR LOSS ON FGN EXCHANGE-PTI	2,624,721	0	2,624,721	0	0
GAIN OR LOSS ON FGN EXCHANGE-BLIL	(27,343)	0	(27,343)	(27,343)	0
GAIN OR LOSS - SALE OF BUSINESS	10,000	0	10,000	0	0
EQUIPMENT RENTAL - PURINOX	44,176	0	44,176	44,176	0
GAIN/LOSS ON JOE GIBBS CONTRACT	6,037	0	6,037	6,037	0
SECTION 987 INCLUSION	857,726	0	857,726	0	0
INTERCO SERVICES INC-CORP	38,035,918	0	38,035,918	0	0
INTERCO SERVICES INC-FRAN	24,865,949	0	24,865,949	167,463	0
INTERCO SERVICES INC-LIMC	41,291,213	0	41,291,213	39,158,213	0
INTERCO SERVICES INC-LJLI	3,569,342	0	3,569,342	0	0
INTERCO SERVICES INC-CANA	2,869,238	0	2,869,238	9,400	0
INTERCO SERVICES INC-LLTD	(19,605)	0	(19,605)	0	0
INTERCO SERVICES INC-LSAL	7,212,513	0	7,212,513	0	0
INTERCO SERVICES INC-AUST	1,690,497	0	1,690,497	5,530	0
INTERCO SERVICES INC-LANG	39,160	0	39,160	0	0
INTERCO SERVICES INC-MEXC	922,471	0	922,471	0	0
INTERCO SERVICES INC-DEVE	221,703	0	221,703	0	0
INTERCO SERVICES INC-SAFR	1,588,834	0	1,588,834	0	0
INTERCO SERVICES INC-BCKR	860,498	0	860,498	6,741	0
INTERCO SERVICES INC-LLTD	41,965	0	41,965	41,965	0
INTERCO SERVICES INC-LSAL	20,237	0	20,237	20,237	0
INTERCO SERVICES INC-1500	95,308	0	95,308	95,308	0
INTERCO SERVICES INC-SHAN	(870,150)	0	(870,150)	(870,150)	0
INTERCO SERVICES INC-MISC	11,594,829	0	11,594,829	0	0
PROFIT OR LOSS ON INCIDENTAL SALES	38,346	0	38,346	38,346	0
PURCHASE DISCOUNTS	1,925,856	0	1,925,856	1,925,856	0
INTERCO COMM INC-CORP	6,484,787	0	6,484,787	0	0
INTERCO COMM INC-FRAN	30,645,548	0	30,645,548	0	0
INTERCO COMM INC-LIMC	427,000	0	427,000	0	0
INTERCO COMM INC-LSAL	1,329,129	0	1,329,129	0	0
INTERCO COMM INC-LNZH	248,515	0	248,515	0	0
INTERCO COMM INC-MALAYSIA	2,778,000	0	2,778,000	0	0

2005 CONS. FEDERAL 1120 TAX RETURN

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STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
LINE 10: OTHER INCOME					
AUTO LEASE INCLUSION	0	0	0	0	0
MISCELLANEOUS OTHER INCOME	226,428	2,750	137,630	0	0
TRANSFER TO A/R-OTHER	0	0	0	0	0
SERVICE FEES	0	0	0	0	0
SERVICE FEES COSTS	0	0	0	0	0
INC (LOSS) FROM U.S. PSHIP	0	0	0	0	0
INC (LOSS) FROM FRGN PSHIP	0	0	0	0	0
TESTING SERVICES REVENUE	0	0	0	0	0
TESTING SERVICE COST	0	0	0	0	0
TOLL PROCESSING REVENUES	0	0	0	0	0
TOLL PROCESSING COSTS	0	0	0	0	0
KNOWLEDGE SERVICE REVENUES	0	0	0	0	0
KNOWLEDGE SERVICES COSTS	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-MISC	(418,374)	(56,979)	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-FRAN	0	0	0	0	0
MISC INCOME/EXPENSE	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-CANA	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-MEXC	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LLTD	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LJLI	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LSAL	0	0	0	0	0
BUY/SELL CUSTOM MANUFACTURERS	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-PTI	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-BLIL	0	0	0	0	0
GAIN OR LOSS - SALE OF BUSINESS	0	0	0	0	0
EQUIPMENT RENTAL - PURINOX	0	0	0	0	0
GAIN/LOSS ON JOE GIBBS CONTRACT	0	0	0	0	0
SECTION 987 INCLUSION	0	0	0	0	0
INTERCO SERVICES INC-CORP	0	0	0	620,830	0
INTERCO SERVICES INC-FRAN	0	0	0	0	0
INTERCO SERVICES INC-LIMC	0	0	0	0	0
INTERCO SERVICES INC-LJLI	0	0	0	0	0
INTERCO SERVICES INC-CANA	0	0	0	0	0
INTERCO SERVICES INC-LLTD	0	0	0	0	0
INTERCO SERVICES INC-LSAL	0	0	0	0	0
INTERCO SERVICES INC-AUST	0	0	0	0	0
INTERCO SERVICES INC-LANG	0	0	0	0	0
INTERCO SERVICES INC-MEXC	0	0	0	0	0
INTERCO SERVICES INC-DEVE	0	0	0	0	0
INTERCO SERVICES INC-SAFR	0	0	0	0	0
INTERCO SERVICES INC-BCKR	0	0	0	0	0
INTERCO SERVICES INC-LLTD	0	0	0	0	0
INTERCO SERVICES INC-LSAL	0	0	0	0	0
INTERCO SERVICES INC-1500	0	0	0	0	0
INTERCO SERVICES INC-SHAN	0	0	0	0	0
INTERCO SERVICES INC-MISC	0	0	0	0	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
INTERCO COMM INC-CORP	0	0	0	0	0
INTERCO COMM INC-FRAN	0	0	0	0	0
INTERCO COMM INC-LIMC	0	0	0	0	0
INTERCO COMM INC-LSAL	0	0	0	0	0
INTERCO COMM INC-LNZH	0	0	0	0	0
INTERCO COMM INC-MALAYSIA	0	0	0	0	0

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
STATEMENT 1 - FORM 1120, PG 1, LN 10 OTHER INCOME					
LINE 10: OTHER INCOME					
AUTO LEASE INCLUSION	0	0	0	0	0
MISCELLANEOUS OTHER INCOME	0	326,625	0	0	(10)
TRANSFER TO A/R-OTHER	0	0	0	0	0
SERVICE FEES	0	0	0	0	0
SERVICE FEES COSTS	0	0	0	0	0
INC (LOSS) FROM U.S. PSHIP	(78,498)	0	0	0	0
INC (LOSS) FROM FRGN PSHIP	0	0	0	0	0
TESTING SERVICES REVENUE	0	0	0	0	0
TESTING SERVICE COST	0	0	0	0	0
TOLL PROCESSING REVENUES	0	0	0	0	0
TOLL PROCESSING COSTS	0	0	0	0	0
KNOWLEDGE SERVICE REVENUES	0	0	0	0	0
KNOWLEDGE SERVICES COSTS	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-MISC	0	0	0	(365,260)	8,000
GAIN OR LOSS ON FGN EXCHANGE-FRAN	0	0	0	0	0
MISC INCOME/EXPENSE	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-CANA	0	0	0	0	(12)
GAIN OR LOSS ON FGN EXCHANGE-MEXC	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LLTD	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LJLI	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LSAL	0	0	0	0	0
BUY/SELL CUSTOM MANUFACTURERS	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-PTI	0	0	0	0	110,895
GAIN OR LOSS ON FGN EXCHANGE-BLIL	0	0	0	0	0
GAIN OR LOSS - SALE OF BUSINESS	0	0	0	0	0
EQUIPMENT RENTAL - PURINOX	0	0	0	0	0
GAIN/LOSS ON JOE GIBBS CONTRACT	0	0	0	0	0
SECTION 987 INCLUSION	0	0	0	0	485,095
INTERCO SERVICES INC-CORP	0	0	0	37,174,033	0
INTERCO SERVICES INC-FRAN	0	0	0	24,698,486	0
INTERCO SERVICES INC-LIMC	0	0	0	0	2,133,000
INTERCO SERVICES INC-LJLI	0	0	0	3,569,342	0
INTERCO SERVICES INC-CANA	0	0	0	2,859,838	0
INTERCO SERVICES INC-LLTD	0	0	0	(19,605)	0
INTERCO SERVICES INC-LSAL	0	0	0	7,212,513	0
INTERCO SERVICES INC-AUST	0	0	0	1,684,967	0
INTERCO SERVICES INC-LANG	0	0	0	39,160	0
INTERCO SERVICES INC-MEXC	0	0	0	922,471	0
INTERCO SERVICES INC-DEVE	0	0	0	221,703	0
INTERCO SERVICES INC-SAFR	0	0	0	1,588,834	0
INTERCO SERVICES INC-BCKR	0	0	0	853,757	0
INTERCO SERVICES INC-LLTD	0	0	0	0	0
INTERCO SERVICES INC-LSAL	0	0	0	0	0
INTERCO SERVICES INC-1500	0	0	0	0	0
INTERCO SERVICES INC-SHAN	0	0	0	0	0
INTERCO SERVICES INC-MISC	0	0	0	0	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
INTERCO COMM INC-CORP	0	0	0	6,484,787	0
INTERCO COMM INC-FRAN	0	0	0	30,645,548	0
INTERCO COMM INC-LIMC	0	0	0	0	427,000
INTERCO COMM INC-LSAL	0	0	0	1,329,129	0
INTERCO COMM INC-LNZH	0	0	0	248,515	0
INTERCO COMM INC-MALAYSIA	0	0	0	0	0

2005 CONS. FEDERAL 1120 TAX RETURN

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STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 10: OTHER INCOME					
AUTO LEASE INCLUSION	0	0	0	9,235	0
MISCELLANEOUS OTHER INCOME	8,131	0	0	0	0
TRANSFER TO A/R-OTHER	0	268,000	0	0	0
SERVICE FEES	0	0	0	0	0
SERVICE FEES COSTS	0	0	0	0	0
INC (LOSS) FROM U.S. PSHIP	0	0	0	0	0
INC (LOSS) FROM FRGN PSHIP	0	0	0	0	0
TESTING SERVICES REVENUE	0	0	0	0	0
TESTING SERVICE COST	0	0	0	0	0
TOLL PROCESSING REVENUES	0	0	0	0	0
TOLL PROCESSING COSTS	0	0	0	0	0
KNOWLEDGE SERVICE REVENUES	0	0	0	0	0
KNOWLEDGE SERVICES COSTS	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-MISC	0	0	0	(72,091)	0
GAIN OR LOSS ON FGN EXCHANGE-FRAN	0	0	0	0	0
MISC INCOME/EXPENSE	0	0	0	(800,147)	0
GAIN OR LOSS ON FGN EXCHANGE-CANA	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-MEXC	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LLTD	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LJLI	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LSAL	0	0	0	0	0
BUY/SELL CUSTOM MANUFACTURERS	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-PTI	0	0	0	880,781	0
GAIN OR LOSS ON FGN EXCHANGE-BLIL	0	0	0	0	0
GAIN OR LOSS - SALE OF BUSINESS	0	0	0	10,000	0
EQUIPMENT RENTAL - PURINOX	0	0	0	0	0
GAIN/LOSS ON JOE GIBBS CONTRACT	0	0	0	0	0
SECTION 987 INCLUSION	0	0	0	372,631	0
INTERCO SERVICES INC-CORP	0	241,055	0	0	0
INTERCO SERVICES INC-FRAN	0	0	0	0	0
INTERCO SERVICES INC-LIMC	0	0	0	0	0
INTERCO SERVICES INC-LJLI	0	0	0	0	0
INTERCO SERVICES INC-CANA	0	0	0	0	0
INTERCO SERVICES INC-LLTD	0	0	0	0	0
INTERCO SERVICES INC-LSAL	0	0	0	0	0
INTERCO SERVICES INC-AUST	0	0	0	0	0
INTERCO SERVICES INC-LANG	0	0	0	0	0
INTERCO SERVICES INC-MEXC	0	0	0	0	0
INTERCO SERVICES INC-DEVE	0	0	0	0	0
INTERCO SERVICES INC-SAFR	0	0	0	0	0
INTERCO SERVICES INC-BCKR	0	0	0	0	0
INTERCO SERVICES INC-LLTD	0	0	0	0	0
INTERCO SERVICES INC-LSAL	0	0	0	0	0
INTERCO SERVICES INC-1500	0	0	0	0	0
INTERCO SERVICES INC-SHAN	0	0	0	0	0
INTERCO SERVICES INC-MISC	0	0	29,134	11,565,695	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
INTERCO COMM INC-CORP	0	0	0	0	0
INTERCO COMM INC-FRAN	0	0	0	0	0
INTERCO COMM INC-LIMC	0	0	0	0	0
INTERCO COMM INC-LSAL	0	0	0	0	0
INTERCO COMM INC-LNZH	0	0	0	0	0
INTERCO COMM INC-MALAYSIA	0	0	0	2,778,000	0

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STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
LINE 10: OTHER INCOME					
AUTO LEASE INCLUSION	0	0	642	0	0
MISCELLANEOUS OTHER INCOME	0	0	0	0	0
TRANSFER TO A/R-OTHER	0	0	0	0	0
SERVICE FEES	0	0	0	0	0
SERVICE FEES COSTS	0	0	0	0	0
INC (LOSS) FROM U.S. PSHIP	0	0	0	0	0
INC (LOSS) FROM FRGN PSHIP	0	141,374	135,831	0	0
TESTING SERVICES REVENUE	0	0	0	0	0
TESTING SERVICE COST	0	0	0	0	0
TOLL PROCESSING REVENUES	0	0	0	0	0
TOLL PROCESSING COSTS	0	0	0	0	0
KNOWLEDGE SERVICE REVENUES	0	0	0	0	0
KNOWLEDGE SERVICES COSTS	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-MISC	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-FRAN	0	0	0	0	0
MISC INCOME/EXPENSE	0	0	53	0	0
GAIN OR LOSS ON FGN EXCHANGE-CANA	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-MEXC	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LLTD	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LJLI	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LSAL	0	0	0	0	0
BUY/SELL CUSTOM MANUFACTURERS	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-PTI	0	0	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-BLIL	0	0	0	0	0
GAIN OR LOSS - SALE OF BUSINESS	0	0	0	0	0
EQUIPMENT RENTAL - PURINOX	0	0	0	0	0
GAIN/LOSS ON JOE GIBBS CONTRACT	0	0	0	0	0
SECTION 987 INCLUSION	0	0	0	0	0
INTERCO SERVICES INC-CORP	0	0	0	0	0
INTERCO SERVICES INC-FRAN	0	0	0	0	0
INTERCO SERVICES INC-LIMC	0	0	0	0	0
INTERCO SERVICES INC-LJLI	0	0	0	0	0
INTERCO SERVICES INC-CANA	0	0	0	0	0
INTERCO SERVICES INC-LLTD	0	0	0	0	0
INTERCO SERVICES INC-LSAL	0	0	0	0	0
INTERCO SERVICES INC-AUST	0	0	0	0	0
INTERCO SERVICES INC-LANG	0	0	0	0	0
INTERCO SERVICES INC-MEXC	0	0	0	0	0
INTERCO SERVICES INC-DEVE	0	0	0	0	0
INTERCO SERVICES INC-SAFR	0	0	0	0	0
INTERCO SERVICES INC-BCKR	0	0	0	0	0
INTERCO SERVICES INC-LLTD	0	0	0	0	0
INTERCO SERVICES INC-LSAL	0	0	0	0	0
INTERCO SERVICES INC-1500	0	0	0	0	0
INTERCO SERVICES INC-SHAN	0	0	0	0	0
INTERCO SERVICES INC-MISC	0	0	0	0	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
INTERCO COMM INC-CORP	0	0	0	0	0
INTERCO COMM INC-FRAN	0	0	0	0	0
INTERCO COMM INC-LIMC	0	0	0	0	0
INTERCO COMM INC-LSAL	0	0	0	0	0
INTERCO COMM INC-LNZH	0	0	0	0	0
INTERCO COMM INC-MALAYSIA	0	0	0	0	0

STATEMENT 1 - FORM 1120, PG 1, LN 10
OTHER INCOME

LINE 10: OTHER INCOME	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646
AUTO LEASE INCLUSION	345	1,033	0
MISCELLANEOUS OTHER INCOME	0	0	0
TRANSFER TO A/R-OTHER	0	0	0
SERVICE FEES	0	0	0
SERVICE FEES COSTS	0	0	0
INC (LOSS) FROM U.S. PSHIP	0	0	0
INC (LOSS) FROM FRGN PSHIP	0	0	0
TESTING SERVICES REVENUE	0	0	0
TESTING SERVICE COST	0	0	0
TOLL PROCESSING REVENUES	0	0	0
TOLL PROCESSING COSTS	0	0	0
KNOWLEDGE SERVICE REVENUES	0	0	0
KNOWLEDGE SERVICES COSTS	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-MISC	(111,969)	0	0
GAIN OR LOSS ON FGN EXCHANGE-FRAN	0	0	0
MISC INCOME/EXPENSE	39,647	0	0
GAIN OR LOSS ON FGN EXCHANGE-CANA	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-MEXC	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LLTD	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LJLI	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-LSAL	0	0	0
BUY/SELL CUSTOM MANUFACTURERS	0	0	0
GAIN OR LOSS ON FGN EXCHANGE-PTI	0	0	1,633,045
GAIN OR LOSS ON FGN EXCHANGE-BLIL	0	0	0
GAIN OR LOSS - SALE OF BUSINESS	0	0	0
EQUIPMENT RENTAL - PURINOX	0	0	0
GAIN/LOSS ON JOE GIBBS CONTRACT	0	0	0
SECTION 987 INCLUSION	0	0	0
INTERCO SERVICES INC-CORP	0	0	0
INTERCO SERVICES INC-FRAN	0	0	0
INTERCO SERVICES INC-LIMC	0	0	0
INTERCO SERVICES INC-LJLI	0	0	0
INTERCO SERVICES INC-CANA	0	0	0
INTERCO SERVICES INC-LLTD	0	0	0
INTERCO SERVICES INC-LSAL	0	0	0
INTERCO SERVICES INC-AUST	0	0	0
INTERCO SERVICES INC-LANG	0	0	0
INTERCO SERVICES INC-MEXC	0	0	0
INTERCO SERVICES INC-DEVE	0	0	0
INTERCO SERVICES INC-SAFR	0	0	0
INTERCO SERVICES INC-BCKR	0	0	0
INTERCO SERVICES INC-LLTD	0	0	0
INTERCO SERVICES INC-LSAL	0	0	0
INTERCO SERVICES INC-1500	0	0	0
INTERCO SERVICES INC-SHAN	0	0	0
INTERCO SERVICES INC-MISC	0	0	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0
PURCHASE DISCOUNTS	0	0	0
INTERCO COMM INC-CORP	0	0	0
INTERCO COMM INC-FRAN	0	0	0
INTERCO COMM INC-LIMC	0	0	0
INTERCO COMM INC-LSAL	0	0	0
INTERCO COMM INC-LNZH	0	0	0
INTERCO COMM INC-MALAYSIA	0	0	0

LZ Consolidated
Year: 2005

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
OTHER INCOME	36,930	36,930	0	0	0
TOTAL	183,195,706	36,930	183,158,776	42,955,753	0

LZ Consolidated
Year: 2005

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
OTHER INCOME	0	0	0	0	0
TOTAL	(191,946)	(54,229)	137,630	620,830	0

LZ Consolidated
Year: 2005

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
OTHER INCOME	0	0	0	0	0
TOTAL	(78,498)	326,625	0	119,148,218	3,163,968

LZ Consolidated
Year: 2005

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
OTHER INCOME	0	0	0	0	0
TOTAL	8,131	509,055	29,134	14,744,104	0

LZ Consolidated
Year: 2005

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
OTHER INCOME	0	0	0	0	0
TOTAL	0	141,374	136,526	0	0

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646
OTHER INCOME	0	0	0
TOTAL	(71,977)	1,033	1,633,045

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 2 - FORM 1120, PG 1, LN 17
TAXES

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 17: TAXES					
REAL PROPERTY TAXES	7,378,184	0	7,378,184	7,119,001	0
STATE TAXES BASED ON INCOME	906,502	0	906,502	(284,176)	2,050
STATE TAXES BASED ON NET WORTH	1,367,977	0	1,367,977	503,102	0
OTHER TAXES	20,446,882	0	20,446,882	15,414,754	0
FOREIGN TAXES	4,133,622	0	4,133,622	2,731,677	0
PERSONAL PROPERTY TAXES	9,021,090	0	9,021,090	2,787,331	11,308
TOTAL	43,254,257	0	43,254,257	28,271,689	13,358

LZ Consolidated
Year: 2005

2005 CONS. FEDERAL 1120 TAX RETURN

STATEMENT 2 - FORM 1120, PG 1, LN 17
TAXES

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
LINE 17: TAXES					
REAL PROPERTY TAXES	0	190,549	0	0	0
STATE TAXES BASED ON INCOME	251,339	60,050	0	43,501	0
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	585,964	492,006	83,668	19,816	0
FOREIGN TAXES	0	0	0	0	0
PERSONAL PROPERTY TAXES	188,139	1,251	5,446	0	0
TOTAL	1,025,442	743,856	89,114	63,317	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 2 - FORM 1120, PG 1, LN 17
TAXES

LINE 17: TAXES	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
REAL PROPERTY TAXES	0	0	0	0	0
STATE TAXES BASED ON INCOME	0	50,198	0	0	0
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	0	570,778	0	2,000	131,000
FOREIGN TAXES	0	0	438,750	366,987	241,754
PERSONAL PROPERTY TAXES	0	202,575	0	0	7,000
TOTAL	0	823,551	438,750	368,987	379,754

LZ Consolidated
Year: 2005

STATEMENT 2 - FORM 1120, PG 1, LN 17
TAXES

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 17: TAXES					
REAL PROPERTY TAXES	35,100	33,534	0	0	0
STATE TAXES BASED ON INCOME	116,306	17,389	0	596,873	0
STATE TAXES BASED ON NET WORTH	0	0	0	864,875	0
OTHER TAXES	151,752	0	0	1,189,634	0
FOREIGN TAXES	0	0	0	85,453	0
PERSONAL PROPERTY TAXES	0	0	0	5,003,468	0
TOTAL	303,158	50,923	0	7,740,303	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 2 - FORM 1120, PG 1, LN 17
TAXES

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
LINE 17: TAXES					
REAL PROPERTY TAXES	0	0	0	0	0
STATE TAXES BASED ON INCOME	0	0	9,962	0	0
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	0	0	54,445	0	0
FOREIGN TAXES	0	0	0	269,001	0
PERSONAL PROPERTY TAXES	0	0	702,739	0	0
TOTAL	0	0	767,146	269,001	0

LZ Consolidated
Year: 2005

2005 CONS. FEDERAL 1120 TAX RETURN

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646

STATEMENT 2 - FORM 1120, PG 1, LN 17
TAXES

LINE 17: TAXES			
REAL PROPERTY TAXES	0	0	0
STATE TAXES BASED ON INCOME	56,681	(13,671)	0
STATE TAXES BASED ON NET WORTH	0	0	0
OTHER TAXES	1,736,027	15,038	0
FOREIGN TAXES	0	0	0
PERSONAL PROPERTY TAXES	0	111,833	0
TOTAL	1,792,708	113,200	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 26: OTHER DEDUCTIONS					
UTILITIES	98,306,398	0	98,306,398	46,515,022	0
TRAVEL	13,389,500	0	13,389,500	6,007,243	0
MEALS & ENTERTAINMENT	(917,413)	0	(917,413)	0	0
MEALS & ENTERTAINMENT - 50%	2,819,863	0	2,819,863	697,371	0
MEALS & ENTERTAINMENT-NOT DEDUCTIBLE	48,606	0	48,606	45,394	0
MEALS & ENTERTAINMENT - CLUB DUES	(74,676)	0	(74,676)	0	0
AUTO & TRAVEL	1,256,799	0	1,256,799	239,015	0
TOTAL EXTRATERRITORIAL INC EXCLUSION	12,543,601	0	12,543,601	6,946,279	0
RESEARCH AND DEVELOPMENT	15,122,479	0	15,122,479	15,071,166	0
MISCELLANEOUS DEDUCTIONS	468,375	0	468,375	293,375	0
SEC 198 ENVIRON REMEDIATIONS COSTS	276,329	0	276,329	0	0
EXPATRIATE CHARGES/CREDITS	(1,526,637)	0	(1,526,637)	(1,526,637)	0
DUES & SUBSCRIPTIONS	3,500,725	0	3,500,725	2,323,332	0
REAP ADMINISTRATIVE COSTS	676,158	0	676,158	676,158	0
COMMISSIONS	384,354	0	384,354	0	0
INSURANCE	9,022,483	0	9,022,483	4,339,960	0
PROFESSIONAL FEES	11,168,187	0	11,168,187	8,740,433	0
ENVIRONMENTAL EXPENSE	4,212,342	0	4,212,342	4,212,342	0
ELECTRICAL SUPPLIES	794,657	0	794,657	794,657	0
RESTRUCTURING EXPENSE	4,422,070	0	4,422,070	3,546,450	0
JANITOR SERVICES	1,442,246	0	1,442,246	887,006	0
RECRUITING EXPENSE	720,663	0	720,663	273,897	0
TRAINING, MEETINGS & SEMINARS	2,102,038	0	2,102,038	1,215,936	0
POSTAGE AND SHIPPING	3,930,783	0	3,930,783	2,342,298	0
TELEPHONE	2,476,779	0	2,476,779	0	0
LAUNDRY & DRY CLEANING SERVICES	1,035,293	0	1,035,293	928,333	0
SHIPPING SUPPLIES	88,562	0	88,562	0	0
PHOTOGRAPHIC SUPPLIES	9,665	0	9,665	9,665	0
OTHER OPERATING SUPPLIES	45,843,280	0	45,843,280	22,545,840	0
DRAFTING SUPPLIES	916	0	916	916	0
PHOTOPRINTS & ARTWORK	115,504	0	115,504	115,504	0
ROYALTY EXPENSE	55,666	0	55,666	0	0
INTERCO TECHNICAL FEES EXP-GWAY	893,980	0	893,980	893,980	0
COMM & ALLOW-DOMESTIC	5,204,357	0	5,204,357	1,026,810	0
COMM & ALLOW-EXPORT	2,237,830	0	2,237,830	0	0
INTERCO COMM EXP-LIMC	5,423,787	0	5,423,787	5,423,787	0
INTERCO COMM EXP-LZAG	673,554	0	673,554	0	0
INTERCO COMM EXP-GESM	2,234,922	0	2,234,922	0	0
INTERCO COMM EXP-GMBH	3,067,221	0	3,067,221	0	0
INTERCO COMM EXP-ITAL	1,137,818	0	1,137,818	0	0
INTERCO COMM EXP-KORE	1,060,508	0	1,060,508	1,060,508	0
INTERCO COMM EXP-ESPA	652,476	0	652,476	0	0
INTERCO COMM EXP-UAAD	425,871	0	425,871	0	0
INTERCO COMM EXP-LLTD	9,922,296	0	9,922,296	0	0
INTERCO COMM EXP-BLIL	174,310	0	174,310	0	0
INTERCO SERVICES EXP-LLTD	48,108,970	0	48,108,970	15,722,105	0
WASTE WATER TREATMENT COSTS	1,655,999	0	1,655,999	1,097,184	0
COMPANY AIRCRAFT	443,610	0	443,610	443,610	0
DATA PROCESSING SUPPLIES	467,351	0	467,351	405,531	0
PRINTING SUPPLIES	4,371	0	4,371	4,371	0
STATIONARY & OFFICE SUPPLIES	1,832,338	0	1,832,338	706,596	0
DATA COMMUNICATIONS	837,034	0	837,034	793,596	0
BOOKS AND REFERENCE MATERIALS	30,152	0	30,152	30,152	0
FIRE FIGHTING & RESCUE SUPPLIES	372,151	0	372,151	250,301	0

L2 Consolidated
Year: 2005

STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

LINE 26: OTHER DEDUCTIONS	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
UTILITIES	254,175	819,064	65,182	0	0
TRAVEL	0	174,469	6,362	68,235	0
MEALS & ENTERTAINMENT	0	0	964	6,500	0
MEALS & ENTERTAINMENT - 50%	26,659	66,867	0	0	0
MEALS & ENTERTAINMENT-NOT DEDUCTIBLE	0	0	0	0	0
MEALS & ENTERTAINMENT - CLUB DUES	0	0	0	0	0
AUTO & TRAVEL	332,520	92,513	0	0	0
TOTAL EXTRATERRITORIAL INC EXCLUSION	0	0	0	0	0
RESEARCH AND DEVELOPMENT	23,728	0	0	0	0
MISCELLANEOUS DEDUCTIONS	0	0	0	175,000	0
SEC 198 ENVIRON REMEDIATIONS COSTS	0	0	0	0	0
EXPATRIATE CHARGES/CREDITS	0	0	0	0	0
DUES & SUBSCRIPTIONS	17,838	15,705	1,713	0	0
REAP ADMINISTRATIVE COSTS	0	0	0	0	0
COMMISSIONS	264,663	0	87,970	31,721	0
INSURANCE	71,055	66,442	9,608	0	0
PROFESSIONAL FEES	16,941	0	0	0	0
ENVIRONMENTAL EXPENSE	0	0	0	0	0
ELECTRICAL SUPPLIES	0	0	0	0	0
RESTRUCTURING EXPENSE	0	349,786	0	0	0
JANITOR SERVICES	0	0	0	0	0
RECRUITING EXPENSE	1,306	37,151	611	0	0
TRAINING, MEETINGS & SEMINARS	22,013	39,877	299	0	0
POSTAGE AND SHIPPING	611	13,578	76,239	0	0
TELEPHONE	0	0	0	0	0
LAUNDRY & DRY CLEANING SERVICES	30,003	32,041	0	0	0
SHIPPING SUPPLIES	88,562	0	0	0	0
PHOTOGRAPHIC SUPPLIES	0	0	0	0	0
OTHER OPERATING SUPPLIES	376,290	662,963	76,735	0	0
DRAFTING SUPPLIES	0	0	0	0	0
PHOTOPRINTS & ARTWORK	0	0	0	0	0
ROYALTY EXPENSE	0	0	0	0	0
INTERCO TECHNICAL FEES EXP-GWAY	0	0	0	0	0
COMM & ALLOW-DOMESTIC	0	183,965	0	0	0
COMM & ALLOW-EXPORT	0	0	0	0	0
INTERCO COMM EXP-LIMC	0	0	0	0	0
INTERCO COMM EXP-LZAG	0	0	0	0	0
INTERCO COMM EXP-GESM	0	0	0	0	0
INTERCO COMM EXP-GMBH	0	0	0	0	0
INTERCO COMM EXP-ITAL	0	0	0	0	0
INTERCO COMM EXP-KORE	0	0	0	0	0
INTERCO COMM EXP-ESPA	0	0	0	0	0
INTERCO COMM EXP-UAAD	0	0	0	0	0
INTERCO COMM EXP-LLTD	0	0	0	0	0
INTERCO COMM EXP-BLIL	0	0	0	0	0
INTERCO SERVICES EXP-LLTD	0	0	0	0	0
WASTE WATER TREATMENT COSTS	0	0	0	0	0
COMPANY AIRCRAFT	0	0	0	0	0
DATA PROCESSING SUPPLIES	35,285	19,244	2,644	0	0
PRINTING SUPPLIES	0	0	0	0	0
STATIONARY & OFFICE SUPPLIES	42,659	84,515	8,520	0	0
DATA COMMUNICATIONS	0	0	0	0	0
BOOKS AND REFERENCE MATERIALS	0	0	0	0	0
FIRE FIGHTING & RESCUE SUPPLIES	14,641	50,214	0	0	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
LINE 26: OTHER DEDUCTIONS					
UTILITIES	0	1,394,517	0	38,000	46,000
TRAVEL	0	505,359	0	0	0
MEALS & ENTERTAINMENT	0	0	0	0	0
MEALS & ENTERTAINMENT - 50%	0	60,842	0	58,204	3,267
MEALS & ENTERTAINMENT-NOT DEDUCTIBLE	0	0	0	0	0
MEALS & ENTERTAINMENT - CLUB DUES	0	0	0	0	0
AUTO & TRAVEL	0	0	0	143,591	130,466
TOTAL EXTRATERRITORIAL INC EXCLUSION	0	0	0	0	0
RESEARCH AND DEVELOPMENT	0	0	0	0	0
MISCELLANEOUS DEDUCTIONS	0	0	0	0	0
SEC 198 ENVIRON REMEDIATIONS COSTS	0	0	0	0	0
EXPATRIATE CHARGES/CREDITS	0	0	0	0	0
DUES & SUBSCRIPTIONS	0	45,558	0	3,000	0
REAP ADMINISTRATIVE COSTS	0	0	0	0	0
COMMISSIONS	0	0	0	0	0
INSURANCE	0	86,726	0	3,000	3,000
PROFESSIONAL FEES	0	4,662	0	19,000	19,000
ENVIRONMENTAL EXPENSE	0	0	0	0	0
ELECTRICAL SUPPLIES	0	0	0	0	0
RESTRUCTURING EXPENSE	0	0	0	0	0
JANITOR SERVICES	0	52,448	0	0	0
RECRUITING EXPENSE	0	74,433	0	0	0
TRAINING, MEETINGS & SEMINARS	0	23,830	0	4,000	11,000
POSTAGE AND SHIPPING	0	19,679	0	6,000	1,000
TELEPHONE	0	0	0	0	0
LAUNDRY & DRY CLEANING SERVICES	0	44,916	0	0	0
SHIPPING SUPPLIES	0	0	0	0	0
PHOTOGRAPHIC SUPPLIES	0	0	0	0	0
OTHER OPERATING SUPPLIES	0	463,085	0	63,024	24,000
DRAFTING SUPPLIES	0	0	0	0	0
PHOTOPRINTS & ARTWORK	0	0	0	0	0
ROYALTY EXPENSE	0	0	0	0	0
INTERCO TECHNICAL FEES EXP-GWAY	0	0	0	0	0
COMM & ALLOW-DOMESTIC	0	112,809	0	0	0
COMM & ALLOW-EXPORT	0	0	0	2,237,830	0
INTERCO COMM EXP-LIMC	0	0	0	0	0
INTERCO COMM EXP-LZAG	0	0	0	673,554	0
INTERCO COMM EXP-GESM	0	0	0	2,234,922	0
INTERCO COMM EXP-GMBH	0	0	0	3,067,221	0
INTERCO COMM EXP-ITAL	0	0	0	1,137,818	0
INTERCO COMM EXP-KORE	0	0	0	0	0
INTERCO COMM EXP-ESPA	0	0	0	652,476	0
INTERCO COMM EXP-UAAD	0	0	0	425,871	0
INTERCO COMM EXP-LLTD	0	0	0	9,922,296	0
INTERCO COMM EXP-BLIL	0	0	0	174,310	0
INTERCO SERVICES EXP-LLTD	0	0	0	32,386,865	0
WASTE WATER TREATMENT COSTS	0	0	0	0	0
COMPANY AIRCRAFT	0	0	0	0	0
DATA PROCESSING SUPPLIES	0	0	0	0	0
PRINTING SUPPLIES	0	0	0	0	0
STATIONARY & OFFICE SUPPLIES	0	0	0	5,000	2,000
DATA COMMUNICATIONS	0	0	0	0	0
BOOKS AND REFERENCE MATERIALS	0	0	0	0	0
FIRE FIGHTING & RESCUE SUPPLIES	0	0	0	0	0

LZ Consolidated
Year: 2005

STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

LINE 26: OTHER DEDUCTIONS	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
UTILITIES	69,247	0	0	38,607,073	0
TRAVEL	95,810	0	0	6,279,631	0
MEALS & ENTERTAINMENT	0	0	0	(924,877)	0
MEALS & ENTERTAINMENT - 50%	15,440	0	0	1,800,598	0
MEALS & ENTERTAINMENT-NOT DEDUCTIBLE	0	0	0	3,212	0
MEALS & ENTERTAINMENT - CLUB DUES	0	0	0	(74,676)	0
AUTO & TRAVEL	23,201	0	0	0	0
TOTAL EXTRATERRITORIAL INC EXCLUSION	0	0	0	5,597,322	0
RESEARCH AND DEVELOPMENT	27,585	0	0	0	0
MISCELLANEOUS DEDUCTIONS	0	0	0	0	0
SEC 198 ENVIRON REMEDIATIONS COSTS	0	0	0	0	0
EXPATRIATE CHARGES/CREDITS	0	0	0	0	0
DUES & SUBSCRIPTIONS	50	0	0	995,242	0
REAP ADMINISTRATIVE COSTS	0	0	0	0	0
COMMISSIONS	0	0	0	0	0
INSURANCE	696	0	0	4,063,994	0
PROFESSIONAL FEES	0	0	0	2,335,767	0
ENVIRONMENTAL EXPENSE	0	0	0	0	0
ELECTRICAL SUPPLIES	0	0	0	0	0
RESTRUCTURING EXPENSE	0	0	0	438,139	0
JANITOR SERVICES	0	0	0	392,000	0
RECRUITING EXPENSE	0	0	0	327,952	0
TRAINING, MEETINGS & SEMINARS	158	0	0	713,466	0
POSTAGE AND SHIPPING	90,012	0	0	1,270,310	0
TELEPHONE	0	0	0	2,360,001	0
LAUNDRY & DRY CLEANING SERVICES	0	0	0	0	0
SHIPPING SUPPLIES	0	0	0	0	0
PHOTOGRAPHIC SUPPLIES	0	0	0	0	0
OTHER OPERATING SUPPLIES	103,816	16,109	0	16,587,353	0
DRAFTING SUPPLIES	0	0	0	0	0
PHOTOPRINTS & ARTWORK	0	0	0	0	0
ROYALTY EXPENSE	0	0	0	55,666	0
INTERCO TECHNICAL FEES EXP-GWAY	0	0	0	0	0
COMM & ALLOW-DOMESTIC	148,440	0	0	3,599,203	0
COMM & ALLOW-EXPORT	0	0	0	0	0
INTERCO COMM EXP-LIMC	0	0	0	0	0
INTERCO COMM EXP-LZAG	0	0	0	0	0
INTERCO COMM EXP-GESM	0	0	0	0	0
INTERCO COMM EXP-GMBH	0	0	0	0	0
INTERCO COMM EXP-ITAL	0	0	0	0	0
INTERCO COMM EXP-KORE	0	0	0	0	0
INTERCO COMM EXP-ESPA	0	0	0	0	0
INTERCO COMM EXP-UAAD	0	0	0	0	0
INTERCO COMM EXP-LLTD	0	0	0	0	0
INTERCO COMM EXP-BLIL	0	0	0	0	0
INTERCO SERVICES EXP-LLTD	0	0	0	0	0
WASTE WATER TREATMENT COSTS	0	0	0	503,318	0
COMPANY AIRCRAFT	0	0	0	0	0
DATA PROCESSING SUPPLIES	227	0	0	0	0
PRINTING SUPPLIES	0	0	0	0	0
STATIONARY & OFFICE SUPPLIES	27,722	0	0	883,608	0
DATA COMMUNICATIONS	0	0	0	38,661	0
BOOKS AND REFERENCE MATERIALS	0	0	0	0	0
FIRE FIGHTING & RESCUE SUPPLIES	0	0	0	0	0

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STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

LINE 26: OTHER DEDUCTIONS	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
UTILITIES	0	0	3,114,796	0	0
TRAVEL	0	0	158,957	0	0
MEALS & ENTERTAINMENT	0	0	0	0	0
MEALS & ENTERTAINMENT - 50%	0	0	37,075	0	0
MEALS & ENTERTAINMENT-NOT DEDUCTIBLE	0	0	0	0	0
MEALS & ENTERTAINMENT - CLUB DUES	0	0	0	0	0
AUTO & TRAVEL	0	0	0	0	0
TOTAL EXTRATERRITORIAL INC EXCLUSION	0	0	0	0	0
RESEARCH AND DEVELOPMENT	0	0	0	0	0
MISCELLANEOUS DEDUCTIONS	0	0	0	0	0
SEC 198 ENVIRON REMEDIATIONS COSTS	0	178,907	97,422	0	0
EXPATRIATE CHARGES/CREDITS	0	0	0	0	0
DUES & SUBSCRIPTIONS	0	0	30,481	0	0
REAP ADMINISTRATIVE COSTS	0	0	0	0	0
COMMISSIONS	0	0	0	0	0
INSURANCE	0	0	124,060	0	0
PROFESSIONAL FEES	0	0	0	0	0
ENVIRONMENTAL EXPENSE	0	0	0	0	0
ELECTRICAL SUPPLIES	0	0	0	0	0
RESTRUCTURING EXPENSE	0	0	87,695	0	0
JANITOR SERVICES	0	0	110,517	0	0
RECRUITING EXPENSE	0	0	5,061	0	0
TRAINING, MEETINGS & SEMINARS	0	0	6,032	0	0
POSTAGE AND SHIPPING	0	0	55,607	0	0
TELEPHONE	0	0	64,472	0	0
LAUNDRY & DRY CLEANING SERVICES	0	0	0	0	0
SHIPPING SUPPLIES	0	0	0	0	0
PHOTOGRAPHIC SUPPLIES	0	0	0	0	0
OTHER OPERATING SUPPLIES	0	0	2,331,096	0	0
DRAFTING SUPPLIES	0	0	0	0	0
PHOTOPRINTS & ARTWORK	0	0	0	0	0
ROYALTY EXPENSE	0	0	0	0	0
INTERCO TECHNICAL FEES EXP-GWAY	0	0	0	0	0
COMM & ALLOW-DOMESTIC	0	0	34,834	0	0
COMM & ALLOW-EXPORT	0	0	0	0	0
INTERCO COMM EXP-LIMC	0	0	0	0	0
INTERCO COMM EXP-LZAG	0	0	0	0	0
INTERCO COMM EXP-GESM	0	0	0	0	0
INTERCO COMM EXP-GMBH	0	0	0	0	0
INTERCO COMM EXP-ITAL	0	0	0	0	0
INTERCO COMM EXP-KORE	0	0	0	0	0
INTERCO COMM EXP-ESPA	0	0	0	0	0
INTERCO COMM EXP-UAAD	0	0	0	0	0
INTERCO COMM EXP-LLTD	0	0	0	0	0
INTERCO COMM EXP-BLIL	0	0	0	0	0
INTERCO SERVICES EXP-LLTD	0	0	0	0	0
WASTE WATER TREATMENT COSTS	0	0	27,027	0	0
COMPANY AIRCRAFT	0	0	0	0	0
DATA PROCESSING SUPPLIES	0	0	0	0	0
PRINTING SUPPLIES	0	0	0	0	0
STATIONARY & OFFICE SUPPLIES	0	0	44,317	0	0
DATA COMMUNICATIONS	0	0	4,777	0	0
BOOKS AND REFERENCE MATERIALS	0	0	0	0	0
FIRE FIGHTING & RESCUE SUPPLIES	0	0	0	0	0

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2005 CONS. FEDERAL 1120 TAX RETURN

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STATEMENT 3 - FORM 1120, PG 1, LN 26
OTHER DEDUCTIONS

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646
LINE 26: OTHER DEDUCTIONS	3,271,865	4,111,457	0
UTILITIES	0	93,434	0
TRAVEL	0	0	0
MEALS & ENTERTAINMENT	38,598	14,942	0
MEALS & ENTERTAINMENT - 50%	0	0	0
MEALS & ENTERTAINMENT-NOT DEDUCTIBLE	0	0	0
MEALS & ENTERTAINMENT - CLUB DUES	295,493	0	0
AUTO & TRAVEL	0	0	0
TOTAL EXTRATERRITORIAL INC EXCLUSION	0	0	0
RESEARCH AND DEVELOPMENT	0	0	0
MISCELLANEOUS DEDUCTIONS	0	0	0
SEC 198 ENVIRON REMEDIATIONS COSTS	0	0	0
EXPATRIATE CHARGES/CREDITS	65,533	2,273	0
DUES & SUBSCRIPTIONS	0	0	0
REAP ADMINISTRATIVE COSTS	0	0	0
COMMISSIONS	198,884	55,058	0
INSURANCE	32,384	0	0
PROFESSIONAL FEES	0	0	0
ENVIRONMENTAL EXPENSE	0	0	0
ELECTRICAL SUPPLIES	0	0	0
RESTRUCTURING EXPENSE	0	275	0
JANITOR SERVICES	0	252	0
RECRUITING EXPENSE	64,439	988	0
TRAINING, MEETINGS & SEMINARS	30,969	24,480	0
POSTAGE AND SHIPPING	0	52,306	0
TELEPHONE	0	0	0
LAUNDRY & DRY CLEANING SERVICES	0	0	0
SHIPPING SUPPLIES	0	0	0
PHOTOGRAPHIC SUPPLIES	1,906,873	686,096	0
OTHER OPERATING SUPPLIES	0	0	0
DRAFTING SUPPLIES	0	0	0
PHOTOPRINTS & ARTWORK	0	0	0
ROYALTY EXPENSE	0	0	0
INTERCO TECHNICAL FEES EXP-GWAY	0	98,296	0
COMM & ALLOW-DOMESTIC	0	0	0
COMM & ALLOW-EXPORT	0	0	0
INTERCO COMM EXP-LIMC	0	0	0
INTERCO COMM EXP-LZAG	0	0	0
INTERCO COMM EXP-GESM	0	0	0
INTERCO COMM EXP-GMBH	0	0	0
INTERCO COMM EXP-ITAL	0	0	0
INTERCO COMM EXP-KORE	0	0	0
INTERCO COMM EXP-ESPA	0	0	0
INTERCO COMM EXP-UAAD	0	0	0
INTERCO COMM EXP-LLTD	0	0	0
INTERCO COMM EXP-BLIL	0	0	0
INTERCO SERVICES EXP-LLTD	0	28,470	0
WASTE WATER TREATMENT COSTS	0	0	0
COMPANY AIRCRAFT	4,420	0	0
DATA PROCESSING SUPPLIES	0	0	0
PRINTING SUPPLIES	0	27,401	0
STATIONARY & OFFICE SUPPLIES	0	0	0
DATA COMMUNICATIONS	0	0	0
BOOKS AND REFERENCE MATERIALS	56,995	0	0
FIRE FIGHTING & RESCUE SUPPLIES			

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	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
FIRST AID SUPPLIES	2,148	0	2,148	2,148	0
SAFETY SUPPLIES	1,897,664	0	1,897,664	943,301	0
CONSULTANTS' FEES & EXPENSES	16,923,016	0	16,923,016	11,560,688	0
WASTE MANAGEMENT	7,809,466	0	7,809,466	4,204,717	0
PUBLIC RELATIONS	251,822	0	251,822	250,372	0
STOCKHOLDERS RELATIONS	634,279	0	634,279	634,279	0
MEMBERSHIP & DUES	(100,891)	0	(100,891)	(100,891)	0
INTERCO SERVICES EXP-MISC	4,913	0	4,913	0	0
INTERCO SERVICES EXP-CORP	39,158,213	0	39,158,213	0	0
INTERCO SERVICES EXP-LINC	955,771	0	955,771	0	0
INTERCO SERVICES EXP-LSAL	111,247	0	111,247	12,060	0
INTERCO SERVICES EXP-MPPP	241,055	0	241,055	241,055	0
INTERCO SERVICES EXP-GWAY	895,146	0	895,146	895,146	0
INTERCO SERVICES EXP-CANA	8,800	0	8,800	0	0
INTERCO SERVICES EXP-LANG	(27,581)	0	(27,581)	0	0
INTERCO SERVICES EXP-LJLI	6,157,145	0	6,157,145	0	0
INTERCO SERVICES EXP-BCKR	969,770	0	969,770	0	0
INTERCO SERVICES EXP-LIMC	37,174,035	0	37,174,035	37,174,035	0
DEMOLITION COSTS	6,482	0	6,482	6,482	0
DATA PROCESSING-SOFTWARE PURCHASED	199,669	0	199,669	199,669	0
DIRECTORS' FEES & EXPENSES	1,137,216	0	1,137,216	1,137,216	0
CREDIT/COLLECT FEES, BANK SVC CHGS	611,971	0	611,971	515,086	0
OTHER OUTSIDE SERVICES	42,497,276	0	42,497,276	32,867,849	0
DATA PROCESSING-SOFTWARE USE & LEASE	1,817,809	0	1,817,809	0	0
TRANSFER TO AUC	(9,037,227)	0	(9,037,227)	(9,037,227)	0
TRANSFER TO HOLDING ACCOUNT	(1,391,148)	0	(1,391,148)	(1,391,148)	0
TRANSFERS TO INVESTMENTS	(5,378,107)	0	(5,378,107)	(5,378,107)	0
TRANSFER TO A/R	(20,283,141)	0	(20,283,141)	(20,283,141)	0
INTER-DEPT TRANSFER	(3,001,450)	0	(3,001,450)	(3,001,450)	0
INTERCO SERVICES EXP-UAAD	2,133,500	0	2,133,500	0	0
INTERCO SERVICES EXP-1500	108,000	0	108,000	108,000	0
EMPLOYEE RELATIONS	1,382,763	0	1,382,763	433,602	0
EMPLOYEE FOOD SERVICES	319,066	0	319,066	319,066	0
RECREATION	17,577	0	17,577	17,577	0
VIDEO PRODUCTION	63,915	0	63,915	63,915	0
SAMPLES FOR CUSTOMERS	1,697,837	0	1,697,837	569,871	0
WAREHOUSE HANDLING & THRUPUT CHARGES	1,913,538	0	1,913,538	1,680,101	0
OTHER OPERATING EXPENSES	61,294,016	0	61,294,016	6,753,063	0
SALES EXPENSE	153,727	0	153,727	139,472	0
OPERATION/MANAGEMENT FEES	78,000	0	78,000	0	0
ABANDONMENT LOSSES - FIXED ASSETS	6,628	0	6,628	0	0
WAREHOUSING SERVICES	6,840,276	0	6,840,276	0	0
VIDEO COMMUNICATIONS	129,155	0	129,155	129,155	0
WIRELESS DEVICES	51,866	0	51,866	51,866	0
WIRELESS SERVICES	346,768	0	346,768	346,768	0
RESTRUCTURING EXPENSE	1,589,008	0	1,589,008	0	0
ESOP DIVIDEND EXPENSE	2,059,188	0	2,059,188	2,059,188	0
ROUNDING ADJUSTMENT	12	0	12	(3)	0
OTHER AMORTIZATION - PRIOR YEAR	29,921,740	0	29,921,740	7,790,504	0
OTHER AMORTIZATION - CURRENT YEAR	114,651	0	114,651	114,651	0
TOTAL	551,043,100	0	551,043,100	227,128,421	0

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	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
FIRST AID SUPPLIES	0	0	0	0	0
SAFETY SUPPLIES	0	0	312	0	0
CONSULTANTS' FEES & EXPENSES	19,458	0	0	0	0
WASTE MANAGEMENT	4,340	0	12,536	0	0
PUBLIC RELATIONS	1,450	0	0	0	0
STOCKHOLDERS RELATIONS	0	0	0	0	0
MEMBERSHIP & DUES	0	0	0	0	0
INTERCO SERVICES EXP-MISC	0	0	0	0	0
INTERCO SERVICES EXP-CORP	0	0	0	0	0
INTERCO SERVICES EXP-LINC	0	0	0	0	0
INTERCO SERVICES EXP-LSAL	0	0	0	0	0
INTERCO SERVICES EXP-MPPP	0	0	0	0	0
INTERCO SERVICES EXP-GWAY	0	0	0	0	0
INTERCO SERVICES EXP-CANA	0	0	0	0	0
INTERCO SERVICES EXP-LANG	0	0	0	0	0
INTERCO SERVICES EXP-LJLI	0	0	0	0	0
INTERCO SERVICES EXP-BCKR	0	0	0	0	0
INTERCO SERVICES EXP-LIMC	0	0	0	0	0
DEMOLITION COSTS	0	0	0	0	0
DATA PROCESSING-SOFTWARE PURCHASED	0	0	0	0	0
DIRECTORS' FEES & EXPENSES	0	0	0	0	0
CREDIT/COLLECT FEES, BANK SVC CHGS	17,418	1,178	0	0	0
OTHER OUTSIDE SERVICES	91,451	340,157	5,863	0	0
DATA PROCESSING-SOFTWARE USE & LEASE	0	0	1,040	0	0
TRANSFER TO AUC	0	0	0	0	0
TRANSFER TO HOLDING ACCOUNT	0	0	0	0	0
TRANSFERS TO INVESTMENTS	0	0	0	0	0
TRANSFER TO A/R	0	0	0	0	0
INTER-DEPT TRANSFER	0	0	0	0	0
INTERCO SERVICES EXP-UAAD	0	0	0	0	0
INTERCO SERVICES EXP-1500	0	0	0	0	0
EMPLOYEE RELATIONS	29,546	8,900	0	0	0
EMPLOYEE FOOD SERVICES	0	0	0	0	0
RECREATION	0	0	0	0	0
VIDEO PRODUCTION	0	0	0	0	0
SAMPLES FOR CUSTOMERS	0	0	0	0	0
WAREHOUSE HANDLING & THRUPUT CHARGES	0	38,821	0	0	0
OTHER OPERATING EXPENSES	0	7,353	157,973	0	0
SALES EXPENSE	0	2,398	0	0	0
OPERATION/MANAGEMENT FEES	0	0	0	0	0
ABANDONMENT LOSSES - FIXED ASSETS	6,628	0	0	0	0
WAREHOUSING SERVICES	618,962	0	0	0	0
VIDEO COMMUNICATIONS	0	0	0	0	0
WIRELESS DEVICES	0	0	0	0	0
WIRELESS SERVICES	0	0	0	0	0
RESTRUCTURING EXPENSE	0	0	0	0	0
ESOP DIVIDEND EXPENSE	0	0	0	0	0
ROUNDING ADJUSTMENT	(1)	(5)	(5)	0	0
OTHER AMORTIZATION - PRIOR YEAR	217,090	2,156,034	0	0	0
OTHER AMORTIZATION - CURRENT YEAR	0	0	0	0	0
TOTAL	2,625,291	5,263,230	514,566	281,456	0

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
FIRST AID SUPPLIES	0	0	0	0	0
SAFETY SUPPLIES	0	0	0	0	0
CONSULTANTS' FEES & EXPENSES	0	70,296	0	34,523	14,000
WASTE MANAGEMENT	0	454,880	0	0	0
PUBLIC RELATIONS	0	0	0	0	0
STOCKHOLDERS RELATIONS	0	0	0	0	0
MEMBERSHIP & DUES	0	0	0	0	0
INTERCO SERVICES EXP-MISC	0	0	0	0	0
INTERCO SERVICES EXP-CORP	0	0	0	39,158,213	0
INTERCO SERVICES EXP-LINC	0	0	0	955,771	0
INTERCO SERVICES EXP-LSAL	0	0	0	99,187	0
INTERCO SERVICES EXP-MPPP	0	0	0	0	0
INTERCO SERVICES EXP-GWAY	0	0	0	0	0
INTERCO SERVICES EXP-CANA	0	0	0	8,800	0
INTERCO SERVICES EXP-LANG	0	0	0	(27,581)	0
INTERCO SERVICES EXP-LJLI	0	0	0	6,157,145	0
INTERCO SERVICES EXP-BCKR	0	0	0	969,770	0
INTERCO SERVICES EXP-LIMC	0	0	0	0	0
DEMOLITION COSTS	0	0	0	0	0
DATA PROCESSING-SOFTWARE PURCHASED	0	0	0	0	0
DIRECTORS' FEES & EXPENSES	0	0	0	0	0
CREDIT/COLLECT FEES, BANK SVC CHGS	0	9,152	0	0	2,000
OTHER OUTSIDE SERVICES	0	767,619	0	13,000	165,000
DATA PROCESSING-SOFTWARE USE & LEASE	0	0	0	0	0
TRANSFER TO AUC	0	0	0	0	0
TRANSFER TO HOLDING ACCOUNT	0	0	0	0	0
TRANSFERS TO INVESTMENTS	0	0	0	0	0
TRANSFER TO A/R	0	0	0	0	0
INTER-DEPT TRANSFER	0	0	0	0	0
INTERCO SERVICES EXP-UAAD	0	0	0	2,133,500	0
INTERCO SERVICES EXP-1500	0	0	0	0	0
EMPLOYEE RELATIONS	0	0	0	0	0
EMPLOYEE FOOD SERVICES	0	0	0	0	0
RECREATION	0	0	0	0	0
VIDEO PRODUCTION	0	0	0	0	0
SAMPLES FOR CUSTOMERS	0	600	0	0	0
WAREHOUSE HANDLING & THRUPUT CHARGES	0	194,616	0	0	0
OTHER OPERATING EXPENSES	0	1,776	200	17,000	560,000
SALES EXPENSE	0	6,202	0	0	0
OPERATION/MANAGEMENT FEES	0	0	0	0	0
ABANDONMENT LOSSES - FIXED ASSETS	0	0	0	0	0
WAREHOUSING SERVICES	0	0	0	0	0
VIDEO COMMUNICATIONS	0	0	0	0	0
WIRELESS DEVICES	0	0	0	0	0
WIRELESS SERVICES	0	0	0	0	0
RESTRUCTURING EXPENSE	0	0	0	0	0
ESOP DIVIDEND EXPENSE	0	0	0	0	0
ROUNDING ADJUSTMENT	0	(12)	0	39	0
OTHER AMORTIZATION - PRIOR YEAR	0	161,770	0	0	0
OTHER AMORTIZATION - CURRENT YEAR	0	0	0	0	0
TOTAL	0	4,555,763	200	102,775,349	980,733

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	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
FIRST AID SUPPLIES	0	0	0	0	0
SAFETY SUPPLIES	2,087	0	0	751,587	0
CONSULTANTS' FEES & EXPENSES	0	0	0	4,906,802	0
WASTE MANAGEMENT	0	0	0	2,501,327	0
PUBLIC RELATIONS	0	0	0	0	0
STOCKHOLDERS RELATIONS	0	0	0	0	0
MEMBERSHIP & DUES	0	0	0	0	0
INTERCO SERVICES EXP-MISC	0	0	0	0	4,913
INTERCO SERVICES EXP-CORP	0	0	0	0	0
INTERCO SERVICES EXP-LINC	0	0	0	0	0
INTERCO SERVICES EXP-LSAL	0	0	0	0	0
INTERCO SERVICES EXP-MPPP	0	0	0	0	0
INTERCO SERVICES EXP-GWAY	0	0	0	0	0
INTERCO SERVICES EXP-CANA	0	0	0	0	0
INTERCO SERVICES EXP-LANG	0	0	0	0	0
INTERCO SERVICES EXP-LJLI	0	0	0	0	0
INTERCO SERVICES EXP-BCKR	0	0	0	0	0
INTERCO SERVICES EXP-LIMC	0	0	0	0	0
DEMOLITION COSTS	0	0	0	0	0
DATA PROCESSING-SOFTWARE PURCHASED	0	0	0	0	0
DIRECTORS' FEES & EXPENSES	0	0	0	0	0
CREDIT/COLLECT FEES, BANK SVC CHGS	51,435	0	0	6,912	0
OTHER OUTSIDE SERVICES	232,254	0	0	6,475,850	0
DATA PROCESSING-SOFTWARE USE & LEASE	0	0	0	1,797,754	0
TRANSFER TO AUC	0	0	0	0	0
TRANSFER TO HOLDING ACCOUNT	0	0	0	0	0
TRANSFERS TO INVESTMENTS	0	0	0	0	0
TRANSFER TO A/R	0	0	0	0	0
INTER-DEPT TRANSFER	0	0	0	0	0
INTERCO SERVICES EXP-UAAD	0	0	0	0	0
INTERCO SERVICES EXP-1500	0	0	0	0	0
EMPLOYEE RELATIONS	4,148	0	0	850,049	0
EMPLOYEE FOOD SERVICES	0	0	0	0	0
RECREATION	0	0	0	0	0
VIDEO PRODUCTION	0	0	0	0	0
SAMPLES FOR CUSTOMERS	0	0	0	1,111,214	0
WAREHOUSE HANDLING & THRUPUT CHARGES	0	0	0	0	0
OTHER OPERATING EXPENSES	3,974	0	0	45,825,154	0
SALES EXPENSE	0	0	0	5,655	0
OPERATION/MANAGEMENT FEES	0	78,000	0	0	0
ABANDONMENT LOSSES - FIXED ASSETS	0	0	0	0	0
WAREHOUSING SERVICES	0	0	0	6,221,314	0
VIDEO COMMUNICATIONS	0	0	0	0	0
WIRELESS DEVICES	0	0	0	0	0
WIRELESS SERVICES	0	0	0	0	0
RESTRUCTURING EXPENSE	0	0	0	1,589,008	0
ESOP DIVIDEND EXPENSE	0	0	0	0	0
ROUNDING ADJUSTMENT	2	0	0	0	0
OTHER AMORTIZATION - PRIOR YEAR	0	0	0	10,198,179	0
OTHER AMORTIZATION - CURRENT YEAR	0	0	0	0	0
TOTAL	896,304	94,109	0	168,093,768	4,913

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	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
FIRST AID SUPPLIES	0	0	0	0	0
SAFETY SUPPLIES	0	0	82,411	0	0
CONSULTANTS' FEES & EXPENSES	0	14,567	85,832	0	0
WASTE MANAGEMENT	0	0	183,118	0	0
PUBLIC RELATIONS	0	0	0	0	0
STOCKHOLDERS RELATIONS	0	0	0	0	0
MEMBERSHIP & DUES	0	0	0	0	0
INTERCO SERVICES EXP-MISC	0	0	0	0	0
INTERCO SERVICES EXP-CORP	0	0	0	0	0
INTERCO SERVICES EXP-LINC	0	0	0	0	0
INTERCO SERVICES EXP-LSAL	0	0	0	0	0
INTERCO SERVICES EXP-MPPP	0	0	0	0	0
INTERCO SERVICES EXP-GWAY	0	0	0	0	0
INTERCO SERVICES EXP-CANA	0	0	0	0	0
INTERCO SERVICES EXP-LANG	0	0	0	0	0
INTERCO SERVICES EXP-LJLI	0	0	0	0	0
INTERCO SERVICES EXP-BCKR	0	0	0	0	0
INTERCO SERVICES EXP-LIMC	0	0	0	0	0
DEMOLITION COSTS	0	0	0	0	0
DATA PROCESSING-SOFTWARE PURCHASED	0	0	0	0	0
DIRECTORS' FEES & EXPENSES	0	0	0	0	0
CREDIT/COLLECT FEES, BANK SVC CHGS	0	0	0	0	0
OTHER OUTSIDE SERVICES	0	0	693,166	0	0
DATA PROCESSING-SOFTWARE USE & LEASE	0	0	476	0	0
TRANSFER TO AUC	0	0	0	0	0
TRANSFER TO HOLDING ACCOUNT	0	0	0	0	0
TRANSFERS TO INVESTMENTS	0	0	0	0	0
TRANSFER TO A/R	0	0	0	0	0
INTER-DEPT TRANSFER	0	0	0	0	0
INTERCO SERVICES EXP-UAAD	0	0	0	0	0
INTERCO SERVICES EXP-1500	0	0	0	0	0
EMPLOYEE RELATIONS	0	0	6,084	0	0
EMPLOYEE FOOD SERVICES	0	0	0	0	0
RECREATION	0	0	0	0	0
VIDEO PRODUCTION	0	0	0	0	0
SAMPLES FOR CUSTOMERS	0	0	706	0	0
WAREHOUSE HANDLING & THRUPUT CHARGES	0	0	0	0	0
OTHER OPERATING EXPENSES	0	0	6,667,470	610	0
SALES EXPENSE	0	0	0	0	0
OPERATION/MANAGEMENT FEES	0	0	0	0	0
ABANDONMENT LOSSES - FIXED ASSETS	0	0	0	0	0
WAREHOUSING SERVICES	0	0	0	0	0
VIDEO COMMUNICATIONS	0	0	0	0	0
WIRELESS DEVICES	0	0	0	0	0
WIRELESS SERVICES	0	0	0	0	0
RESTRUCTURING EXPENSE	0	0	0	0	0
ESOP DIVIDEND EXPENSE	0	0	0	0	0
ROUNDING ADJUSTMENT	0	0	0	0	0
OTHER AMORTIZATION - PRIOR YEAR	0	0	199,918	0	9,089,111
OTHER AMORTIZATION - CURRENT YEAR	0	0	0	0	0
TOTAL	0	193,474	14,253,407	610	9,089,111

LZ Consolidated
Year: 2005

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646
FIRST AID SUPPLIES	0	0	0
SAFETY SUPPLIES	98,351	19,615	0
CONSULTANTS' FEES & EXPENSES	177,822	39,028	0
WASTE MANAGEMENT	378,382	70,166	0
PUBLIC RELATIONS	0	0	0
STOCKHOLDERS RELATIONS	0	0	0
MEMBERSHIP & DUES	0	0	0
INTERCO SERVICES EXP-MISC	0	0	0
INTERCO SERVICES EXP-CORP	0	0	0
INTERCO SERVICES EXP-LINC	0	0	0
INTERCO SERVICES EXP-LSAL	0	0	0
INTERCO SERVICES EXP-MPPP	0	0	0
INTERCO SERVICES EXP-GWAY	0	0	0
INTERCO SERVICES EXP-CANA	0	0	0
INTERCO SERVICES EXP-LANG	0	0	0
INTERCO SERVICES EXP-LJLI	0	0	0
INTERCO SERVICES EXP-BCKR	0	0	0
INTERCO SERVICES EXP-LIMC	0	0	0
DEMOLITION COSTS	0	0	0
DATA PROCESSING-SOFTWARE PURCHASED	0	0	0
DIRECTORS' FEES & EXPENSES	0	0	0
CREDIT/COLLECT FEES, BANK SVC CHGS	8,790	0	0
OTHER OUTSIDE SERVICES	741,685	103,382	0
DATA PROCESSING-SOFTWARE USE & LEASE	0	18,539	0
TRANSFER TO AUC	0	0	0
TRANSFER TO HOLDING ACCOUNT	0	0	0
TRANSFERS TO INVESTMENTS	0	0	0
TRANSFER TO A/R	0	0	0
INTER-DEPT TRANSFER	0	0	0
INTERCO SERVICES EXP-UAAD	0	0	0
INTERCO SERVICES EXP-1500	0	0	0
EMPLOYEE RELATIONS	27,559	22,875	0
EMPLOYEE FOOD SERVICES	0	0	0
RECREATION	0	0	0
VIDEO PRODUCTION	0	0	0
SAMPLES FOR CUSTOMERS	12,235	3,211	0
WAREHOUSE HANDLING & THRUPUT CHARGES	0	0	0
OTHER OPERATING EXPENSES	92,163	1,207,280	0
SALES EXPENSE	0	0	0
OPERATION/MANAGEMENT FEES	0	0	0
ABANDONMENT LOSSES - FIXED ASSETS	0	0	0
WAREHOUSING SERVICES	0	0	0
VIDEO COMMUNICATIONS	0	0	0
WIRELESS DEVICES	0	0	0
WIRELESS SERVICES	0	0	0
RESTRUCTURING EXPENSE	0	0	0
ESOP DIVIDEND EXPENSE	0	0	0
ROUNDING ADJUSTMENT	(3)	0	0
OTHER AMORTIZATION - PRIOR YEAR	109,134	0	0
OTHER AMORTIZATION - CURRENT YEAR	0	0	0
TOTAL	7,612,571	6,679,824	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	8,158,845	0	8,158,845	0	0
DEFERRED FIT - CURRENT	58,888,713	0	58,888,713	43,540,562	0
TOTAL	67,047,558	0	67,047,558	43,540,562	0

LZ Consolidated
Year: 2005

STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	58,065	0	0	0
DEFERRED FIT - CURRENT	(214,162)	146,849	84,341	173	0
TOTAL	(214,162)	204,914	84,341	173	0

LZ Consolidated
Year: 2005

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748

STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	0	7,000	(6,000)
DEFERRED FIT - CURRENT	0	102,100	0	0	0
TOTAL	0	102,100	0	7,000	(6,000)

LZ Consolidated
Year: 2005

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG OTHER CURRENT ASSETS - BEGINNING					
LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	0	6,921,058	0
DEFERRED FIT - CURRENT	191,955	0	12,601	15,031,589	0
TOTAL	191,955	0	12,601	21,952,647	0

STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	7,587	0	0
DEFERRED FIT - CURRENT	0	(12,602)	(143,478)	0	31,479
TOTAL	0	(12,602)	(135,891)	0	31,479

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646

STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG
OTHER CURRENT ASSETS - BEGINNING

LINE 6: OTHER CURRENT ASSETS			
OTHER CURRENT ASSETS	520,193	650,942	0
DEFERRED FIT - CURRENT	75,199	42,107	0
TOTAL	595,392	693,049	0

LZ Consolidated
Year: 2005

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065	
LINE 9: OTHER INVESTMENTS						
INVEST IN LZ INTL MANAGEMENT CORP	0	(100,000)	100,000	100,000		0
INVEST IN LZ OVERSEAS TRADING CORP	0	(266,067,315)	266,067,315	266,067,315		0
INVEST IN GATE CITY	0	(11,385,021)	11,385,021	11,385,021		0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	(25,799,780)	25,799,780	25,799,780		0
INVEST IN LZ SERVICIOS TECNICOS	76,000	0	76,000	76,000		0
INVEST IN LUBRICANT INVESTMENTS	0	(57,407)	57,407	57,407		0
INVEST IN MPP PIPELINE CORP	0	(2,574,000)	2,574,000	2,574,000		0
INVEST IN GATEWAY ADDITIVE COMPANY	0	(13,569,043)	13,569,043	13,569,043		0
INVEST IN LUBRIZOL INTERNATIONAL INC	28,965,340	0	28,965,340	0		0
INVEST IN LUBRIZOL CANADA	6,454,433	0	6,454,433	0		0
INVEST IN LUBRIZOL GESMBH	26,900	0	26,900	0		0
INVEST IN LZ DE MEXICO COMERCIAL	6,754	0	6,754	0		0
INVEST IN LUBRIZOL JAPAN	10,207,912	0	10,207,912	0		0
INVEST IN CPI ENGINEERING SERVICES	0	(593,051,381)	593,051,381	0		0
INVEST IN LZ DO BRASIL ADITIVOS	10,425,015	0	10,425,015	0		0
INVEST IN EUROPE B.V.	33,557,730	0	33,557,730	0		0
INVEST IN CARROLL SCIENTIFIC INC.	0	(10,000)	10,000	10,000		0
INVEST IN LZ INDIA LTD.	5,502,000	0	5,502,000	5,502,000		0
INVEST IN INDUSTRIAS LUBRIZOL	656,897	0	656,897	656,897		0
INVEST IN LZ TRANSARABIA	4,210,941	0	4,210,941	4,210,941		0
INVEST IN SHANGHAI LZ INT'L	200,000	0	200,000	0		0
INVEST IN LZ VENEZUELA	57,407	0	57,407	0		0
INVEST IN EX AIR	0	(2,389,970)	2,389,970	2,389,970		0
INVEST IN LZ INTERAMERICAS CORP	0	(1,001,000)	1,001,000	1,001,000		0
INVEST IN ROSS CHEMICAL	0	(15,300,000)	15,300,000	15,300,000		0
INVEST IN CHEMCONNECT	60,676	0	60,676	0		0
INVEST IN 1500 CORP.	0	(10,000)	10,000	10,000		0
INVEST IN NOVEON INTL.	0	(2,066,279,002)	2,066,279,002	2,066,279,002		0
INVEST IN LZ SWEDEN	13,894	0	13,894	0		0
INVEST IN LZ SHANGHAI FTC	350,000	0	350,000	0		0
INVEST IN LZ HYPD BELGIUM	79,000	0	79,000	0		0
INVEST IN NOVEON, INC.	0	(531,404,616)	531,404,616	0		0
INVEST IN FCC, INC.	0	(132,386,332)	132,386,332	0		0
INVEST IN CANADA	(1)	0	(1)	0		0
INVEST IN MEXICO	272,111	0	272,111	0		0
INVEST IN KOREA HLDG	0	(5,143,614)	5,143,614	0		0
INVEST IN CANADA HOLDINGS	1,348,418	0	1,348,418	0		0
INVEST IN IP HOLDINGS	0	(1)	1	0		0
INVEST IN PERF MAT I	0	(186,656,660)	186,656,660	0		0
INVEST IN PERF MAT II	2,871,549	0	2,871,549	0		0
INVEST IN CHINA	0	507,756	(507,756)	0		0
INVEST IN PMDCV	308,458,572	0	308,458,572	0		0
INVEST IN NOV INV	2,040,100	0	2,040,100	0		0
INVEST IN SHANGHAI TRADING	200,000	0	200,000	0		0
INVEST IN TEXTILE CHEMICALS	0	2,122,084	(2,122,084)	0		0
INVEST IN HILTON DAVIS	0	(23,094,581)	23,094,581	0		0
INVEST IN KALAMA	0	(10,337,850)	10,337,850	0		0
INVEST IN DIAMALT GMBH	44,550,796	0	44,550,796	0		0
INVEST IN FCC ACQUISITION	0	(1)	1	0		0
INVEST IN DIAMALT NJ	0	834,000	(834,000)	0		0
INVEST IN SNP	2,572,559	0	2,572,559	0		0
INVEST IN MARITIUS	10,000	0	10,000	0		0
INVEST IN BFG KOREA	5,143,004	0	5,143,004	0		0

LZ Consolidated
Year: 2005

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	57,407
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	0	0
INVEST IN LZ SHANGHAI FTC	0	0	0	0	0
INVEST IN LZ HYPD BELGIUM	0	0	0	0	0
INVEST IN NOVEON, INC.	0	0	0	0	0
INVEST IN FCC, INC.	0	0	0	0	0
INVEST IN CANADA	0	0	0	0	0
INVEST IN MEXICO	0	0	0	0	0
INVEST IN KOREA HLDG	0	0	0	0	0
INVEST IN CANADA HOLDINGS	0	0	0	0	0
INVEST IN IP HOLDINGS	0	0	0	0	0
INVEST IN PERF MAT I	0	0	0	0	0
INVEST IN PERF MAT II	0	0	0	0	0
INVEST IN CHINA	0	0	0	0	0
INVEST IN PMDCV	0	0	0	0	0
INVEST IN NOV INV	0	0	0	0	0
INVEST IN SHANGHAI TRADING	0	0	0	0	0
INVEST IN TEXTILE CHEMICALS	0	0	0	0	0
INVEST IN HILTON DAVIS	0	0	0	0	0
INVEST IN KALAMA	0	0	0	0	0
INVEST IN DIAMALT GMBH	0	0	0	0	0
INVEST IN FCC ACQUISITION	0	0	0	0	0
INVEST IN DIAMALT NJ	0	0	0	0	0
INVEST IN SNP	0	0	0	0	0
INVEST IN MARITIUS	0	0	0	0	0
INVEST IN BFG KOREA	0	0	0	0	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	28,965,340
INVEST IN LUBRIZOL CANADA	0	0	0	0	6,454,433
INVEST IN LUBRIZOL GESMBH	0	0	0	0	26,900
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	6,754
INVEST IN LUBRIZOL JAPAN	0	0	0	0	10,207,912
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	593,051,381
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	10,425,015
INVEST IN EUROPE B.V.	0	0	0	0	33,557,730
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	200,000
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	60,676	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	0	13,894
INVEST IN LZ SHANGHAI FTC	0	0	0	0	350,000
INVEST IN LZ HYPD BELGIUM	0	0	0	0	79,000
INVEST IN NOVEON, INC.	0	0	0	0	0
INVEST IN FCC, INC.	0	0	0	0	0
INVEST IN CANADA	0	0	0	0	0
INVEST IN MEXICO	0	0	0	0	0
INVEST IN KOREA HLDG	0	0	0	0	0
INVEST IN CANADA HOLDINGS	0	0	0	0	0
INVEST IN IP HOLDINGS	0	0	0	0	0
INVEST IN PERF MAT I	0	0	0	0	0
INVEST IN PERF MAT II	0	0	0	0	0
INVEST IN CHINA	0	0	0	0	0
INVEST IN PMDCV	0	0	0	0	0
INVEST IN NOV INV	0	0	0	0	0
INVEST IN SHANGHAI TRADING	0	0	0	0	0
INVEST IN TEXTILE CHEMICALS	0	0	0	0	0
INVEST IN HILTON DAVIS	0	0	0	0	0
INVEST IN KALAMA	0	0	0	0	0
INVEST IN DIAMALT GMBH	0	0	0	0	0
INVEST IN FCC ACQUISITION	0	0	0	0	0
INVEST IN DIAMALT NJ	0	0	0	0	0
INVEST IN SNP	0	0	0	0	0
INVEST IN MARITIUS	0	0	0	0	0
INVEST IN BFG KOREA	0	0	0	0	0

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	0	0
INVEST IN LZ SHANGHAI FTC	0	0	0	0	0
INVEST IN LZ HYPD BELGIUM	0	0	0	0	0
INVEST IN NOVEON, INC.	0	0	531,404,616	0	0
INVEST IN FCC, INC.	0	0	0	132,386,332	0
INVEST IN CANADA	0	0	0	(1)	0
INVEST IN MEXICO	0	0	0	272,111	0
INVEST IN KOREA HLDG	0	0	0	5,143,614	0
INVEST IN CANADA HOLDINGS	0	0	0	1,348,418	0
INVEST IN IP HOLDINGS	0	0	0	1	0
INVEST IN PERF MAT I	0	0	0	186,656,660	0
INVEST IN PERF MAT II	0	0	0	2,871,549	0
INVEST IN CHINA	0	0	0	(507,756)	0
INVEST IN PMDCV	0	0	0	121,807,852	0
INVEST IN NOV INV	0	0	0	2,040,100	0
INVEST IN SHANGHAI TRADING	0	0	0	200,000	0
INVEST IN TEXTILE CHEMICALS	0	0	0	0	0
INVEST IN HILTON DAVIS	0	0	0	0	0
INVEST IN KALAMA	0	0	0	0	0
INVEST IN DIAMALT GMBH	0	0	0	0	0
INVEST IN FCC ACQUISITION	0	0	0	0	0
INVEST IN DIAMALT NJ	0	0	0	0	0
INVEST IN SNP	0	0	0	0	0
INVEST IN MARITIUS	0	0	0	10,000	0
INVEST IN BFG KOREA	0	0	0	0	0

LZ Consolidated
Year: 2005

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG					
OTHER INVESTMENTS - BEGINNING					
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	0	0
INVEST IN LZ SHANGHAI FTC	0	0	0	0	0
INVEST IN LZ HYPD BELGIUM	0	0	0	0	0
INVEST IN NOVEON, INC.	0	0	0	0	0
INVEST IN FCC, INC.	0	0	0	0	0
INVEST IN CANADA	0	0	0	0	0
INVEST IN MEXICO	0	0	0	0	0
INVEST IN KOREA HLDG	0	0	0	0	0
INVEST IN CANADA HOLDINGS	0	0	0	0	0
INVEST IN IP HOLDINGS	0	0	0	0	0
INVEST IN PERF MAT I	0	0	0	0	0
INVEST IN PERF MAT II	0	0	0	0	0
INVEST IN CHINA	0	0	0	0	0
INVEST IN PMDCV	0	0	0	0	0
INVEST IN NOV INV	0	0	0	0	0
INVEST IN SHANGHAI TRADING	0	0	0	0	0
INVEST IN TEXTILE CHEMICALS	0	(2,122,084)	0	0	0
INVEST IN HILTON DAVIS	0	23,094,581	0	0	0
INVEST IN KALAMA	0	10,337,850	0	0	0
INVEST IN DIAMALT GMBH	0	22,720,906	21,829,890	0	0
INVEST IN FCC ACQUISITION	0	1	0	0	0
INVEST IN DIAMALT NJ	0	(834,000)	0	0	0
INVEST IN SNP	0	0	0	2,572,559	0
INVEST IN MARITIUS	0	0	0	0	0
INVEST IN BFG KOREA	0	0	0	5,143,004	0

Lz Consolidated
Year: 2005

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG
OTHER INVESTMENTS - BEGINNING

LINE 9: OTHER INVESTMENTS			
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0
INVEST IN GATE CITY	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0
INVEST IN EUROPE B.V.	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0
INVEST IN LZ VENEZUELA	0	0	0
INVEST IN EX AIR	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0
INVEST IN CHEMCONNECT	0	0	0
INVEST IN 1500 CORP.	0	0	0
INVEST IN NOVEON INTL.	0	0	0
INVEST IN LZ SWEDEN	0	0	0
INVEST IN LZ SHANGHAI FTC	0	0	0
INVEST IN LZ HYPD BELGIUM	0	0	0
INVEST IN NOVEON, INC.	0	0	0
INVEST IN FCC, INC.	0	0	0
INVEST IN CANADA	0	0	0
INVEST IN MEXICO	0	0	0
INVEST IN KOREA HLDG	0	0	0
INVEST IN CANADA HOLDINGS	0	0	0
INVEST IN IP HOLDINGS	0	0	0
INVEST IN PERF MAT I	0	0	0
INVEST IN PERF MAT II	0	0	0
INVEST IN CHINA	0	0	0
INVEST IN PMDCV	0	0	186,650,720
INVEST IN NOV INV	0	0	0
INVEST IN SHANGHAI TRADING	0	0	0
INVEST IN TEXTILE CHEMICALS	0	0	0
INVEST IN HILTON DAVIS	0	0	0
INVEST IN KALAMA	0	0	0
INVEST IN DIAMALT GMBH	0	0	0
INVEST IN FCC ACQUISITION	0	0	0
INVEST IN DIAMALT NJ	0	0	0
INVEST IN SNP	0	0	0
INVEST IN MARITIUS	0	0	0
INVEST IN BFG KOREA	0	0	0

LZ Consolidated
Year: 2005

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
INVEST IN NOVEON BRASIL LTDA	466,502	0	466,502	0	0
INVEST IN SNP HOLDING	1,050,000	0	1,050,000	0	0
MISCELLANEOUS OTHER INVESTMENTS	1,652,397	0	1,652,397	0	0
OTHER INVESTMENTS	147,161	0	147,161	147,161	0
OTHER INVEST-ORIEN II	8,290	0	8,290	0	0
OTHER INVEST-AMT VENTURE	180,759	0	180,759	0	0
OTHER INVEST-AMT II	365,257	0	365,257	0	0
VALUATION ALLOWANCE	(707,856)	0	(707,856)	0	0
INVESTMENT IN ASSOC COS.	707,856	0	707,856	0	0
TOTAL	472,188,373	(3,883,153,734)	4,355,342,107	2,415,135,537	0

LZ Consolidated
Year: 2005

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
INVEST IN NOVEON BRASIL LTDA	0	0	0	0	0
INVEST IN SNP HOLDING	0	0	0	0	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
VALUATION ALLOWANCE	0	0	0	0	0
INVESTMENT IN ASSOC COS.	0	0	0	0	0
TOTAL	0	0	0	0	57,407

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
INVEST IN NOVEON BRASIL LTDA	0	0	0	0	0
INVEST IN SNP HOLDING	0	0	0	0	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	8,290	0	0	0	0
OTHER INVEST-AMT VENTURE	180,759	0	0	0	0
OTHER INVEST-AMT II	365,257	0	0	0	0
VALUATION ALLOWANCE	0	0	0	0	0
INVESTMENT IN ASSOC COS.	0	0	0	0	0
TOTAL	554,306	0	60,676	0	683,338,359

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
INVEST IN NOVEON BRASIL LTDA	0	0	0	0	200,000
INVEST IN SNP HOLDING	0	0	0	0	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0	1,652,397	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
VALUATION ALLOWANCE	0	0	0	0	(707,856)
INVESTMENT IN ASSOC COS.	0	0	0	0	707,856
TOTAL	0	0	531,404,616	453,881,277	200,000

LZ Consolidated
Year: 2005

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
INVEST IN NOVEON BRASIL LTDA	0	0	0	266,502	0
INVEST IN SNP HOLDING	0	0	0	1,050,000	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
VALUATION ALLOWANCE	0	0	0	0	0
INVESTMENT IN ASSOC COS.	0	0	0	0	0
TOTAL	0	53,197,254	21,829,890	9,032,065	0

2005 CONS. FEDERAL 1120 TAX RETURN

L2 Consolidated
Year: 2005

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646
INVEST IN NOVEON BRASIL LTDA	0	0	0
INVEST IN SNP HOLDING	0	0	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0
OTHER INVESTMENTS	0	0	0
OTHER INVEST-ORIEN II	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0
OTHER INVEST-AMT II	0	0	0
VALUATION ALLOWANCE	0	0	0
INVESTMENT IN ASSOC COS.	0	0	0
TOTAL	0	0	186,650,720

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 14: OTHER ASSETS					
OTHER ASSETS	1,000	0	1,000	0	0
TRAVEL ADVANCES	(90,207)	0	(90,207)	(90,207)	0
DEPOSITS AND PREPAID EXPENSES	14,042,765	0	14,042,765	13,877,224	10,000
DEFERRED PENSION COSTS	662,138	0	662,138	662,138	0
NONCURRENT DEPOSITS	29,965,882	0	29,965,882	26,333,133	0
PREPAID INSURANCE	11,840,681	0	11,840,681	11,797,492	0
DEFERRED OHIO PERSONAL PROPERTY TAX	2,700,000	0	2,700,000	2,700,000	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	137,004,969	(2,569,673,084)	2,706,678,053	186,756,445	11,096
AFFILIATE NOTES & ACCTS RECEIVABLE	9,493,472	0	9,493,472	9,493,472	0
INTERCO A/R - OTHER	42,985,293	(890,263,675)	933,248,968	608,131,498	0
TOTAL	248,605,993	(3,459,936,759)	3,708,542,752	859,661,195	21,096

2005 CONS: FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	53,532	(2)	14,019	0	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	0	0
PREPAID INSURANCE	43,189	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	580,614,748	0	84,238	10,897,873	833,333
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	580,711,469	(2)	98,257	10,897,873	833,333

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	2,367	0	76,500	1,580
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	10,466	0	249,967	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	130,746	0	3,153,000	13,787,148
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	1,689,446	0	329,764	244,084,588	68,910,171
TOTAL	1,689,446	143,579	329,764	247,564,055	82,698,899

LZ Consolidated
Year: 2005

STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	7,538	0	1	6	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	381,279	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	8,342,316	0	938,270,093	559,886,442	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	10,103,501	0	0	0
TOTAL	8,349,854	10,103,501	938,270,094	560,267,727	0

LZ Consolidated
Year: 2005

STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	1,000	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	0	0	0	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	2,416,735	54,000	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	31,000	134,883,880	165,819,073	0	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	31,000	137,300,615	165,874,073	0	0

LZ Consolidated
Year: 2005

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646

STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG
OTHER ASSETS - BEGINNING

LINE 14: OTHER ASSETS			
OTHER ASSETS	0	0	0
TRAVEL ADVANCES	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	0	0
DEFERRED PENSION COSTS	0	0	0
NONCURRENT DEPOSITS	505,902	14,400	0
PREPAID INSURANCE	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	71,408	103,099,274	5,940
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0
INTERCO A/R - OTHER	0	0	0
TOTAL	577,310	103,113,674	5,940

LZ Consolidated
Year: 2005

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	19,851,585	0	19,851,585	0	0
ACCRUED SALARIES AND WAGES	35,452,480	0	35,452,480	32,215,946	0
ACCRUED PAYROLL TAXES	8,373	0	8,373	7,914	0
ACCRUED STATE AND OTHER TAXES	27,312,394	0	27,312,394	13,560,038	0
ACCRUED COMMISSIONS AND DISCOUNTS	5,915,433	0	5,915,433	5,880,874	0
ACCRUED FEDERAL INCOME TAX	39,518,735	0	39,518,735	54,043,164	3,884
ACCRUED INTEREST	17,455,737	0	17,455,737	17,455,737	0
DIVIDENDS	17,362,505	0	17,362,505	17,362,505	0
CONTRIB TO PROFIT SHARING TRUST	8,294,668	0	8,294,668	4,850,848	0
PENSION CONTRIBUTION-NONQUALIFIED	18,794,818	0	18,794,818	8,503,602	0
PERSONAL PROPERTY	1,304	0	1,304	0	0
ACCRUED EXPENSES-OPEB	3,519,963	0	3,519,963	3,379,000	0
MEDICAL & LIFE INSURANCE CLAIMS	4,329,859	0	4,329,859	4,014,859	0
WORKMAN'S COMPENSATION CLAIMS	2,396,842	0	2,396,842	1,433,599	0
ENVIRONMENTAL-CURRENT	4,022,500	0	4,022,500	3,809,500	0
OTHER ACCRUED EXPENSES	28,415,927	0	28,415,927	10,507,193	0
FORWARD EXCHANGE CONTRACTS	144,680	0	144,680	0	0
CLEARING ACCOUNT	2,680,623	0	2,680,623	2,680,623	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	12,128	0
TOTAL	235,478,426	0	235,478,426	179,717,530	3,884

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	15,000	0
ACCRUED SALARIES AND WAGES	497,222	464,136	36,833	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	174,959	95,532	(5,993)	30,370	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	9,152,268	(353,283)	47,214	326,171	291,667
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	440,157	138,000	20,000	5,000	0
PENSION CONTRIBUTION-NONQUALIFIED	304,743	0	0	0	0
PERSONAL PROPERTY	0	0	5,700	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	15,241	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
TOTAL	10,569,349	344,385	118,995	376,541	291,667

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	5,748	0	0	0
ACCRUED SALARIES AND WAGES	0	568,215	0	0	297,000
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	151,697	0	22,000	46,000
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	0	459,279	0	3,476,506	963,580
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	144,000	0	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	1,000	3,000
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	213,000
OTHER ACCRUED EXPENSES	0	23,039	0	120,000	2,000
FORWARD EXCHANGE CONTRACTS	0	0	0	0	144,680
CLEARING ACCOUNT	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	(12,128)
TOTAL	0	1,351,978	0	3,619,506	1,657,132

Lz Consolidated
Year: 2005

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

LINE 18: OTHER CURRENT LIABILITIES	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
OTHER CURRENT LIABILITIES	0	0	0	18,747,755	0
ACCRUED SALARIES AND WAGES	287,754	0	0	831,415	0
ACCRUED PAYROLL TAXES	0	0	0	459	0
ACCRUED STATE AND OTHER TAXES	13,499	51,430	36,932	11,354,784	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	487,137	78,735	(19,706,069)	(5,844,667)	7,107
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	55,000	0	0	1,763,237	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	9,982,473	0
PERSONAL PROPERTY	(4,396)	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	140,963	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	315,000	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	963,243	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	110,482	0	0	17,269,370	0
FORWARD EXCHANGE CONTRACTS	*0*	*0*	*0*	*0*	*0*
CLEARING ACCOUNT	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
TOTAL	949,476	130,165	(19,669,137)	55,524,032	7,107

LZ Consolidated
Year: 2005

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	333,732	0	0	0
ACCRUED SALARIES AND WAGES	0	0	103,949	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	0	938,193	0	89,940
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	0	(502,224)	(567,670)	(35,561)	(3,521,718)
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	0	317,235	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	120,028	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
TOTAL	0	(168,492)	911,735	(35,561)	(3,431,778)

LZ Consolidated
Year: 2005

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG
OTHER CURRENT LIABILITIES - BEGINNING

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646
LINE 18: OTHER CURRENT LIABILITIES			
OTHER CURRENT LIABILITIES	750,700	(1,350)	0
ACCRUED SALARIES AND WAGES	123,558	26,452	0
ACCRUED PAYROLL TAXES	0	0	0
ACCRUED STATE AND OTHER TAXES	653,391	99,622	0
ACCRUED COMMISSIONS AND DISCOUNTS	34,559	0	0
ACCRUED FEDERAL INCOME TAX	32,846	(103,223)	783,592
ACCRUED INTEREST	0	0	0
DIVIDENDS	0	0	0
CONTRIB TO PROFIT SHARING TRUST	472,349	88,842	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0
PERSONAL PROPERTY	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0
OTHER ACCRUED EXPENSES	248,574	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0
CLEARING ACCOUNT	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0
TOTAL	2,315,977	110,343	783,592

LZ Consolidated
Year: 2005

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	6,051,129	0	6,051,129	0	0
DEFERRED COMP PAYMENTS	16,581,609	0	16,581,609	16,581,609	0
OTHER ENVIRONMENTAL	21,865,034	0	21,865,034	7,915,181	0
CONTRIB TO PENSIONS - NONCURRENT	33,715,590	0	33,715,590	9,515,946	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	12,104,000	0	12,104,000	12,104,000	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	96,411,649	0	96,411,649	96,411,649	0
OTHER	2,447,960	(7,172)	2,455,132	1,489,740	0
DEFERRED STATE INCOME TAXES	4,623,673	0	4,623,673	786,699	0
SALARIES & WAGES-BANKED VACATION	18,434	0	18,434	18,434	0
DEFERRED INCOME TAXES-NONCURRENT	53,083,021	0	53,083,021	15,221,655	0
INTERCO ACCOUNTS PAYABLE	58,925,756	(2,741,722,048)	2,800,647,804	774,221,650	0
INTERCO A/P - OTHER	76,547,376	(717,665,870)	794,213,246	581,975,022	0
TOTAL	382,375,231	(3,459,395,090)	3,841,770,321	1,516,241,585	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	0	(2)	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	483,200	3,638,365	39,700	(821,726)	0
INTERCO ACCOUNTS PAYABLE	0	39,322,128	1,040,193	0	0
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	483,200	42,960,493	1,079,893	(821,728)	0

LZ Consolidated
Year: 2005

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

LINE 21: OTHER LIABILITIES	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	0	395	965,000
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	14,455	1,053,920	0	37,253	1,595,045
INTERCO ACCOUNTS PAYABLE	0	30,623,328	0	7,000	78,000
INTERCO A/P - OTHER	0	0	0	208,347,687	0
TOTAL	14,455	31,677,248	0	208,392,335	2,638,045

LZ Consolidated
Year: 2005

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	2,723,151	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	998,642	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	24,199,644	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	(1)	0	0	0	0
DEFERRED STATE INCOME TAXES	0	0	0	3,836,974	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	(97,062)	450,653	(22,080,164)	55,627,018	0
INTERCO ACCOUNTS PAYABLE	0	0	8,289,810	1,301,570,902	707,756
INTERCO A/P - OTHER	0	3,890,537	0	0	0
TOTAL	(97,063)	4,341,190	(13,790,354)	1,388,956,331	707,756

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	3,327,976	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	12,951,211	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	0	0	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	(5,504,271)	(1,818,066)	0	3,659,371
INTERCO ACCOUNTS PAYABLE	865,000	64,615,281	234,069,190	4,011,361	167,617,181
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	865,000	75,390,197	232,251,124	4,011,361	171,276,552

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG
OTHER LIABILITIES - BEGINNING

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646
LINE 21: OTHER LIABILITIES			
OTHER ACCRUALS - NONCURRENT	2	0	0
DEFERRED COMP PAYMENTS	0	0	0
OTHER ENVIRONMENTAL	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0
OTHER	0	0	0
DEFERRED STATE INCOME TAXES	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	(690,671)	2,274,346	0
INTERCO ACCOUNTS PAYABLE	64,044,897	109,564,127	0
INTERCO A/P - OTHER	0	0	0
TOTAL	63,354,228	111,838,473	0

LZ Consolidated
Year: 2005

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	11,612,012	0	11,612,012	0	0
DEFERRED FIT - CURRENT	90,794,081	0	90,794,081	72,907,539	0
ADVANCES FOR TEST WORK	70,736	0	70,736	70,736	0
TOTAL	102,476,829	0	102,476,829	72,978,275	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	818	0	0	0	0
DEFERRED FIT - CURRENT	(403,356)	0	0	945	0
ADVANCES FOR TEST WORK	0	0	0	0	0
TOTAL	(402,538)	0	0	945	0

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	0	0	0	7,000	2,000
DEFERRED FIT - CURRENT	0	263,241	0	0	0
ADVANCES FOR TEST WORK	0	0	0	0	0
TOTAL	0	263,241	0	7,000	2,000

2005 CONS. FEDERAL 1120 TAX RETURN

L2 Consolidated
Year: 2005

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	0	0	0	10,181,451	0
DEFERRED FIT - CURRENT	61,250	0	0	18,608,867	0
ADVANCES FOR TEST WORK	0	0	0	0	0
TOTAL	61,250	0	0	28,790,318	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END OTHER CURRENT ASSETS - ENDING					
LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	0	0	453,024	0	0
DEFERRED FIT - CURRENT	0	0	(833,285)	0	0
ADVANCES FOR TEST WORK	0	0	0	0	0
TOTAL	0	0	(380,261)	0	0

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END
OTHER CURRENT ASSETS - ENDING

LINE 6: OTHER CURRENT ASSETS - ENDING			
OTHER CURRENT ASSETS	253,910	713,809	0
DEFERRED FIT - CURRENT	147,968	40,912	0
ADVANCES FOR TEST WORK	0	0	0
TOTAL	401,878	754,721	0

2005 CONS. FEDERAL 1120 TAX RETURN

L2 Consolidated
Year: 2005

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	(100,000)	100,000	100,000	0
INVEST IN LZ OVERSEAS TRADING CORP	0	(266,067,315)	266,067,315	266,067,315	0
INVEST IN GATE CITY	0	(11,385,021)	11,385,021	11,385,021	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	(25,799,780)	25,799,780	25,799,780	0
INVEST IN LZ SERVICIOS TECNICOS	76,000	0	76,000	76,000	0
INVEST IN LUBRICANT INVESTMENTS	0	(57,407)	57,407	57,407	0
INVEST IN MPP PIPELINE CORP	0	(2,574,000)	2,574,000	2,574,000	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	(13,569,043)	13,569,043	13,569,043	0
INVEST IN LUBRIZOL INTERNATIONAL INC	28,965,340	0	28,965,340	0	0
INVEST IN LUBRIZOL CANADA	6,454,433	0	6,454,433	0	0
INVEST IN LUBRIZOL GESMBH	26,900	0	26,900	0	0
INVEST IN LZ DE MEXICO COMERCIAL	6,754	0	6,754	0	0
INVEST IN LUBRIZOL JAPAN	10,207,912	0	10,207,912	0	0
INVEST IN CPI ENGINEERING SERVICES	0	(593,051,381)	593,051,381	0	0
INVEST IN LZ DO BRASIL ADITIVOS	10,425,015	0	10,425,015	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	(10,000)	10,000	10,000	0
INVEST IN LZ INDIA LTD.	5,502,000	0	5,502,000	5,502,000	0
INVEST IN INDUSTRIAS LUBRIZOL	656,897	0	656,897	656,897	0
INVEST IN LZ TRANSARABIA	4,210,941	0	4,210,941	4,210,941	0
INVEST IN SHANGHAI LZ INT'L	200,000	0	200,000	0	0
INVEST IN LZ VENEZUELA	57,407	0	57,407	0	0
INVEST IN LZ INTERAMERICAS CORP	0	(1,001,000)	1,001,000	1,001,000	0
INVEST IN ROSS CHEMICAL	0	(15,300,000)	15,300,000	15,300,000	0
INVEST IN CHEMCONNECT	60,676	0	60,676	0	0
INVEST IN 1500 CORP.	0	(10,000)	10,000	10,000	0
INVEST IN NOVEON INTL.	0	(2,066,279,002)	2,066,279,002	2,066,279,002	0
INVEST IN LZ SWEDEN	13,894	0	13,894	0	0
INVEST IN LZ SHANGHAI FTC	390,000	0	390,000	0	0
INVEST IN LOTC KG	54,000	0	54,000	0	0
INVEST IN GIBRALTER LIMITED	33,594,314	0	33,594,314	0	0
INVEST IN NOVEON, INC.	0	(1,108,051,150)	1,108,051,150	0	0
INVEST IN FCC, INC.	0	(46,726,246)	46,726,246	0	0
INVEST IN CANADA	(1)	0	(1)	0	0
INVEST IN MEXICO	933,956	0	933,956	0	0
INVEST IN KOREA HLDG	0	(5,406,375)	5,406,375	0	0
INVEST IN IP HOLDINGS	0	(1,456,938)	1,456,938	0	0
INVEST IN PERF MAT I	0	(352,729,722)	352,729,722	0	0
INVEST IN CHINA	0	463,210	(463,210)	0	0
INVEST IN SHANGHAI TRADING	(2,119,672)	0	(2,119,672)	0	0
INVEST IN TEXTILE CHEMICALS	0	(6,249,596)	6,249,596	0	0
INVEST IN HILTON DAVIS	0	16,789,742	(16,789,742)	0	0
INVEST IN KALAMA	0	17,345,840	(17,345,840)	0	0
INVEST IN DIAMALT GMBH	39,904,890	0	39,904,890	0	0
INVEST IN FCC ACQUISITION	0	(1)	1	0	0
INVEST IN DIAMALT NJ	0	834,000	(834,000)	0	0
INVEST IN SNP	1,905,671	0	1,905,671	0	0
INVEST IN MARITIUS	10,000	0	10,000	0	0
INVEST IN BFG KOREA	6,697,345	0	6,697,345	0	0
INVEST IN NOVEON BRASIL LTDA	562,184	0	562,184	0	0
INVEST IN SNP HOLDING	381,152	0	381,152	0	0
INVEST IN LZ GIBLTD	329,700,379	0	329,700,379	0	0
INVEST IN SHNGH SPEC CHEM	905,814	0	905,814	0	0
INVEST IN SHNGH CONSULTING	(475,590)	0	(475,590)	0	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	CPI	Carroll Scient	ECS	Gateway	Lubricant Inve
	38-2050864	34-1868206	88-0191671	31-1590777	34-1563459

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	57,407
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	0	0
INVEST IN LZ SHANGHAI FTC	0	0	0	0	0
INVEST IN LOTC KG	0	0	0	0	0
INVEST IN GIBRALTER LIMITED	0	0	0	0	0
INVEST IN NOVEON, INC.	0	0	0	0	0
INVEST IN FCC, INC.	0	0	0	0	0
INVEST IN CANADA	0	0	0	0	0
INVEST IN MEXICO	0	0	0	0	0
INVEST IN KOREA HLDG	0	0	0	0	0
INVEST IN IP HOLDINGS	0	0	0	0	0
INVEST IN PERF MAT I	0	0	0	0	0
INVEST IN CHINA	0	0	0	0	0
INVEST IN SHANGHAI TRADING	0	0	0	0	0
INVEST IN TEXTILE CHEMICALS	0	0	0	0	0
INVEST IN HILTON DAVIS	0	0	0	0	0
INVEST IN KALAMA	0	0	0	0	0
INVEST IN DIAMALT GMBH	0	0	0	0	0
INVEST IN FCC ACQUISITION	0	0	0	0	0
INVEST IN DIAMALT NJ	0	0	0	0	0
INVEST IN SNP	0	0	0	0	0
INVEST IN MARITIUS	0	0	0	0	0
INVEST IN BFG KOREA	0	0	0	0	0
INVEST IN NOVEON BRASIL LTDA	0	0	0	0	0
INVEST IN SNP HOLDING	0	0	0	0	0
INVEST IN LZ GIBLTD	0	0	0	0	0
INVEST IN SHNGH SPEC CHEM	0	0	0	0	0
INVEST IN SHNGH CONSULTING	0	0	0	0	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	28,965,340
INVEST IN LUBRIZOL CANADA	0	0	0	0	6,454,433
INVEST IN LUBRIZOL GESMBH	0	0	0	0	26,900
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	6,754
INVEST IN LUBRIZOL JAPAN	0	0	0	0	10,207,912
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	593,051,381
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	10,425,015
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	200,000
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	60,676	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	0	13,894
INVEST IN LZ SHANGHAI FTC	0	0	0	0	390,000
INVEST IN LOTC KG	0	0	0	0	54,000
INVEST IN GIBRALTER LIMITED	0	0	0	0	33,594,314
INVEST IN NOVEON, INC.	0	0	0	0	0
INVEST IN FCC, INC.	0	0	0	0	0
INVEST IN CANADA	0	0	0	0	0
INVEST IN MEXICO	0	0	0	0	0
INVEST IN KOREA HLDG	0	0	0	0	0
INVEST IN IP HOLDINGS	0	0	0	0	0
INVEST IN PERF MAT I	0	0	0	0	0
INVEST IN CHINA	0	0	0	0	0
INVEST IN SHANGHAI TRADING	0	0	0	0	0
INVEST IN TEXTILE CHEMICALS	0	0	0	0	0
INVEST IN HILTON DAVIS	0	0	0	0	0
INVEST IN KALAMA	0	0	0	0	0
INVEST IN DIAMALT GMBH	0	0	0	0	0
INVEST IN FCC ACQUISITION	0	0	0	0	0
INVEST IN DIAMALT NJ	0	0	0	0	0
INVEST IN SNP	0	0	0	0	0
INVEST IN MARITIUS	0	0	0	0	0
INVEST IN BFG KOREA	0	0	0	0	0
INVEST IN NOVEON BRASIL LTDA	0	0	0	0	0
INVEST IN SNP HOLDING	0	0	0	0	0
INVEST IN LZ GIBLTD	0	0	0	0	0
INVEST IN SHNGH SPEC CHEM	0	0	0	0	0
INVEST IN SHNGH CONSULTING	0	0	0	0	0

LZ Consolidated
Year: 2005

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	0	0
INVEST IN LZ SHANGHAI FTC	0	0	0	0	0
INVEST IN LOTC KG	0	0	0	0	0
INVEST IN GIBRALTER LIMITED	0	0	0	0	0
INVEST IN NOVEON, INC.	0	0	1,108,051,150	0	0
INVEST IN FCC, INC.	0	0	0	46,726,246	0
INVEST IN CANADA	0	0	0	(1)	0
INVEST IN MEXICO	0	0	0	933,956	0
INVEST IN KOREA HLDG	0	0	0	5,406,375	0
INVEST IN IP HOLDINGS	0	0	0	1,456,938	0
INVEST IN PERF MAT I	0	0	0	352,729,722	0
INVEST IN CHINA	0	0	0	(463,210)	0
INVEST IN SHANGHAI TRADING	0	0	0	(2,119,672)	0
INVEST IN TEXTILE CHEMICALS	0	0	0	0	0
INVEST IN HILTON DAVIS	0	0	0	0	0
INVEST IN KALAMA	0	0	0	0	0
INVEST IN DIAMALT GMBH	0	0	0	0	0
INVEST IN FCC ACQUISITION	0	0	0	0	0
INVEST IN DIAMALT NJ	0	0	0	0	0
INVEST IN SNP	0	0	0	0	0
INVEST IN MARITIUS	0	0	0	10,000	0
INVEST IN BFG KOREA	0	0	0	0	0
INVEST IN NOVEON BRASIL LTDA	0	0	0	0	247,841
INVEST IN SNP HOLDING	0	0	0	0	0
INVEST IN LZ GIBLTD	0	0	0	115,394,614	0
INVEST IN SHNGH SPEC CHEM	0	0	0	905,814	0
INVEST IN SHNGH CONSULTING	0	0	0	(475,590)	0

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	0	0
INVEST IN LZ SHANGHAI FTC	0	0	0	0	0
INVEST IN LOTC KG	0	0	0	0	0
INVEST IN GIBRALTER LIMITED	0	0	0	0	0
INVEST IN NOVEON, INC.	0	0	0	0	0
INVEST IN FCC, INC.	0	0	0	0	0
INVEST IN CANADA	0	0	0	0	0
INVEST IN MEXICO	0	0	0	0	0
INVEST IN KOREA HLDG	0	0	0	0	0
INVEST IN IP HOLDINGS	0	0	0	0	0
INVEST IN PERF MAT I	0	0	0	0	0
INVEST IN CHINA	0	0	0	0	0
INVEST IN SHANGHAI TRADING	0	0	0	0	0
INVEST IN TEXTILE CHEMICALS	0	6,249,596	0	0	0
INVEST IN HILTON DAVIS	0	(16,789,742)	0	0	0
INVEST IN KALAMA	0	(17,345,840)	0	0	0
INVEST IN DIAMALT GMBH	0	20,353,078	19,551,812	0	0
INVEST IN FCC ACQUISITION	0	1	0	0	0
INVEST IN DIAMALT NJ	0	(834,000)	0	0	0
INVEST IN SNP	0	0	0	1,905,671	0
INVEST IN MARITIUS	0	0	0	0	0
INVEST IN BFG KOREA	0	0	0	6,697,345	0
INVEST IN NOVEON BRASIL LTDA	0	0	0	314,343	0
INVEST IN SNP HOLDING	0	0	0	381,152	0
INVEST IN LZ GIBLTD	0	0	0	0	0
INVEST IN SHNGH SPEC CHEM	0	0	0	0	0
INVEST IN SHNGH CONSULTING	0	0	0	0	0

	Nov Kalama	Nov Textile	Perf Materials
	91-0862423	56-1767462	51-0408646

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END
OTHER INVESTMENTS - ENDING

LINE 9: OTHER INVESTMENTS			
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0
INVEST IN GATE CITY	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0
INVEST IN LZ VENEZUELA	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0
INVEST IN CHEMCONNECT	0	0	0
INVEST IN 1500 CORP.	0	0	0
INVEST IN NOVEON INTL.	0	0	0
INVEST IN LZ SWEDEN	0	0	0
INVEST IN LZ SHANGHAI FTC	0	0	0
INVEST IN LOTC KG	0	0	0
INVEST IN GIBRALTER LIMITED	0	0	0
INVEST IN NOVEON, INC.	0	0	0
INVEST IN FCC, INC.	0	0	0
INVEST IN CANADA	0	0	0
INVEST IN MEXICO	0	0	0
INVEST IN KOREA HLDG	0	0	0
INVEST IN IP HOLDINGS	0	0	0
INVEST IN PERF MAT I	0	0	0
INVEST IN CHINA	0	0	0
INVEST IN SHANGHAI TRADING	0	0	0
INVEST IN TEXTILE CHEMICALS	0	0	0
INVEST IN HILTON DAVIS	0	0	0
INVEST IN KALAMA	0	0	0
INVEST IN DIAMALT GMBH	0	0	0
INVEST IN FCC ACQUISITION	0	0	0
INVEST IN DIAMALT NJ	0	0	0
INVEST IN SNP	0	0	0
INVEST IN MARITIUS	0	0	0
INVEST IN BFG KOREA	0	0	0
INVEST IN NOVEON BRASIL LTDA	0	0	0
INVEST IN SNP HOLDING	0	0	0
INVEST IN LZ GIBLTD	0	0	214,305,765
INVEST IN SHNGH SPEC CHEM	0	0	0
INVEST IN SHNGH CONSULTING	0	0	0

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
INVEST IN NOVEON CANADA INC.	7,600,496	0	7,600,496	0	0
MISCELLANEOUS OTHER INVESTMENTS	1,816,254	0	1,816,254	0	0
OTHER INVESTMENTS	108,512	0	108,512	108,512	0
OTHER INVEST-ORIEN II	9,160	0	9,160	0	0
OTHER INVEST-AMT VENTURE	82,017	0	82,017	0	0
OTHER INVEST-AMT II	162,433	0	162,433	0	0
TOTAL	489,087,483	(4,480,391,185)	4,969,478,668	2,412,706,918	0

LZ Consolidated
Year: 2005

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
INVEST IN NOVEON CANADA INC.	0	0	0	0	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
TOTAL	0	0	0	0	57,407

LZ Consolidated
Year: 2005

2005 CONS. FEDERAL 1120 TAX RETURN

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
INVEST IN NOVEON CANADA INC.	0	0	0	0	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	9,160	0	0	0	0
OTHER INVEST-AMT VENTURE	82,017	0	0	0	0
OTHER INVEST-AMT II	162,433	0	0	0	0
TOTAL	253,610	0	60,676	0	683,389,943

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
INVEST IN NOVEON CANADA INC.	0	0	0	7,600,496	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0	1,816,254	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
TOTAL	0	0	1,108,051,150	529,921,942	247,841

LZ Consolidated
Year: 2005

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
INVEST IN NOVEON CANADA INC.	0	0	0	0	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
TOTAL	0	(8,366,907)	19,551,812	9,298,511	0

LZ Consolidated
Year: 2005

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646
INVEST IN NOVEON CANADA INC.	0	0	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0
OTHER INVESTMENTS	0	0	0
OTHER INVEST-ORIEN II	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0
OTHER INVEST-AMT II	0	0	0
TOTAL	0	0	214,305,765

LZ Consolidated
Year: 2005

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 14: OTHER ASSETS					
OTHER ASSETS	144,299	0	144,299	0	0
TRAVEL ADVANCES	(205,056)	0	(205,056)	(205,056)	0
DEPOSITS AND PREPAID EXPENSES	4,853,349	0	4,853,349	4,724,140	10,000
DEFERRED PENSION COSTS	560,821	0	560,821	560,821	0
NONCURRENT DEPOSITS	35,077,237	0	35,077,237	32,002,984	0
PREPAID INSURANCE	11,399,433	0	11,399,433	11,399,433	0
DEFERRED OHIO PERSONAL PROPERTY TAX	2,000,000	0	2,000,000	2,000,000	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	181,612,540	(3,103,107,968)	3,284,720,508	185,256,584	17,854
AFFILIATE NOTES & ACCTS RECEIVABLE	8,020,558	0	8,020,558	8,020,558	0
INTERCO A/R - OTHER	44,930,235	(965,715,781)	1,010,646,016	609,805,355	0
TOTAL	288,393,416	(4,068,823,749)	4,357,217,165	853,564,819	27,854

2005 CONS. FEDERAL 1120 TAX RETURN

Lz Consolidated
Year: 2005

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	66,470	0	0	0	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	53,533	0	0	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	583,710,509	0	0	11,876,726	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	583,830,512	0	0	11,876,726	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END OTHER ASSETS - ENDING					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	(3,326)	0	76,500	239
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	500,000	0	233,103	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	1,012,913	0	4,463,000	2,093,129
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	1,718,256	0	2,756,672	304,631,786	81,121,390
TOTAL	1,718,256	1,509,587	2,756,672	309,404,389	83,214,758

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	143,299	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	1	0	0	(20,675)	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	246,787	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	17,641,047	0	1,110,460,443	830,247,502	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	10,612,557	0	0	0
TOTAL	17,641,048	10,612,557	1,110,460,443	830,616,913	0

LZ Consolidated
Year: 2005

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	1,000	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	0	0	0	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	1,429,619	75,000	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	130,686,551	165,346,379	13,426	1,065,156
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	0	132,116,170	165,422,379	13,426	1,065,156

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END
OTHER ASSETS - ENDING

LINE 14: OTHER ASSETS			
OTHER ASSETS	0	0	0
TRAVEL ADVANCES	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	0	0
DEFERRED PENSION COSTS	0	0	0
NONCURRENT DEPOSITS	521,811	14,400	0
PREPAID INSURANCE	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	73,148	103,087,788	137,668,353
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0
INTERCO A/R - OTHER	0	0	0
TOTAL	594,959	103,102,188	137,668,353

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	18,477,778	0	18,477,778	0	0
ACCRUED SALARIES AND WAGES	39,824,550	0	39,824,550	36,750,941	0
ACCRUED PAYROLL TAXES	(119,734)	0	(119,734)	(119,898)	0
ACCRUED STATE AND OTHER TAXES	26,955,098	0	26,955,098	13,630,220	0
ACCRUED COMMISSIONS AND DISCOUNTS	5,985,561	0	5,985,561	5,922,076	0
ACCRUED FEDERAL INCOME TAX	38,258,973	0	38,258,973	(52,783,177)	3,725
ACCRUED INTEREST	17,264,016	0	17,264,016	17,264,016	0
DIVIDENDS	17,691,243	0	17,691,243	17,691,243	0
CONTRIB TO PROFIT SHARING TRUST	7,533,306	0	7,533,306	4,484,788	0
PENSION CONTRIBUTION-NONQUALIFIED	9,379,346	0	9,379,346	4,515,328	0
ACCRUED EXPENSES-OPEB	4,534,291	0	4,534,291	4,300,000	0
CONTRIBUTION TO VEBA	635,937	0	635,937	635,937	0
MEDICAL & LIFE INSURANCE CLAIMS	4,719,859	0	4,719,859	4,014,859	0
WORKMAN'S COMPENSATION CLAIMS	2,350,328	0	2,350,328	1,386,934	0
ENVIRONMENTAL-CURRENT	1,961,086	0	1,961,086	1,801,086	0
OTHER ACCRUED EXPENSES	28,525,434	0	28,525,434	11,709,253	0
FORWARD EXCHANGE CONTRACTS	144,680	0	144,680	0	0
CLEARING ACCOUNT	1,121,762	0	1,121,762	1,121,762	0
TOTAL	225,243,514	0	225,243,514	72,325,368	3,725

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	29,000	0
ACCRUED SALARIES AND WAGES	500,591	0	0	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	153,114	0	0	8,280	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	13,581,085	0	0	298,169	1,073,027
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	0	0	4,600	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
CONTRIBUTION TO VEBA	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	90,610	0	0	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT	0	0	0	0	0
TOTAL	14,325,400	0	0	340,049	1,073,027

LZ Consolidated
Year: 2005

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

LINE 18: OTHER CURRENT LIABILITIES	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
OTHER CURRENT LIABILITIES	0	0	0	0	0
ACCRUED SALARIES AND WAGES	0	611,602	0	0	170,000
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	265,657	0	22,000	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	0	572,531	849,418	5,260,538	14,550,153
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	149,625	0	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	2,000	0
ACCRUED EXPENSES-OPEB	0	15,698	0	0	0
CONTRIBUTION TO VEBA	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	314,236	0	137,000	124,000
FORWARD EXCHANGE CONTRACTS	0	0	0	0	144,680
CLEARING ACCOUNT	0	0	0	0	0
TOTAL	0	1,929,349	849,418	5,421,538	14,988,833

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	17,010,633	0
ACCRUED SALARIES AND WAGES	0	0	0	1,477,245	0
ACCRUED PAYROLL TAXES	0	0	0	164	0
ACCRUED STATE AND OTHER TAXES	91,291	50,923	0	11,374,018	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	1,261,579	127,408	10,197	51,141,593	7,241
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	39,331	0	0	1,986,999	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	4,862,018	0
ACCRUED EXPENSES-OPEB	0	0	0	218,593	0
CONTRIBUTION TO VEBA	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	705,000	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	963,394	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	0	15,502,612	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT	0	0	0	0	0
TOTAL	1,392,201	178,331	10,197	105,242,269	7,241

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

LINE 18: OTHER CURRENT LIABILITIES	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
OTHER CURRENT LIABILITIES	0	588,387	0	0	0
ACCRUED SALARIES AND WAGES	0	0	114,440	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	0	592,097	0	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	0	(1,215,426)	(13,849)	(17,292)	(6,037,231)
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	0	174,795	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
CONTRIBUTION TO VEBA	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	37,333	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT	0	0	0	0	0
TOTAL	0	(627,039)	904,816	(17,292)	(6,037,231)

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END
OTHER CURRENT LIABILITIES - ENDING

LINE 18: OTHER CURRENT LIABILITIES			
OTHER CURRENT LIABILITIES	761,582	88,176	0
ACCRUED SALARIES AND WAGES	141,223	58,508	0
ACCRUED PAYROLL TAXES	0	0	0
ACCRUED STATE AND OTHER TAXES	654,823	112,675	0
ACCRUED COMMISSIONS AND DISCOUNTS	63,485	0	0
ACCRUED FEDERAL INCOME TAX	3,801,694	177,987	5,609,603
ACCRUED INTEREST	0	0	0
DIVIDENDS	0	0	0
CONTRIB TO PROFIT SHARING TRUST	633,314	59,854	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0
CONTRIBUTION TO VEBA	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0
ENVIRONMENTAL-CURRENT	160,000	0	0
OTHER ACCRUED EXPENSES	558,528	51,862	0
FORWARD EXCHANGE CONTRACTS	0	0	0
CLEARING ACCOUNT	0	0	0
TOTAL	6,774,649	549,062	5,609,603

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	7,680,521	0	7,680,521	0	0
DEFERRED COMP PAYMENTS	23,046,419	0	23,046,419	23,046,419	0
OTHER ENVIRONMENTAL	16,559,171	0	16,559,171	7,639,880	0
CONTRIB TO PENSIONS - NONCURRENT	44,689,724	0	44,689,724	15,014,742	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	11,591,000	0	11,591,000	11,591,000	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	91,396,909	0	91,396,909	91,396,909	0
OTHER	3,087,765	(228,481)	3,316,246	1,330,457	0
DEFERRED STATE INCOME TAXES	3,979,566	0	3,979,566	(2,655,015)	0
SALARIES & WAGES-BANKED VACATION	13,055	0	13,055	13,055	0
INTEREST SWAP	4,904,365	0	4,904,365	4,904,365	0
DEFERRED INCOME TAXES-NONCURRENT	86,668,794	0	86,668,794	90,194,372	0
INTERCO ACCOUNTS PAYABLE	52,955,313	(2,334,960,191)	2,387,915,504	327,744,493	0
INTERCO A/P - OTHER	31,341,276	(1,732,800,809)	1,764,142,085	1,501,623,037	0
TOTAL	377,913,878	(4,067,989,481)	4,445,903,359	2,071,843,714	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	1	0	0	(1)	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	513,768	0	0	(804,998)	0
INTERCO ACCOUNTS PAYABLE	0	0	0	0	0
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	513,769	0	0	(804,999)	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	0	645,790	1,340,001
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	(62,343)	1,381,521	0	59,486	928,459
INTERCO ACCOUNTS PAYABLE	0	31,849,794	0	4,000	0
INTERCO A/P - OTHER	0	0	0	258,313,652	90,584
TOTAL	(62,343)	33,231,315	0	259,022,928	2,359,044

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	4,319,987	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	653,195	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	29,674,982	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	(1)	0	1	0
DEFERRED STATE INCOME TAXES	0	0	(1,036)	6,635,617	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	405,958	(18,347,019)	23,779,878	0
INTERCO ACCOUNTS PAYABLE	0	0	0	1,369,953,462	720,578
INTERCO A/P - OTHER	0	4,114,812	0	0	0
TOTAL	0	4,520,769	(18,348,055)	1,435,017,122	720,578

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	3,327,976	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	8,266,096	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	(2)	0	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	(6,074,458)	(10,724,448)	(20,943)	2,866,618
INTERCO ACCOUNTS PAYABLE	0	71,200,231	244,685,959	4,183,189	175,442,639
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	0	76,719,845	233,961,509	4,162,246	178,309,257

LZ Consolidated
Year: 2005

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END
OTHER LIABILITIES - ENDING

LINE 21: OTHER LIABILITIES			
OTHER ACCRUALS - NONCURRENT	32,558	0	0
DEFERRED COMP PAYMENTS	0	0	0
OTHER ENVIRONMENTAL	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0
OTHER	0	0	0
DEFERRED STATE INCOME TAXES	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0
INTEREST SWAP	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	(109,727)	2,682,670	0
INTERCO ACCOUNTS PAYABLE	54,286,637	107,844,522	0
INTERCO A/P - OTHER	0	0	0
TOTAL	54,209,468	110,527,192	0

Form **4562** (Rev. January 2006)
Department of the Treasury
Internal Revenue Service

Depreciation and Amortization (Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2005

Attachment Sequence No. 67

Name(s) shown on return	Business or activity to which this form relates	Identifying number
The Lubrizol Corporation & Subsidiaries	Manufacturing & Sales	34-0367600

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	$105,000
2	Total cost of section 179 property placed in service (see instructions)	2	0
3	Threshold cost of section 179 property before reduction in limitation	3	$420,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	105,000

	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6		0	0
		0	0

7	Listed property. Enter the amount from line 29	7	0
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	0
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	0
10	Carryover of disallowed deduction from line 13 of your 2004 Form 4562	10	0
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	105,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0
13	Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12 ▶	13	0

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions)

14	Special allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property (other than listed property) placed in service during the tax year (see instructions)	14	0
15	Property subject to section 168(f)(1) election	15	0
	Other depreciation (including ACRS)	16	198,568

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2005	17	76,849,374
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed In Service During 2005 Tax Year Using the General Depreciation System

	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property		3,640,457				459,967
b	5-year property		75,231,231				14,944,638
c	7-year property		2,108,461				301,218
d	10-year property		150,768				15,077
e	15-year property		3,668,140				183,405
f	20-year property		0				0
g	25-year property		0	25 yrs.		S/L	0
h	Residential rental property		0	27.5 yrs.	MM	S/L	0
			0	27.5 yrs.	MM	S/L	0
i	Nonresidential real property		15,198,265	39 yrs.	MM	S/L	222,748
			0		MM	S/L	0

Section C - Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System

20a	Class life		49,000			S/L	4,900
b	12-year		0	12 yrs.		S/L	0
c	40-year		0	40 yrs.	MM	S/L	0

Part IV Summary (See instructions)

	Listed property. Enter amount from line 28	21	0
	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	93,179,895
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	0

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No 24b If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25	0	
26 Property used more than 50% in a qualified business use:								
		%	0	0			0	0
		%	0	0			0	0
		%	0	0			0	0
27 Property used 50% or less in a qualified business use:								
		%	0	0		S/L	0	
		%	0	0		S/L	0	
		%	0	0		S/L	0	
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28	0	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1						29		0

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles)	0		0		0		0		0		0	
31 Total commuting miles driven during the year	0		0		0		0		0		0	
32 Total other personal (noncommuting) miles driven	0		0		0		0		0		0	
33 Total miles driven during the year. Add lines 30 through 32	0		0		0		0		0		0	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
35 Was the vehicle used primarily by a more than 5% owner or related person?	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
36 Is another vehicle available for personal use?	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	☐	☐
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners	☐	☐
39 Do you treat all use of vehicles by employees as personal use?	☐	☐
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	☐	☐
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)	☐	☐

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
Amortization of costs that begins during your 2005 tax year (see instructions):					
		0			0
		0			114,651
43 Amortization of costs that began before your 2005 tax year				43	29,921,740
44 **Total.** Add amounts in column (f). See the instructions for where to report				44	30,036,391

2005 Deloitte & Touche Tax Technologies LLC

LZ Consolidated
Year: 2005

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION	105,000				
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY	420,000				
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)	0				
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)	105,000				
6 COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8	0				
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5	105,000				
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11	0				
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR	0				
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	198,568	0	198,568	92,523	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2004	76,849,374	0	76,849,374	26,436,086	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	3,640,457	0	3,640,457	0	0
B 5-YEAR PROPERTY	75,231,231	0	75,231,231	31,591,846	0
C 7-YEAR PROPERTY	2,108,461	0	2,108,461	195,269	0
D 10-YEAR PROPERTY	150,768	0	150,768	0	0
E 15-YEAR PROPERTY	3,668,140	0	3,668,140	1,707,441	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	15,198,265	0	15,198,265	2,829,714	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	459,967	0	459,967	0	0
B 5-YEAR PROPERTY	14,944,638	0	14,944,638	6,230,117	0
C 7-YEAR PROPERTY	301,218	0	301,218	27,896	0
D 10-YEAR PROPERTY	15,077	0	15,077	0	0
E 15-YEAR PROPERTY	183,405	0	183,405	85,372	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	222,748	0	222,748	31,863	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

2005 CONS. FEDERAL 1120 TAX RETURN

L2 Consolidated
Year: 2005

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	64,945	0	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2004	497,569	808,135	0	7,042	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	3,688	0	0	0	0
B 5-YEAR PROPERTY	274,459	598,546	0	0	0
C 7-YEAR PROPERTY	81,248	60,843	0	0	0
D 10-YEAR PROPERTY	150,768	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	161,753	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	1,229	0	0	0	0
B 5-YEAR PROPERTY	54,896	119,710	0	0	0
C 7-YEAR PROPERTY	11,607	8,692	0	0	0
D 10-YEAR PROPERTY	15,077	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	1,746	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0	41,100	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2004	0	1,318,300	0	0	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	0	2,031,049	0	0	0
C 7-YEAR PROPERTY	0	152,914	0	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	30,320	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	171,700	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	0	406,210	0	0	0
C 7-YEAR PROPERTY	0	21,851	0	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	1,516	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	4,226	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION	0	0	0	0	0
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE					
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)	0	0	0	0	0
6 COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7					
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8	0	0	0	0	0
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR					
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0	0	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2004	86,452	0	0	41,261,572	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	0	0	3,577,573	0
B 5-YEAR PROPERTY	0	0	0	37,929,009	0
C 7-YEAR PROPERTY	0	0	0	1,476,558	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	1,805,821	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0	11,559,173	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	0	0	439,006	0
B 5-YEAR PROPERTY	0	0	0	7,572,442	0
C 7-YEAR PROPERTY	0	0	0	210,938	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	90,289	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0	173,846	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0	0	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2004	0	0	2,775,059	0	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	0	32,196	0	0
B 5-YEAR PROPERTY	0	0	1,324,187	0	0
C 7-YEAR PROPERTY	0	0	132,367	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	124,558	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	159,794	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	0	10,732	0	0
B 5-YEAR PROPERTY	0	0	264,833	0	0
C 7-YEAR PROPERTY	0	0	18,911	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	6,228	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	1,185	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646
FORM 4562 - DEPRECIATION AND AMORTIZATION			
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.			
1 MAXIMUM DOLLAR LIMITATION			
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY			
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)			
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)			
6 COLUMN (B) COST	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8			
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5			
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11			
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR			
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION			
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0
PART III MACRS DEPRECIATION			
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2004	2,634,358	1,024,801	0
19 GENERAL DEPRECIATION SYSTEM (GDS)			
COLUMN C: BASIS FOR DEPRECIATION			
A 3-YEAR PROPERTY	27,000	0	0
B 5-YEAR PROPERTY	1,148,408	333,727	0
C 7-YEAR PROPERTY	9,262	0	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	316,131	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A 3-YEAR PROPERTY	9,000	0	0
B 5-YEAR PROPERTY	229,684	66,746	0
C 7-YEAR PROPERTY	1,323	0	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	9,882	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	Total	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
.0 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	49,000	0	49,000	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	4,900	0	4,900	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	93,179,895	0	93,179,895	32,903,857	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0	0	0
29(I) ADD LINE 26	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	114,651	0	114,651	114,651	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	29,921,740	0	29,921,740	7,790,504	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	30,036,391	0	30,036,391	7,905,155	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	CPI 38-2050864	Carroll Scient 34-1868206	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459
.0 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	580,378	938,283	64,945	7,042	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0	0	0
29(I) ADD LINE 26	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	217,090	2,156,034	0	0	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	217,090	2,156,034	0	0	0

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
.0 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	49,000	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	4,900	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	1,752,103	0	46,000	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0	0	0
29(I) ADD LINE 26	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	161,770	0	0	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	161,770	0	0	0

2005 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2005

	LPS 58-0678914	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Nov China 31-1567152
.0 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	86,452	0	0	49,748,093	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0	0	0
29(I) ADD LINE 26	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	0	0	10,198,179	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	0	0	10,198,179	0

	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786	Nov IP Holding 52-2310787
ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	0	3,076,948	0	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0	0	0
29(I) ADD LINE 26	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	0	199,918	0	9,089,111
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	0	199,918	0	9,089,111

	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646
0 ALTERNATIVE DEPRECIATION SYSTEM (ADS)			
COLUMN B: BASIS FOR DEPRECIATION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
PART IV SUMMARY			
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	2,884,247	1,091,547	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0
PART V LISTED PROPERTY			
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0
28(H) ADD LINES 25 THRU 27	0	0	0
29(I) ADD LINE 26	0	0	0
PART VI - AMORTIZATION			
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR			
(C) AMORTIZABLE AMOUNT	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	109,134	0	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	109,134	0	0

Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2004 or tax year beginning _____, 2004, ending _____, 20____

▶ See separate Instructions.

OMB No. 1545-0123

2004

Check if:
1 Consolidated return (attach Form 851) [X]
2 Personal holding co. (attach Sch. PH) [ ]
3 Personal service corp. (see instructions) [ ]
4 Schedule M-3 required (attach Sch. M-3) [X]

Use IRS label. Other-wise, print or type.

Name, Number, street, and room or suite no. If a P.O. box, see page 9 of instructions.
City or town, state, and ZIP code

The Lubrizol Corporation and Subsidiaries
29400 Lakeland Blvd
Wickliffe OH 44092

B Employer identification number: 34-0367600

C Date incorporated: 07/31/1928

D Total assets (see page 8 of instructions): $ 3,671,226,094

E Check if: (1) [ ] Initial return (2) [ ] Final return (3) [ ] Name change (4) [ ] Address change

RECEIVED
Internal Revenue Service
SEP 15 2005
SB/SE - COMPLIANCE FIELD
CENTRAL AREA ; LEXINGTON TERRITORY 4
INDEPENDENCE, OHIO

Income	1a	Gross receipts or sales: 2,083,736,329	b Less returns and allowances: 39,900,183	c Bal ▶ 1c	2,043,836,146
	2	Cost of goods sold (Schedule A, line 8)		2	1,104,450,562
	3	Gross profit. Subtract line 2 from line 1c		3	939,385,584
	4	Dividends (Schedule C, line 19)		4	46,255,785
	5	Interest		5	21,821,657
	6	Gross rents		6	1,099,808
	7	Gross royalties		7	44,223,853
	8	Capital gain net income (attach Schedule D (Form 1120))		8	0
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)		9	352,560
	10	Other income (see page 11 of instructions - attach schedule) STATEMENT 1		10	193,169,047
	11	Total income. Add lines 3 through 10 ▶		11	1,246,308,294
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (Schedule E, line 4)		12	5,635,444
	13	Salaries and wages (less employment credits)		13	297,275,421
	14	Repairs and maintenance		14	11,633,970
	15	Bad debts		15	433,853
	16	Rents		16	13,420,875
	17	Taxes and licenses STATEMENT 2		17	33,669,212
	18	Interest		18	229,624,543
	19	Charitable contributions (see page 14 of instructions for 10% limitation)		19	0
	20	Depreciation (attach Form 4562)	20: 115,431,961		
	21	Less depreciation claimed on Schedule A and elsewhere on return	21a: 0	21b	115,431,961
	22	Depletion		22	0
	23	Advertising		23	2,625,532
	24	Pension, profit-sharing, etc., plans		24	25,341,178
	25	Employee benefit programs		25	47,292,441
	26	Other deductions (attach schedule) STATEMENT 3		26	511,491,882
	27	Total deductions. Add lines 12 through 26 ▶		27	1,293,876,312
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28	-47,568,018
	29	Less: a Net operating loss deduction (see page 16 of instructions)	29a: 0		
		b Special deductions (Schedule C, line 20)	29b: 37,606,810	29c	37,606,810
	30	Taxable Income. Subtract line 29c from line 28 (see instructions if Schedule C, line 12, was completed)		30	-85,174,828
	31	Total tax (Schedule J, line 11)		31	0
	32	Payments: a 2003 overpayment credited to 2004 32a: 0			
		b 2004 estimated tax payments 32b: 0			
		c Less 2004 refund applied for on Form 4466 32c: (0) d Bal ▶	32d: 0		
		e Tax deposited with Form 7004	32e: 0		
		f Credit for tax paid on undistributed capital gains (attach Form 2439)	32f: 0		
		g Credit for Federal tax on fuels (attach Form 4136). See instructions.	32g: 162	32h	162
	33	Estimated tax penalty (see page 17 of instructions). Check if Form 2220 is attached ▶ [ ]		33	0
	34	Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed		34	0
	35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid		35	162
	36	Enter amount of line 35 you want: Credited to 2005 estimated tax ▶ 162 Refunded ▶		36	0

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: Jeffrey A. Vavruska — Date: 9/12/05 — Title: Chief Tax Officer

May the IRS discuss this return with the preparer shown below (see instr.)? [ ] Yes [ ] No

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-employed [ ] | Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code | EIN | Phone no.

Schedule A Cost of Goods Sold (See page 17 of instructions)

1	Inventory at beginning of year	1	118,715,027
2	Purchases	2	1,269,790,683
3	Cost of labor	3	3,472,382
4	Additional section 263A costs (attach schedule)	4	0
5	Other costs (attach schedule)	5	0
6	**Total.** Add lines 1 through 5	6	1,391,978,092
7	Inventory at end of year	7	287,527,530
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2	8	1,104,450,562

9a Check all methods used for valuing closing inventory:

(i) [X] Cost as described in Regulations section 1.471-3

(ii) [ ] Lower of cost or market as described in Regulations section 1.471-4

(iii) [ ] Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶ [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]

d *If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO* 9d See sep co rets

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? [X] Yes [ ] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation [ ] Yes [X] No

Schedule C Dividends and Special Deductions (see page 18 of instructions)

		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	*Dividends from less-than-20%-owned domestic corporations that are subject to the* 70% deduction (other than debt-financed stock)	1,513	70	1,059
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)	0	80	0
3	Dividends on debt-financed stock of domestic and foreign corporations (section 246A)	0	see instructions	0
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	0	42	0
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	0	48	0
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction	0	70	0
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction	0	80	0
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))	0	100	0
9	**Total.** Add lines 1 through 8. See page 19 of instructions for limitation			1,059
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	0	100	0
11	Dividends from affiliated group members and certain FSCs that are subject to the 100% deduction	37,605,751	100	37,605,751
12	Dividends from controlled foreign corporations subject to the 85% deduction (attach Form 8895)	0	85	0
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12	1,495,786		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)	7,152,735		
15	Foreign dividend gross-up (section 78)	0		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))	0		
17	Other dividends	0		
18	Deduction for dividends paid on certain preferred stock of public utilities			0
19	**Total dividends.** Add lines 1 through 17. Enter here and on page 1, line 4 ▶	46,255,785		
20	**Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			37,606,810

Schedule E Compensation of Officers (see instructions for page 1, line 12, on page 13 of instructions)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are $500,000 or more.

	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned (d) Common	(e) Preferred	(f) Amount of compensation
1	Available Upon Request		%	%	%	0
			%	%	%	0
			%	%	%	0
			%	%	%	0
			%	%	%	0
2	Total compensation of officers					0
3	Compensation of officers claimed on Schedule A and elsewhere on return					0
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12					5,635,444

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Schedule J Tax Computation (see page 20 of instructions)

1	Check if the corporation is a member of a controlled group (see sections 1561 and 1563) ▶ ☐ Important: Members of a controlled group, see page 20 of instructions.			
2a	If the box on line 1 is checked, enter the corporation's share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order): (1) $ 0 (2) $ 0 (3) $ 0			
b	Enter the corporation's share of: (1) Additional 5% tax (not more than $11,750)	$ 0		
	(2) Additional 3% tax (not more than $100,000)	$ 0		
3	Income tax. Check if a qualified personal service corporation under section 448(d)(2) (see page 21) ▶ ☐		3	0
4	Alternative minimum tax (attach Form 4626)		4	0
5	Add lines 3 and 4		5	0
6a	Foreign tax credit (attach Form 1118)	6a 0		
b	Possessions tax credit (attach Form 5735)	6b 0		
c	Check: ☐ Nonconventional source fuel credit ☐ QEV credit (attach Form 8834)	6c 0		
d	General business credit. Check box(es) and indicate which forms are attached: ☐ Form 3800 ☒ Form(s) (specify) ▶ Form 6765	6d 0		
e	Credit for prior year minimum tax (attach Form 8827)	6e 0		
f	Qualified zone academy bond credit (attach Form 8860)	6f 0		
7	**Total credits.** Add lines 6a through 6f		7	0
8	Subtract line 7 from line 5		8	0
9	Personal holding company tax (attach Schedule PH (Form 1120))		9	0
10	Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach schedule)		10	0
11	**Total tax.** Add lines 8 through 10. Enter here and on page 1, line 31 0		11	0

Schedule K Other Information (see page 23 of instructions)

		Yes	No
1	Check accounting method: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ▶		
2	See page 25 of the instructions and enter the:		
a	Business activity code no. ▶ 325900		
b	Business activity ▶ Mfg. and Sales		
c	Product or service ▶ Chemical Additives		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)	X	
	If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?		X
	If "Yes," enter name and EIN of the parent corporation ▶		
5	At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)		X
	If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶		
6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)		X
	If "Yes," file **Form 5452,** Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on **Form 851,** Affiliations Schedule, for each subsidiary.		

		Yes	No
7	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation?		X
	If "Yes," enter: (a) Percentage owned ▶ and (b) Owner's country ▶		
c	The corporation may have to file **Form 5472,** Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶		
8	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If checked, the corporation may have to file **Form 8281,** Information Return for Publicly Offered Original Issue Discount Instruments.		
9	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ 13,994		
10	Enter the number of shareholders at the end of the tax year (if 75 or fewer) ▶		
11	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ ☒ If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3)(i) or (ii) must be attached or the election will not be valid.		
12	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ $ 256,157,807		
13	Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year **and** its total assets at the end of the tax year less than $250,000?		X
	If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ $ 0		

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120),** Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

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Note: The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes."

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash		57,582,152		49,939,510
2a Trade notes and accounts receivable	144,077,036		276,790,945	
b Less allowance for bad debts	(1,429,875)	142,647,161	(6,085,215)	270,705,730
3 Inventories		118,715,027		287,527,530
4 U.S. government obligations		0		0
5 Tax-exempt securities (see instructions)		0		0
6 Other current assets (attach schedule)	STATEMENT 4	7,411,311	STATEMENT 9	67,047,558
7 Loans to shareholders		0		0
8 Mortgage and real estate loans		0		0
9 Other investments (attach schedule)	STATEMENT 5	101,071,356	STATEMENT 10	472,188,373
10a Buildings and other depreciable assets	1,166,200,573		1,648,275,974	
b Less accumulated depreciation	(732,491,162)	433,709,411	(790,690,593)	857,585,381
11a Depletable assets	0		0	
b Less accumulated depletion	(0)	0	(0)	0
12 Land (net of any amortization)		11,237,036		31,716,696
13a Intangible assets (amortizable only)	340,604,355		1,494,819,178	
b Less accumulated amortization	(95,897,051)	244,707,304	(108,909,855)	1,385,909,323
14 Other assets (attach schedule)	STATEMENT 6	148,191,424	STATEMENT 11	248,605,993
15 Total assets		1,265,272,182		3,671,226,094
Liabilities and Shareholders' Equity				
16 Accounts payable		73,103,706		216,089,670
17 Mortgages, notes, bonds payable in less than 1 year		0		0
18 Other current liabilities (attach schedule)	STATEMENT 7	123,645,097	STATEMENT 12	235,478,426
19 Loans from shareholders		0		0
20 Mortgages, notes, bonds payable in 1 year or more		381,805,465		1,957,195,202
21 Other liabilities (attach schedule)	STATEMENT 8	205,011,082	STATEMENT 13	382,375,231
22 Capital stock: a Preferred stock	0		0	
b Common stock	115,713,805	115,713,805	128,879,173	128,879,173
23 Additional paid-in capital		45,679,795		518,853,037
24 Retained earnings - Appropriated (attach schedule)		0		0
25 Retained earnings - Unappropriated		537,194,180		448,749,047
26 Adjustments to shareholders' equity (attach schedule)		0		0
27 Less cost of treasury stock		(216,880,948)		(216,393,692)
28 Total liabilities and shareholders' equity		1,265,272,182		3,671,226,094

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (See page 24 of instructions)

1	Net income (loss) per books	52,070,865	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books	24,192,694		Tax-exempt interest $ 13,994	
3	Excess of capital losses over capital gains	0		STATEMENT 16 1,453,167	1,467,161
4	Income subject to tax not recorded on books this year (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
	STATEMENT 14	25,494,580		a Depreciation $ 34,180,723	
5	Expenses recorded on books this year not deducted on this return (itemize):			b Charitable contributions $ 0	
	a Depreciation $ 0			0	
	b Charitable contributions $ 212,582			STATEMENT 17 186,459,276	220,639,999
	c Travel & entertainment $ 1,610,683		9	Add lines 7 and 8	222,107,160
	0		10	Income (page 1, line 28) - line 6 less line 9	-47,568,018
	STATEMENT 15 70,957,738	72,781,003			
6	Add lines 1 through 5	174,539,142			

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	537,194,180	5	Distributions: a Cash	98,665,410
2	Net income (loss) per books	51,735,865		b Stock	0
3	Other increases (itemize):			c Property	0
	STATEMENT 18	25,358,613	6	Other decreases (itemize): STATEMENT 19	66,874,201
4	Add lines 1, 2, and 3	614,288,658	7	Add lines 5 and 6	165,539,611
			8	Balance at end of year (line 4 less line 7)	448,749,047

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR 1	118,715,027	(119,308,554)	238,023,581	74,374,303	0
2 PURCHASES 2	1,269,790,683	119,308,554	1,150,482,129	696,436,684	0
3 COST OF LABOR 3	3,472,382	0	3,472,382	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE) . . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	1,391,978,092	0	1,391,978,092	770,810,987	0
7 INVENTORY AT END OF YEAR 7	287,527,530	0	287,527,530	113,223,893	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1) . 8	1,104,450,562	0	1,104,450,562	657,587,094	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR. 1	0	7,783,340	11,979,739	13,803,068	2,592,281
2 PURCHASES 2	0	44,568,678	19,989,966	56,084,939	(2,592,281)
3 COST OF LABOR 3	0	0	3,472,382	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	0	52,352,018	35,442,087	69,888,007	0
7 INVENTORY AT END OF YEAR. 7	0	9,891,347	8,844,905	0	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	0	42,460,671	26,597,182	69,888,007	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

		ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
********** SCHEDULE A - COST OF GOODS SOLD **********						
1 INVENTORY AT BEGINNING OF YEAR	1	1,042,166	0	0	0	0
2 PURCHASES	2	2,335,989	0	0	0	0
3 COST OF LABOR	3	0	0	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE)	4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE)	5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5	6	3,378,155	0	0	0	0
7 INVENTORY AT END OF YEAR	7	1,019,351	0	0	0	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1)	8	2,358,804	0	0	0	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR. 1	5,446,963	0	23,000	0	1,670,167
2 PURCHASES 2	31,634,947	0	3,521,000	0	6,573,167
3 COST OF LABOR 3	0	0	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	37,081,910	0	3,544,000	0	8,243,334
7 INVENTORY AT END OF YEAR. 7	8,146,049	0	19,000	0	1,821,242
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	28,935,861	0	3,525,000	0	6,422,092

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR. 1	0	0	82,221,757	0	0
2 PURCHASES 2	0	0	210,961,704	45,054	0
3 COST OF LABOR 3	0	0	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5 *OTHER COSTS (ATTACH SCHEDULE)* 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	0	0	293,183,461	45,054	0
7 INVENTORY AT END OF YEAR. 7	0	0	101,040,725	0	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	0	0	192,142,736	45,054	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
********** SCHEDULE A - COST OF GOODS SOLD **********					
1 INVENTORY AT BEGINNING OF YEAR. 1	0	0	0	12,421,478	0
2 PURCHASES 2	0	0	0	9,268,459	0
3 COST OF LABOR 3	0	0	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	0	0	0	21,689,937	0
7 INVENTORY AT END OF YEAR. 7	0	0	0	13,769,584	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	0	0	0	7,920,353	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR. 1	0	20,546,980	2,878,173	0	1,240,166
2 PURCHASES 2	0	57,541,577	14,732,915	0	(620,669)
3 COST OF LABOR 3	0	0	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	0	78,088,557	17,611,088	0	619,497
7 INVENTORY AT END OF YEAR. 7	0	25,914,198	3,837,236	0	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	0	52,174,359	13,773,852	0	619,497

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
1120 - U.S. CORPORATION INCOME TAX RETURN					
TOTAL ASSETS	3,671,226,094	(7,314,090,493)	10985316587	4,067,463,329	21,096
1A GROSS RECEIPTS OR SALES. 1A	2,083,736,329	0	2,083,736,329	1,215,115,161	0
B LESS RETURNS AND ALLOWANCES. 1B	39,900,183	0	39,900,183	14,297,074	0
BALANCE >1C	2,043,836,146	0	2,043,836,146	1,200,818,087	0
2 COST OF GOODS SOLD (SCHEDULE A) 2	1,104,450,562	0	1,104,450,562	657,587,094	0
3 GROSS PROFIT (LINE 1(C) LESS LINE 2). 3	939,385,584	0	939,385,584	543,230,993	0
4 DIVIDENDS (SCHEDULE C). 4	46,255,785	0	46,255,785	15,204,119	0
5 INTEREST. 5	21,821,657	0	21,821,657	631,006	0
6 GROSS RENTS 6	1,099,808	0	1,099,808	45,858	108,000
7 GROSS ROYALTIES 7	44,223,853	0	44,223,853	42,364,624	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D). 8	0	0	0	1,662,084	0
9 NET GAIN (LOSS) FROM FORM 4797. 9	352,560	0	352,560	200,259	0
10 OTHER INCOME (ATTACH SCHEDULE). 10	193,169,047	61,040	193,108,007	58,528,144	0
11 TOTAL INCOME (LINES 3 THROUGH 10). . . . >11	1,246,308,294	61,040	1,246,247,254	661,867,087	108,000
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	5,635,444	0	5,635,444	5,635,444	0
13 SALARIES AND WAGES. 13	297,275,421	0	297,275,421	189,920,313	0
14 REPAIRS 14	11,633,970	0	11,633,970	5,689,767	0
15 BAD DEBTS 15	433,853	0	433,853	395,702	0
16 RENTS 16	13,420,875	0	13,420,875	8,207,760	84,000
17 TAXES 17	33,669,212	0	33,669,212	22,870,097	12,904
18 INTEREST. 18	229,624,543	0	229,624,543	87,914,216	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS). 19	0	0	0	0	0
20 DEPRECIATION (FORM 4562). 20	115,431,961	0	115,431,961	57,055,053	0
21A LESS DEPRECIATION IN SCH A & ELSEWHERE . . .21A	0	0	0	0	0
21B	115,431,961	0	115,431,961	57,055,053	0
22 DEPLETION 22	0	0	0	0	0
23 ADVERTISING 23	2,625,532	0	2,625,532	688,223	0
24 PENSION, PROFIT SHARING, ETC. PLANS 24	25,341,178	0	25,341,178	16,419,056	0
25 EMPLOYEE BENEFIT PROGRAMS 25	47,292,441	0	47,292,441	21,456,805	0
26 OTHER DEDUCTIONS. 26	511,491,882	0	511,491,882	251,896,760	0
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26). .>27	1,293,876,312	0	1,293,876,312	668,149,196	96,904
TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. . 28	(47,568,018)	61,040	(47,629,058)	(6,282,109)	11,096
LESS: A. NET OPERATING LOSS DEDUCTION 29A	0	0	0	0	0
B. SPECIAL DEDUCTIONS (SCHEDULE C). . .29B	37,606,810	0	37,606,810	14,541,666	0
C. TOTAL. 29C	37,606,810	0	37,606,810	14,541,666	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	(85,174,828)	61,040	(85,235,868)	(20,823,775)	11,096

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
1120 - U.S. CORPORATION INCOME TAX RETURN					
TOTAL ASSETS	0	621,190,806	50,204,062	0	0
1A GROSS RECEIPTS OR SALES. 1A	0	62,808,193	38,224,990	106,529,233	0
B LESS RETURNS AND ALLOWANCES. 1B	0	192,347	698,999	0	0
BALANCE >1C	0	62,615,846	37,525,991	106,529,233	0
2 COST OF GOODS SOLD (SCHEDULE A) 2	0	42,460,671	26,597,182	69,888,007	0
3 GROSS PROFIT (LINE 1(C) LESS LINE 2). 3	0	20,155,175	10,928,809	36,641,226	0
4 DIVIDENDS (SCHEDULE C). 4	0	0	0	0	0
5 INTEREST. 5	770,004	14,420,778	0	9,398	0
6 GROSS RENTS 6	0	0	0	0	0
7 GROSS ROYALTIES 7	0	0	767,616	0	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D). 8	0	0	0	0	0
9 NET GAIN (LOSS) FROM FORM 4797. 9	0	(211)	0	(183)	0
10 OTHER INCOME (ATTACH SCHEDULE). 10	0	367,201	13,249	1,011,061	0
11 TOTAL INCOME (LINES 3 THROUGH 10). . . .>11	770,004	34,942,943	11,709,674	37,661,502	0
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0	0	0
13 SALARIES AND WAGES. 13	0	3,118,603	2,232,459	8,450,908	0
14 REPAIRS 14	0	205,580	498,475	292,742	0
15 BAD DEBTS 15	0	0	0	18,469	0
16 RENTS 16	0	27,630	494,514	110,102	0
17 TAXES 17	0	897,306	663,929	883,707	0
18 INTEREST. 18	0	1,129	0	310	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS). 19	0	0	0	0	0
20 DEPRECIATION (FORM 4562). 20	0	953,496	1,159,267	1,521,929	0
21A LESS DEPRECIATION IN SCH A & ELSEWHERE . . .21A	0	0	0	0	0
21B	0	953,496	1,159,267	1,521,929	0
22 DEPLETION 22	0	0	0	0	0
23 ADVERTISING 23	0	140,516	57,658	149,851	0
24 PENSION, PROFIT SHARING, ETC. PLANS 24	0	768,094	866,336	307,357	0
25 EMPLOYEE BENEFIT PROGRAMS 25	0	529,973	1,071,272	1,624,771	0
26 OTHER DEDUCTIONS. 26	0	2,703,783	5,686,238	13,382,425	0
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26). .>27	0	9,346,110	12,730,148	26,742,571	0
TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. . 28	770,004	25,596,833	(1,020,474)	10,918,931	0
LESS: A. NET OPERATING LOSS DEDUCTION 29A	0	0	0	0	0
B. SPECIAL DEDUCTIONS (SCHEDULE C). . .29B	0	0	0	0	0
C. TOTAL. 29C	0	0	0	0	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	770,004	25,596,833	(1,020,474)	10,918,931	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
1120 - U.S. CORPORATION INCOME TAX RETURN					
TOTAL ASSETS	2,144,802	20,474,497	890,740	0	2,243,901
1A GROSS RECEIPTS OR SALES. 1A	4,655,017	0	0	0	0
B *LESS RETURNS AND ALLOWANCES.* 1B	31,428	0	0	0	0
BALANCE >1C	4,623,589	0	0	0	0
2 COST OF GOODS SOLD (SCHEDULE A) 2	2,358,804	0	0	0	0
3 *GROSS PROFIT (LINE 1(C) LESS LINE 2).* 3	2,264,785	0	0	0	0
4 DIVIDENDS (SCHEDULE C). 4	0	0	833,333	0	1,513
5 INTEREST. 5	0	0	0	0	0
6 GROSS RENTS 6	0	268,153	0	0	0
7 GROSS ROYALTIES 7	0	897,314	0	0	0
8 *CAPITAL GAIN NET INCOME (SCHEDULE D).* 8	0	0	0	0	1,553
9 NET GAIN (LOSS) FROM FORM 4797. 9	0	0	0	0	0
10 OTHER INCOME (ATTACH SCHEDULE). 10	126,188	305,658	0	55,000	(209,095)
11 TOTAL INCOME (LINES 3 THROUGH 10). . . .>11	2,390,973	1,471,125	833,333	55,000	(206,029)
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0	0	0
13 SALARIES AND WAGES. 13	819,513	85,077	0	0	0
14 REPAIRS 14	38,311	0	0	0	0
15 BAD DEBTS 15	0	0	0	0	0
16 RENTS 16	230,621	242,747	0	0	0
17 TAXES 17	86,580	126,721	0	0	0
18 INTEREST. 18	0	413	0	0	0
19 *CONTRIBUTIONS (SEE INSTRUCTIONS).* 19	0	0	0	0	0
20 DEPRECIATION (FORM 4562). 20	120,850	14,611	0	26,000	0
21A LESS DEPRECIATION IN SCH A & ELSEWHERE . . .21A	0	0	0	0	0
21B	120,850	14,611	0	26,000	0
22 DEPLETION 22	0	0	0	0	0
23 *ADVERTISING* 23	0	0	0	0	0
24 PENSION, PROFIT SHARING, ETC. PLANS 24	82,162	2,299	0	0	0
25 EMPLOYEE BENEFIT PROGRAMS 25	266,201	13,020	0	0	0
26 OTHER DEDUCTIONS. 26	645,062	53,527	0	13,000	0
27 *TOTAL DEDUCTIONS (LINES 12 THROUGH 26).* .>27	2,289,300	538,415	0	39,000	0
TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. . 28	101,673	932,710	833,333	16,000	(206,029)
LESS: A. NET OPERATING LOSS DEDUCTION 29A	0	0	0	0	0
B. SPECIAL DEDUCTIONS (SCHEDULE C). . .29B	0	0	0	0	1,059
C. TOTAL. 29C	0	0	0	0	1,059
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	101,673	932,710	833,333	16,000	(207,088)

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914
*** 1120 - U.S. CORPORATION INCOME TAX RETURN ***					
TOTAL ASSETS	54,188,197	390,440	248,435,055	770,681,999	15,852,291
1A GROSS RECEIPTS OR SALES. 1A	48,239,823	0	3,772,000	0	13,380,315
B LESS RETURNS AND ALLOWANCES. 1B	1,217,603	0	0	0	1,232,101
BALANCE >1C	47,022,220	0	3,772,000	0	12,148,214
2 COST OF GOODS SOLD (SCHEDULE A) 2	28,935,861	0	3,525,000	0	6,422,092
3 GROSS PROFIT (LINE 1(C) LESS LINE 2). 3	18,086,359	0	247,000	0	5,726,122
4 DIVIDENDS (SCHEDULE C). 4	0	0	0	24,477,900	0
5 INTEREST. 5	355	0	0	187,275	0
6 GROSS RENTS 6	0	0	0	0	54,737
7 GROSS ROYALTIES 7	0	0	0	0	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D). 8	0	0	0	0	0
9 NET GAIN (LOSS) FROM FORM 4797. 9	(56,295)	0	2,000	0	206,990
10 OTHER INCOME (ATTACH SCHEDULE). 10	53,388	0	122,864,877	4,429,366	27,320
11 TOTAL INCOME (LINES 3 THROUGH 10). . . .>11	18,083,807	0	123,113,877	29,094,541	6,015,169
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0	0	0
13 SALARIES AND WAGES. 13	6,464,807	0	634,000	2,088,000	2,279,524
14 REPAIRS 14	619,154	0	37,000	108,000	13,786
15 BAD DEBTS 15	1,015	0	0	0	0
16 RENTS 16	338,019	0	112,000	75,000	34,200
17 TAXES 17	536,177	0	158,004	436,262	225,148
18 INTEREST. 18	0	0	0	770,004	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS). 19	0	0	0	0	0
20 DEPRECIATION (FORM 4562). 20	3,170,235	0	42,000	83,389	295,966
21A LESS DEPRECIATION IN SCH A & ELSEWHERE . . .21A	0	0	0	0	0
21B	3,170,235	0	42,000	83,389	295,966
22 DEPLETION 22	0	0	0	0	0
23 ADVERTISING 23	17,859	0	7,000	2,000	29,267
24 PENSION, PROFIT SHARING, ETC. PLANS 24	752,244	0	12,000	251,000	298,300
25 EMPLOYEE BENEFIT PROGRAMS 25	1,051,031	0	51,000	55,000	383,884
26 OTHER DEDUCTIONS. 26	4,527,682	0	112,268,613	1,048,386	1,001,534
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26). .>27	17,478,223	0	113,321,617	4,917,041	4,561,609
TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. . 28	605,584	0	9,792,260	24,177,500	1,453,560
LESS: A. NET OPERATING LOSS DEDUCTION 29A	0	0	0	0	0
B. SPECIAL DEDUCTIONS (SCHEDULE C). . .29B	0	0	0	23,064,085	0
C. TOTAL. 29C	0	0	0	23,064,085	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	605,584	0	9,792,260	1,113,415	1,453,560

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
1120 - U.S. CORPORATION INCOME TAX RETURN					
TOTAL ASSETS	11,391,076	2,030,831,367	2,055,066,705	0	0
1A GROSS RECEIPTS OR SALES 1A	0	0	466,643,515	45,054	0
B LESS RETURNS AND ALLOWANCES 1B	0	0	21,168,921	0	0
BALANCE >1C	0	0	445,474,594	45,054	0
2 COST OF GOODS SOLD (SCHEDULE A) .2	0	0	192,142,736	45,054	0
3 GROSS PROFIT (LINE 1(C) LESS LINE 2) .3	0	0	253,331,858	0	0
4 DIVIDENDS (SCHEDULE C) .4	0	0	1,992,803	0	0
5 INTEREST .5	0	0	5,043,368	0	0
6 GROSS RENTS .6	0	0	623,060	0	0
7 GROSS ROYALTIES .7	0	0	194,299	0	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D) .8	0	0	(1,663,637)	0	0
9 NET GAIN (LOSS) FROM FORM 4797 .9	0	0	0	0	0
10 OTHER INCOME (ATTACH SCHEDULE) 10	482,915	7,404	8,097,487	0	0
11 TOTAL INCOME (LINES 3 THROUGH 10) >11	482,915	7,404	267,619,238	0	0
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0	0	0
13 SALARIES AND WAGES 13	0	0	65,637,585	0	0
14 REPAIRS 14	0	0	2,390,907	0	0
15 BAD DEBTS 15	0	0	0	0	0
16 RENTS 16	0	0	2,892,597	0	0
17 TAXES 17	51,016	0	4,942,992	0	0
18 INTEREST 18	0	56,310,459	79,745,401	0	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS) 19	0	0	0	0	0
20 DEPRECIATION (FORM 4562) 20	0	0	44,258,832	0	0
21A LESS DEPRECIATION IN SCH A & ELSEWHERE .21A	0	0	0	0	0
21B	0	0	44,258,832	0	0
22 DEPLETION 22	0	0	0	0	0
23 ADVERTISING 23	0	0	1,521,944	0	0
24 PENSION, PROFIT SHARING, ETC. PLANS 24	0	0	4,684,001	0	0
25 EMPLOYEE BENEFIT PROGRAMS 25	0	0	18,383,686	0	0
26 OTHER DEDUCTIONS 26	206,943	0	91,738,369	22,804	0
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26) >27	257,959	56,310,459	316,196,314	22,804	0
TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. 28	224,956	(56,303,055)	(48,577,076)	(22,804)	0
LESS: A. NET OPERATING LOSS DEDUCTION .29A	0	0	0	0	0
B. SPECIAL DEDUCTIONS (SCHEDULE C) .29B	0	0	0	0	0
C. TOTAL .29C	0	0	0	0	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	224,956	(56,303,055)	(48,577,076)	(22,804)	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
1120 - U.S. CORPORATION INCOME TAX RETURN					
TOTAL ASSETS	202,961	31,000	209,162,659	263,878,903	9,036,026
1A GROSS RECEIPTS OR SALES. 1A	0	0	0	29,150,025	0
B LESS RETURNS AND ALLOWANCES. 1B	0	0	0	642,322	0
BALANCE >1C	0	0	0	28,507,703	0
2 COST OF GOODS SOLD (SCHEDULE A) 2	0	0	0	7,920,353	0
3 GROSS PROFIT (LINE 1(C) LESS LINE 2). 3	0	0	0	20,587,350	0
4 DIVIDENDS (SCHEDULE C). 4	22,599	0	0	0	22,599
5 INTEREST. 5	0	0	394,157	365,191	0
6 GROSS RENTS 6	0	0	0	0	0
7 GROSS ROYALTIES 7	0	0	0	0	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D). 8	0	0	0	0	0
9 NET GAIN (LOSS) FROM FORM 4797. 9	0	0	0	0	0
10 OTHER INCOME (ATTACH SCHEDULE). 10	0	0	(1,614,638)	(1,549,557)	0
11 TOTAL INCOME (LINES 3 THROUGH 10). . . .>11	22,599	0	(1,220,481)	19,402,984	22,599
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0	0	0
13 SALARIES AND WAGES. 13	0	0	0	6,542,195	0
14 REPAIRS 14	0	0	0	256,361	0
15 BAD DEBTS 15	0	0	0	(9,333)	0
16 RENTS 16	0	0	0	157,341	0
17 TAXES 17	0	0	0	673,203	0
18 INTEREST. 18	0	0	0	0	121,910
19 CONTRIBUTIONS (SEE INSTRUCTIONS). 19	0	0	0	0	0
20 DEPRECIATION (FORM 4562). 20	0	0	0	2,799,129	0
21A LESS DEPRECIATION IN SCH A & ELSEWHERE . . .21A	0	0	0	0	0
21B	0	0	0	2,799,129	0
22 DEPLETION 22	0	0	0	0	0
23 ADVERTISING 23	0	0	0	8,766	0
24 PENSION, PROFIT SHARING, ETC. PLANS 24	0	0	0	196,660	0
25 EMPLOYEE BENEFIT PROGRAMS 25	0	0	0	1,797,900	0
26 OTHER DEDUCTIONS. 26	0	0	72,022	9,181,193	0
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26). .>27	0	0	72,022	21,603,415	121,910
TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. . 28	22,599	0	(1,292,503)	(2,200,431)	(99,311)
LESS: A. NET OPERATING LOSS DEDUCTION 29A	0	0	0	0	0
B. SPECIAL DEDUCTIONS (SCHEDULE C). . .29B	0	0	0	0	0
C. TOTAL. 29C	0	0	0	0	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	22,599	0	(1,292,503)	(2,200,431)	(99,311)

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
1120 - U.S. CORPORATION INCOME TAX RETURN					
TOTAL ASSETS	162,011,251	90,680,147	111,860,120	186,983,157	0
1A GROSS RECEIPTS OR SALES. 1A	0	76,507,281	17,841,519	0	824,203
B LESS RETURNS AND ALLOWANCES. 1B	0	0	419,388	0	0
BALANCE >1C	0	76,507,281	17,422,131	0	824,203
2 COST OF GOODS SOLD (SCHEDULE A) 2	0	52,174,359	13,773,852	0	619,497
3 GROSS PROFIT (LINE 1(C) LESS LINE 2). 3	0	24,332,922	3,648,279	0	204,706
4 DIVIDENDS (SCHEDULE C). 4	0	0	0	3,700,919	0
5 INTEREST. 5	0	0	125	0	0
6 GROSS RENTS 6	0	0	0	0	0
7 GROSS ROYALTIES 7	0	0	0	0	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D). 8	0	0	0	0	0
9 NET GAIN (LOSS) FROM FORM 4797. 9	0	0	0	0	0
10 OTHER INCOME (ATTACH SCHEDULE). 10	0	92,994	19,045	0	0
11 TOTAL INCOME (LINES 3 THROUGH 10). . . .>11	0	24,425,916	3,667,449	3,700,919	204,706
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0	0	0
13 SALARIES AND WAGES. 13	0	7,163,253	1,839,184	0	0
14 REPAIRS 14	0	1,226,761	257,126	0	0
15 BAD DEBTS 15	0	0	28,000	0	0
16 RENTS 16	0	324,541	89,803	0	0
17 TAXES 17	0	1,044,226	60,940	0	0
18 INTEREST. 18	4,760,070	603	28	0	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS). 19	0	0	0	0	0
20 DEPRECIATION (FORM 4562). 20	0	2,998,953	924,904	0	7,347
21A LESS DEPRECIATION IN SCH A & ELSEWHERE . . .21A	0	0	0	0	0
21B	0	2,998,953	924,904	0	7,347
22 DEPLETION 22	0	0	0	0	0
23 ADVERTISING 23	0	2,311	137	0	0
24 PENSION, PROFIT SHARING, ETC. PLANS 24	0	609,472	92,197	0	0
25 EMPLOYEE BENEFIT PROGRAMS 25	0	12,481	595,417	0	0
26 OTHER DEDUCTIONS. 26	5,301,982	11,579,124	0	0	162,435
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26). .>27	10,062,052	24,961,725	3,887,736	0	169,782
TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. . 28	(10,062,052)	(535,809)	(220,287)	3,700,919	34,924
LESS: A. NET OPERATING LOSS DEDUCTION 29A	0	0	0	0	0
B. SPECIAL DEDUCTIONS (SCHEDULE C). . .29B	0	0	0	0	0
C. TOTAL. 29C	0	0	0	0	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	(10,062,052)	(535,809)	(220,287)	3,700,919	34,924

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
OTHER INCOME, TAXES AND OTHER DEDUCTIONS					
STATEMENT 1 - FORM 1120, PG 1, LN 10					
LINE 10: OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	949,685	0	949,685	676,685	0
OTHER MISCELLANEOUS	5,714,993	61,040	5,653,953	5,321,043	0
REIMB FOR ADMIN-TESTING-RESRCH SVCS	151,956,834	0	151,956,834	51,241,303	0
PROFIT OR LOSS ON INCIDENTAL SALES	(203,998)	0	(203,998)	(203,998)	0
PURCHASE DISCOUNTS	1,493,111	0	1,493,111	1,493,111	0
COMMISSION INCOME	33,251,578	0	33,251,578	0	0
OTHER INCOME	6,844	0	6,844	0	0
TOTAL	193,169,047	61,040	193,108,007	58,528,144	0
STATEMENT 2 - FORM 1120, PG 1, LN 17					
LINE 17: TAXES					
REAL PROPERTY TAXES	4,928,231	0	4,928,231	4,693,300	0
STATE TAXES BASED ON INCOME	1,523,411	0	1,523,411	811,760	2,050
STATE TAXES BASED ON NET WORTH	829,288	0	829,288	677,958	0
OTHER TAXES	18,358,231	0	18,358,231	13,901,033	0
FOREIGN TAXES	2,973,654	0	2,973,654	2,736,388	0
PERSONAL PROPERTY TAXES	5,056,397	0	5,056,397	49,658	10,854
TOTAL	33,669,212	0	33,669,212	22,870,097	12,904
STATEMENT 3 - FORM 1120, PG 1, LN 26					
LINE 26: OTHER DEDUCTIONS					
OTHER DEDUCTIONS	2,721,307	0	2,721,307	0	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	(1,315,452)	0	(1,315,452)	(1,315,452)	0
ADMIN CHARGES-PENSION/PROFIT SHARING	1,080,557	0	1,080,557	721,728	0
ELECTRICAL SUPPLIES	765,003	0	765,003	765,003	0
PIPE & FITTINGS	1,693,005	0	1,693,005	1,693,005	0
JANITOR SERVICES	1,417,894	0	1,417,894	1,009,560	0
NITROGEN FOR PRODUCTION PROCESSING	2,320,359	0	2,320,359	2,320,359	0
TELEPHONE EXPENSE	3,487,012	0	3,487,012	1,127,251	0
DRUMS & CONTAINERS	676,130	0	676,130	676,130	0
PROCESSING SUPPLIES	872,519	0	872,519	716,062	0
ENGINE FUEL	1,507,090	0	1,507,090	1,505,004	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	7,807,114	0	7,807,114	2,016,049	0
LAUNDRY & DRY CLEANING SERVICES	1,021,786	0	1,021,786	889,411	0
ALL OTHER MAINTENANCE SUPPLIES	5,397,234	0	5,397,234	680,623	0
ALL OTHER OPERATING SUPPLIES	6,484,152	0	6,484,152	3,548,528	0
ROYALTY EXPENSE	923,409	0	923,409	897,314	0
COMMISSIONS EXPENSE	29,837,307	0	29,837,307	6,144,002	0
OUTSIDE TESTING SERVICE	59,830,598	0	59,830,598	31,493,817	0
UTILITIES EXPENSE	68,479,996	0	68,479,996	35,947,502	0
INSURANCE EXPENSE	7,070,168	0	7,070,168	5,819,287	0
TRAVEL & ENTERTAINMENT EXPENSE	13,775,276	0	13,775,276	8,432,556	0
MATLS FOR EXPERIMENTAL PRODUCTION	1,679,906	0	1,679,906	1,679,906	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
OTHER INCOME, TAXES AND OTHER DEDUCTIONS					
STATEMENT 1 - FORM 1120, PG 1, LN 10					
LINE 10: OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	0	0	0	0	0
OTHER MISCELLANEOUS	0	367,201	13,249	1,011,061	0
REIMB FOR ADMIN-TESTING-RESRCH SVCS	0	0	0	0	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
COMMISSION INCOME	0	0	0	0	0
OTHER INCOME	0	0	0	0	0
TOTAL	0	367,201	13,249	1,011,061	0
STATEMENT 2 - FORM 1120, PG 1, LN 17					
LINE 17: TAXES					
REAL PROPERTY TAXES	0	0	160,601	0	0
STATE TAXES BASED ON INCOME	0	257,416	27,986	130,316	0
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	0	466,474	462,784	679,065	0
FOREIGN TAXES	0	0	0	0	0
PERSONAL PROPERTY TAXES	0	173,416	12,558	74,326	0
TOTAL	0	897,306	663,929	883,707	0
STATEMENT 3 - FORM 1120, PG 1, LN 26					
LINE 26: OTHER DEDUCTIONS					
OTHER DEDUCTIONS	0	223,277	965,816	898,001	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0	0	0	0
ADMIN CHARGES-PENSION/PROFIT SHARING	0	270,870	0	0	0
ELECTRICAL SUPPLIES	0	0	0	0	0
PIPE & FITTINGS	0	0	0	0	0
JANITOR SERVICES	0	0	56,832	0	0
NITROGEN FOR PRODUCTION PROCESSING	0	0	0	0	0
TELEPHONE EXPENSE	0	102,356	144,678	157,308	0
DRUMS & CONTAINERS	0	0	0	0	0
PROCESSING SUPPLIES	0	0	0	0	0
ENGINE FUEL	0	0	0	0	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	0	196,458	0	368,043	0
LAUNDRY & DRY CLEANING SERVICES	0	26,241	40,367	0	0
ALL OTHER MAINTENANCE SUPPLIES	0	0	0	0	0
ALL OTHER OPERATING SUPPLIES	0	320,964	763,905	15,205	0
ROYALTY EXPENSE	0	0	0	0	0
COMMISSIONS EXPENSE	0	0	171,472	853,016	0
OUTSIDE TESTING SERVICE	0	14,642	0	0	0
UTILITIES EXPENSE	0	0	0	3,891	0
INSURANCE EXPENSE	0	93,439	77,724	123,166	0
TRAVEL & ENTERTAINMENT EXPENSE	0	325,412	70,746	20,881	0
MATLS FOR EXPERIMENTAL PRODUCTION	0	0	0	0	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
OTHER INCOME, TAXES AND OTHER DEDUCTIONS					
STATEMENT 1 - FORM 1120, PG 1, LN 10					
LINE 10: OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	0	0	0	0	0
OTHER MISCELLANEOUS	126,188	0	0	11,000	(209,095)
REIMB FOR ADMIN-TESTING-RESRCH SVCS	0	305,658	0	0	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
COMMISSION INCOME	0	0	0	44,000	0
OTHER INCOME	0	0	0	0	0
TOTAL	126,188	305,658	0	55,000	(209,095)
STATEMENT 2 - FORM 1120, PG 1, LN 17					
LINE 17: TAXES					
REAL PROPERTY TAXES	0	0	0	0	0
STATE TAXES BASED ON INCOME	0	108,129	0	0	0
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	80,880	18,592	0	0	0
FOREIGN TAXES	0	0	0	0	0
PERSONAL PROPERTY TAXES	5,700	0	0	0	0
TOTAL	86,580	126,721	0	0	0
STATEMENT 3 - FORM 1120, PG 1, LN 26					
LINE 26: OTHER DEDUCTIONS					
OTHER DEDUCTIONS	37,155	(12,500)	0	0	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0	0	0	0
ADMIN CHARGES-PENSION/PROFIT SHARING	72,664	15,295	0	0	0
ELECTRICAL SUPPLIES	0	0	0	0	0
PIPE & FITTINGS	0	0	0	0	0
JANITOR SERVICES	4,803	0	0	0	0
NITROGEN FOR PRODUCTION PROCESSING	0	0	0	0	0
TELEPHONE EXPENSE	17,190	0	0	0	0
DRUMS & CONTAINERS	0	0	0	0	0
PROCESSING SUPPLIES	59,987	0	0	0	0
ENGINE FUEL	0	0	0	0	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	0	0	0	0	0
LAUNDRY & DRY CLEANING SERVICES	0	0	0	0	0
ALL OTHER MAINTENANCE SUPPLIES	0	0	0	0	0
ALL OTHER OPERATING SUPPLIES	108,887	0	0	0	0
ROYALTY EXPENSE	0	0	0	0	0
COMMISSIONS EXPENSE	0	0	0	0	0
OUTSIDE TESTING SERVICE	0	0	0	0	0
UTILITIES EXPENSE	0	0	0	0	0
INSURANCE EXPENSE	12,311	0	0	0	0
TRAVEL & ENTERTAINMENT EXPENSE	3,834	50,732	0	0	0
MATLS FOR EXPERIMENTAL PRODUCTION	0	0	0	0	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914
OTHER INCOME, TAXES AND OTHER DEDUCTIONS					
STATEMENT 1 - FORM 1120, PG 1, LN 10					
LINE 10: OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	0	0	0	0	0
OTHER MISCELLANEOUS	53,388	0	33,550	1,548,366	27,320
REIMB FOR ADMIN-TESTING-RESRCH SVCS	0	0	90,400,749	2,104,000	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
COMMISSION INCOME	0	0	32,430,578	777,000	0
OTHER INCOME	0	0	0	0	0
TOTAL	53,388	0	122,864,877	4,429,366	27,320
STATEMENT 2 - FORM 1120, PG 1, LN 17					
LINE 17: TAXES					
REAL PROPERTY TAXES	0	0	0	0	40,700
STATE TAXES BASED ON INCOME	68,253	0	0	0	7,906
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	490,443	0	2,000	307,000	176,542
FOREIGN TAXES	0	0	156,004	81,262	0
PERSONAL PROPERTY TAXES	(22,519)	0	0	48,000	0
TOTAL	536,177	0	158,004	436,262	225,148
STATEMENT 3 - FORM 1120, PG 1, LN 26					
LINE 26: OTHER DEDUCTIONS					
OTHER DEDUCTIONS	520,094	0	89,464	0	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0	0	0	0
ADMIN CHARGES-PENSION/PROFIT SHARING	0	0	0	0	0
ELECTRICAL SUPPLIES	0	0	0	0	0
PIPE & FITTINGS	0	0	0	0	0
JANITOR SERVICES	47,485	0	0	0	0
NITROGEN FOR PRODUCTION PROCESSING	0	0	0	0	0
TELEPHONE EXPENSE	172,109	0	42,000	50,000	36,632
DRUMS & CONTAINERS	0	0	0	0	0
PROCESSING SUPPLIES	0	0	0	0	96,470
ENGINE FUEL	0	0	0	0	2,086
GLASSWARE/LAB CHEMICALS/SUPPLIES	0	0	0	33,000	0
LAUNDRY & DRY CLEANING SERVICES	64,767	0	0	1,000	0
ALL OTHER MAINTENANCE SUPPLIES	0	0	0	0	25,614
ALL OTHER OPERATING SUPPLIES	748,904	0	17,283	10,000	54,506
ROYALTY EXPENSE	0	0	0	0	0
COMMISSIONS EXPENSE	40,662	0	20,611,040	0	155,956
OUTSIDE TESTING SERVICE	0	0	28,309,148	0	12,991
UTILITIES EXPENSE	524,026	0	62,000	209,000	58,690
INSURANCE EXPENSE	109,338	0	0	17,000	19,648
TRAVEL & ENTERTAINMENT EXPENSE	551,152	0	52,767	256,562	113,158
MATLS FOR EXPERIMENTAL PRODUCTION	0	0	0	0	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
OTHER INCOME, TAXES AND OTHER DEDUCTIONS					
STATEMENT 1 - FORM 1120, PG 1, LN 10					
LINE 10: OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	273,000	0	0	0	0
OTHER MISCELLANEOUS	0	0	404,074	0	0
REIMB FOR ADMIN-TESTING-RESRCH SVCS	209,915	7,404	7,687,805	0	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
COMMISSION INCOME	0	0	0	0	0
OTHER INCOME	0	0	5,608	0	0
TOTAL	482,915	7,404	8,097,487	0	0
STATEMENT 2 - FORM 1120, PG 1, LN 17					
LINE 17: TAXES					
REAL PROPERTY TAXES	33,630	0	0	0	0
STATE TAXES BASED ON INCOME	17,386	0	10,956	0	0
STATE TAXES BASED ON NET WORTH	0	0	151,330	0	0
OTHER TAXES	0	0	698,692	0	0
FOREIGN TAXES	0	0	0	0	0
PERSONAL PROPERTY TAXES	0	0	4,082,014	0	0
TOTAL	51,016	0	4,942,992	0	0
STATEMENT 3 - FORM 1120, PG 1, LN 26					
LINE 26: OTHER DEDUCTIONS					
OTHER DEDUCTIONS	0	0	0	0	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0	0	0	0
ADMIN CHARGES-PENSION/PROFIT SHARING	0	0	0	0	0
ELECTRICAL SUPPLIES	0	0	0	0	0
PIPE & FITTINGS	0	0	0	0	0
JANITOR SERVICES	0	0	231,168	0	0
NITROGEN FOR PRODUCTION PROCESSING	0	0	0	0	0
TELEPHONE EXPENSE	0	0	1,504,046	0	0
DRUMS & CONTAINERS	0	0	0	0	0
PROCESSING SUPPLIES	0	0	0	0	0
ENGINE FUEL	0	0	0	0	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	0	0	4,337,187	0	0
LAUNDRY & DRY CLEANING SERVICES	0	0	0	0	0
ALL OTHER MAINTENANCE SUPPLIES	0	0	3,450,634	0	0
ALL OTHER OPERATING SUPPLIES	128,942	0	234,574	0	0
ROYALTY EXPENSE	0	0	26,095	0	0
COMMISSIONS EXPENSE	0	0	1,833,620	0	0
OUTSIDE TESTING SERVICE	0	0	0	0	0
UTILITIES EXPENSE	0	0	18,963,381	0	0
INSURANCE EXPENSE	0	0	172,318	0	0
TRAVEL & ENTERTAINMENT EXPENSE	0	0	3,585,932	0	0
MATLS FOR EXPERIMENTAL PRODUCTION	0	0	0	0	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
OTHER INCOME, TAXES AND OTHER DEDUCTIONS					
STATEMENT 1 - FORM 1120, PG 1, LN 10					
LINE 10: OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	0	0	0	0	0
OTHER MISCELLANEOUS	0	0	(1,614,638)	(1,549,940)	0
REIMB FOR ADMIN-TESTING-RESRCH SVCS	0	0	0	0	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
COMMISSION INCOME	0	0	0	0	0
OTHER INCOME	0	0	0	383	0
TOTAL	0	0	(1,614,638)	(1,549,557)	0
STATEMENT 2 - FORM 1120, PG 1, LN 17					
LINE 17: TAXES					
REAL PROPERTY TAXES	0	0	0	0	0
STATE TAXES BASED ON INCOME	0	0	0	16,154	0
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	0	0	0	28,260	0
FOREIGN TAXES	0	0	0	0	0
PERSONAL PROPERTY TAXES	0	0	0	628,789	0
TOTAL	0	0	0	673,203	0
STATEMENT 3 - FORM 1120, PG 1, LN 26					
LINE 26: OTHER DEDUCTIONS					
OTHER DEDUCTIONS	0	0	0	0	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0	0	0	0
ADMIN CHARGES-PENSION/PROFIT SHARING	0	0	0	0	0
ELECTRICAL SUPPLIES	0	0	0	0	0
PIPE & FITTINGS	0	0	0	0	0
JANITOR SERVICES	0	0	0	63,836	0
NITROGEN FOR PRODUCTION PROCESSING	0	0	0	0	0
TELEPHONE EXPENSE	0	0	0	39,759	0
DRUMS & CONTAINERS	0	0	0	0	0
PROCESSING SUPPLIES	0	0	0	0	0
ENGINE FUEL	0	0	0	0	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	0	0	0	631,120	0
LAUNDRY & DRY CLEANING SERVICES	0	0	0	0	0
ALL OTHER MAINTENANCE SUPPLIES	0	0	0	475,767	0
ALL OTHER OPERATING SUPPLIES	0	0	0	64,246	0
ROYALTY EXPENSE	0	0	0	0	0
COMMISSIONS EXPENSE	0	0	0	10,266	0
OUTSIDE TESTING SERVICE	0	0	0	0	0
UTILITIES EXPENSE	0	0	0	1,613,312	0
INSURANCE EXPENSE	0	0	0	227,742	0
TRAVEL & ENTERTAINMENT EXPENSE	0	0	0	112,856	0
MATLS FOR EXPERIMENTAL PRODUCTION	0	0	0	0	0

LZ Consolidated
Year: 2004

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408546	Scher Chem 22-1754737
OTHER INCOME, TAXES AND OTHER DEDUCTIONS					
STATEMENT 1 - FORM 1120, PG 1, LN 10					
LINE 10: OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	0	0	0	0	0
OTHER MISCELLANEOUS	0	92,886	18,300	0	0
REIMB FOR ADMIN-TESTING-RESRCH SVCS	0	0	0	0	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
COMMISSION INCOME	0	0	0	0	0
OTHER INCOME	0	108	745	0	0
TOTAL	0	92,994	19,045	0	0
STATEMENT 2 - FORM 1120, PG 1, LN 17					
LINE 17: TAXES					
REAL PROPERTY TAXES	0	0	0	0	0
STATE TAXES BASED ON INCOME	0	10,115	54,984	0	0
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	0	1,034,111	12,355	0	0
FOREIGN TAXES	0	0	0	0	0
PERSONAL PROPERTY TAXES	0	0	(6,399)	0	0
TOTAL	0	1,044,226	60,940	0	0
STATEMENT 3 - FORM 1120, PG 1, LN 26					
LINE 26: OTHER DEDUCTIONS					
OTHER DEDUCTIONS	0	0	0	0	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0	0	0	0
ADMIN CHARGES-PENSION/PROFIT SHARING	0	0	0	0	0
ELECTRICAL SUPPLIES	0	0	0	0	0
PIPE & FITTINGS	0	0	0	0	0
JANITOR SERVICES	0	0	4,210	0	0
NITROGEN FOR PRODUCTION PROCESSING	0	0	0	0	0
TELEPHONE EXPENSE	0	50,523	43,160	0	0
DRUMS & CONTAINERS	0	0	0	0	0
PROCESSING SUPPLIES	0	0	0	0	0
ENGINE FUEL	0	0	0	0	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	0	0	225,257	0	0
LAUNDRY & DRY CLEANING SERVICES	0	0	0	0	0
ALL OTHER MAINTENANCE SUPPLIES	0	617,589	147,007	0	0
ALL OTHER OPERATING SUPPLIES	0	430,168	38,040	0	0
ROYALTY EXPENSE	0	0	0	0	0
COMMISSIONS EXPENSE	0	0	17,273	0	0
OUTSIDE TESTING SERVICE	0	0	0	0	0
UTILITIES EXPENSE	0	8,837,050	2,261,144	0	0
INSURANCE EXPENSE	0	303,539	94,656	0	0
TRAVEL & ENTERTAINMENT EXPENSE	0	140,757	57,931	0	0
MATLS FOR EXPERIMENTAL PRODUCTION	0	0	0	0	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
ENGINE TEST PARTS/SUPPLIES	4,803,572	0	4,803,572	4,803,572	0
DATA PROC/PRINTING/OFFICE SUPPLIES	2,681,819	0	2,681,819	1,838,268	0
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	2,221,557	0	2,221,557	1,325,293	0
LUMBER/PAINT/PERISHABLE TOOLS	555,227	0	555,227	553,501	0
REPAIR PARTS AND SUPPLIES	7,664,624	0	7,664,624	7,664,568	0
CONSULTING EXPENSE	12,900,643	0	12,900,643	7,502,306	0
PATENT EXPENSE	4,405,930	0	4,405,930	4,405,930	0
MAINTENANCE EXPENSE	9,305,287	0	9,305,287	3,337,088	0
WASTE PRODUCT DISPOSAL EXPENSES	6,652,281	0	6,652,281	4,111,190	0
FREIGHT/EXPRESS/PARCEL POST	3,273,004	0	3,273,004	2,060,318	0
STOCKHOLDER/PUBLIC RELATIONS	827,403	0	827,403	825,719	0
DUES AND SUBSCRIPTIONS	2,057,887	0	2,057,887	1,600,973	0
ALL OTHER OUTSIDE SERVICES	143,676,503	0	143,676,503	71,327,156	0
OTHER OPERATING/NONOPERATING	54,049,773	0	54,049,773	17,527,399	0
AMORTIZATION	28,956,822	0	28,956,822	8,802,624	0
EXTRATERRITORIAL INCOME EXCLUSION	9,927,180	0	9,927,180	7,443,210	0
TOTAL	511,491,882	0	511,491,882	251,896,760	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
ENGINE TEST PARTS/SUPPLIES	0	0	0	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	0	52,462	105,017	156,713	0
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	0	18,653	59,099	191,023	0
LUMBER/PAINT/PERISHABLE TOOLS	0	0	1,726	0	0
REPAIR PARTS AND SUPPLIES	0	0	0	0	0
CONSULTING EXPENSE	0	65,648	17,413	176,820	0
PATENT EXPENSE	0	0	0	0	0
MAINTENANCE EXPENSE	0	0	0	0	0
WASTE PRODUCT DISPOSAL EXPENSES	0	0	0	267,421	0
FREIGHT/EXPRESS/PARCEL POST	0	9,782	28,519	130,593	0
STOCKHOLDER/PUBLIC RELATIONS	0	1,533	0	0	0
DUES AND SUBSCRIPTIONS	0	21,319	16,540	64,633	0
ALL OTHER OUTSIDE SERVICES	0	125,512	663,739	1,720,866	0
OTHER OPERATING/NONOPERATING	0	618,125	342,909	2,126,511	0
AMORTIZATION	0	217,090	2,159,736	6,108,334	0
EXTRATERRITORIAL INCOME EXCLUSION	0	0	0	0	0
TOTAL	0	2,703,783	5,686,238	13,382,425	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
ENGINE TEST PARTS/SUPPLIES	0	0	0	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	6,816	0	0	0	0
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	580	0	0	0	0
LUMBER/PAINT/PERISHABLE TOOLS	0	0	0	0	0
REPAIR PARTS AND SUPPLIES	0	0	0	0	0
CONSULTING EXPENSE	0	0	0	0	0
PATENT EXPENSE	0	0	0	0	0
MAINTENANCE EXPENSE	0	0	0	0	0
WASTE PRODUCT DISPOSAL EXPENSES	5,231	0	0	0	0
FREIGHT/EXPRESS/PARCEL POST	203,097	0	0	0	0
STOCKHOLDER/PUBLIC RELATIONS	0	0	0	0	0
DUES AND SUBSCRIPTIONS	2,782	0	0	0	0
ALL OTHER OUTSIDE SERVICES	107,498	0	0	0	0
OTHER OPERATING/NONOPERATING	2,227	0	0	13,000	0
AMORTIZATION	0	0	0	0	0
EXTRATERRITORIAL INCOME EXCLUSION	0	0	0	0	0
TOTAL	645,062	53,527	0	13,000	0

LZ Consolidated
Year: 2004

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914
ENGINE TEST PARTS/SUPPLIES	0	0	0	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	16,022	0	3,000	20,000	52,089
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	42,143	0	0	3,000	1,847
LUMBER/PAINT/PERISHABLE TOOLS	0	0	0	0	0
REPAIR PARTS AND SUPPLIES	0	0	0	0	56
CONSULTING EXPENSE	40,616	0	63,390	65,000	0
PATENT EXPENSE	0	0	0	0	0
MAINTENANCE EXPENSE	0	0	0	0	0
WASTE PRODUCT DISPOSAL EXPENSES	294,551	0	0	0	0
FREIGHT/EXPRESS/PARCEL POST	18,999	0	0	17,000	107,153
STOCKHOLDER/PUBLIC RELATIONS	0	0	0	0	0
DUES AND SUBSCRIPTIONS	31,714	0	4,000	0	2,303
ALL OTHER OUTSIDE SERVICES	424,704	0	62,987,746	326,000	248,965
OTHER OPERATING/NONOPERATING	652,119	0	26,775	40,824	13,320
AMORTIZATION	228,277	0	0	0	50
EXTRATERRITORIAL INCOME EXCLUSION	0	0	0	0	0
TOTAL	4,527,682	0	112,268,613	1,048,386	1,001,534

2004 CONS. FEDERAL 1120 TAX_RETURN

LZ Consolidated
Year: 2004

	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
ENGINE TEST PARTS/SUPPLIES	0	0	0	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	0	0	387,244	0	0
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	0	0	383,831	0	0
LUMBER/PAINT/PERISHABLE TOOLS	0	0	0	0	0
REPAIR PARTS AND SUPPLIES	0	0	0	0	0
CONSULTING EXPENSE	0	0	4,619,674	0	0
PATENT EXPENSE	0	0	0	0	0
MAINTENANCE EXPENSE	0	0	4,483,779	0	0
WASTE PRODUCT DISPOSAL EXPENSES	0	0	1,398,669	0	0
FREIGHT/EXPRESS/PARCEL POST	0	0	618,094	0	0
STOCKHOLDER/PUBLIC RELATIONS	0	0	0	0	0
DUES AND SUBSCRIPTIONS	0	0	273,889	0	0
ALL OTHER OUTSIDE SERVICES	0	0	5,034,298	0	0
OTHER OPERATING/NONOPERATING	78,001	0	31,827,476	0	0
AMORTIZATION	0	0	5,888,490	22,804	0
EXTRATERRITORIAL INCOME EXCLUSION	0	0	2,483,970	0	0
TOTAL	206,943	0	91,738,369	22,804	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
ENGINE TEST PARTS/SUPPLIES	0	0	0	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	0	0	0	29,751	0
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	0	0	0	61,145	0
LUMBER/PAINT/PERISHABLE TOOLS	0	0	0	0	0
REPAIR PARTS AND SUPPLIES	0	0	0	0	0
CONSULTING EXPENSE	0	0	49,875	66,698	0
PATENT EXPENSE	0	0	0	0	0
MAINTENANCE EXPENSE	0	0	0	1,071,664	0
WASTE PRODUCT DISPOSAL EXPENSES	0	0	0	135,426	0
FREIGHT/EXPRESS/PARCEL POST	0	0	0	33,923	0
STOCKHOLDER/PUBLIC RELATIONS	0	0	0	0	0
DUES AND SUBSCRIPTIONS	0	0	0	17,745	0
ALL OTHER OUTSIDE SERVICES	0	0	0	295,930	0
OTHER OPERATING/NONOPERATING	0	0	22,147	4,113,388	0
AMORTIZATION	0	0	0	116,619	0
EXTRATERRITORIAL INCOME EXCLUSION	0	0	0	0	0
TOTAL	0	0	72,022	9,181,193	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
ENGINE TEST PARTS/SUPPLIES	0	0	0	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	0	1,053	13,384	0	0
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	0	109,054	25,889	0	0
LUMBER/PAINT/PERISHABLE TOOLS	0	0	0	0	0
REPAIR PARTS AND SUPPLIES	0	0	0	0	0
CONSULTING EXPENSE	0	157,763	75,440	0	0
PATENT EXPENSE	0	0	0	0	0
MAINTENANCE EXPENSE	0	0	412,756	0	0
WASTE PRODUCT DISPOSAL EXPENSES	0	348,968	90,825	0	0
FREIGHT/EXPRESS/PARCEL POST	0	30,111	15,415	0	0
STOCKHOLDER/PUBLIC RELATIONS	0	151	0	0	0
DUES AND SUBSCRIPTIONS	0	19,932	2,057	0	0
ALL OTHER OUTSIDE SERVICES	0	356,546	57,543	0	0
OTHER OPERATING/NONOPERATING	0	112,258	(3,581,987)	0	115,281
AMORTIZATION	5,301,982	63,662	0	0	47,154
EXTRATERRITORIAL INCOME EXCLUSION	0	0	0	0	0
TOTAL	5,301,982	11,579,124	0	0	162,435

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	57,582,152	0	57,582,152	56,255,287	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	144,077,036	0	144,077,036	103,362,390	0
(B) LESS ALLOWANCE FOR BAD DEBTS	1,429,875	0	1,429,875	991,471	0
NET TRADE RECEIVABLES	142,647,161	0	142,647,161	102,370,919	0
3 INVENTORIES	118,715,027	0	118,715,027	74,374,303	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	7,411,311	0	7,411,311	6,787,148	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	101,071,356	(954,192,330)	1,055,263,686	363,273,185	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	1,166,200,573	0	1,166,200,573	1,094,535,594	0
(B) LESS ACCUMULATED DEPRECIATION	732,491,162	0	732,491,162	717,175,242	0
NET DEPRECIABLE ASSETS	433,709,411	0	433,709,411	377,360,352	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	11,237,036	0	11,237,036	7,481,136	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	340,604,355	0	340,604,355	152,492,359	0
(B) LESS ACCUMULATED AMORTIZATION	95,897,051	0	95,897,051	67,849,124	0
NET INTANGIBLE ASSETS	244,707,304	0	244,707,304	84,643,235	0
14 OTHER ASSETS (ATTACH SCHEDULE)	148,191,424	(1,642,523,974)	1,790,715,398	886,347,941	10,000
15 TOTAL ASSETS	1,265,272,182	(2,596,716,304)	3,861,988,486	1,958,893,506	10,000
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	73,103,706	0	73,103,706	50,510,355	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	123,645,097	0	123,645,097	105,675,825	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	381,805,465	0	381,805,465	381,805,465	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	205,011,082	(1,642,793,470)	1,847,804,552	1,475,795,594	0
22 CAPITAL STOCK: A PREFERRED	0	(500,000)	500,000	0	0
B COMMON	115,713,805	(55,586,041)	171,299,846	115,713,805	1,000
TOTAL CAPITAL STOCK	115,713,805	(56,086,041)	171,799,846	115,713,805	1,000
23 PAID-IN OR CAPITAL SURPLUS	45,679,795	(892,966,993)	938,646,788	45,679,795	9,000
RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
RETAINED EARNINGS-UNAPPROPRIATED	537,194,180	(4,869,800)	542,063,980	593,615	0
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	216,880,948	0	216,880,948	216,880,948	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,265,272,182	(2,596,716,304)	3,861,988,486	1,958,893,506	10,000

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	0	329,112	0	0	25,847
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	8,781,252	5,755,150	15,910,034	1,657,585
(B) LESS ALLOWANCE FOR BAD DEBTS	0	30,082	115,000	100,000	22,920
NET TRADE RECEIVABLES	0	8,751,170	5,640,150	15,810,034	1,634,665
3 INVENTORIES	0	7,783,340	11,979,739	13,803,068	2,592,281
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	(156,981)	267,695	97,729	36,229
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	0	0	10,000
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	9,720,251	14,235,138	9,804,717	7,929,014
(B) LESS ACCUMULATED DEPRECIATION	0	2,572,046	3,715,997	1,173,993	593,193
NET DEPRECIABLE ASSETS	0	7,148,205	10,519,141	8,630,724	7,335,821
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	323,993	458,059	800,356	707,000
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	19,985,273	32,736,460	87,615,979	2,988,139
(B) LESS ACCUMULATED AMORTIZATION	0	7,936,207	7,995,395	215,708	75,755
NET INTANGIBLE ASSETS	0	12,049,066	24,741,065	87,400,271	2,912,384
14 OTHER ASSETS (ATTACH SCHEDULE)	14,319,526	577,857,098	1	1,888,079	3,791,376
15 TOTAL ASSETS	14,319,526	614,085,001	53,605,850	128,430,261	19,045,603
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	2,101,843	2,056,740	9,284,301	1,497,822
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	269,501	7,607,328	(76,587)	3,875,773	847,570
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	0	340,659	48,019,919	108,104,050	481,490
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	15,100	24,463,356	10,000	1,000	0
TOTAL CAPITAL STOCK	15,100	24,463,356	10,000	1,000	0
23 PAID-IN OR CAPITAL SURPLUS	5,556,019	568,588,025	0	0	14,535,906
RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
RETAINED EARNINGS-UNAPPROPRIATED	8,478,906	10,983,790	3,595,778	7,165,137	1,682,815
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	14,319,526	614,085,001	53,605,850	128,430,261	19,045,603

LZ Consolidated
Year: 2004

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	200	0	0	41,000	149
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	1,228,706	0	0	0	0
(B) LESS ALLOWANCE FOR BAD DEBTS	24,360	0	0	0	0
NET TRADE RECEIVABLES	1,204,346	0	0	0	0
3 INVENTORIES	1,042,166	0	0	0	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	27,682	1,314	0	0	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	57,407	0	626,446
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	1,380,188	542,544	0	327,000	0
(B) LESS ACCUMULATED DEPRECIATION	1,015,092	223,346	0	290,000	0
NET DEPRECIABLE ASSETS	365,096	319,198	0	37,000	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	49,613	0	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	11,977,423	0	0	0
(B) LESS ACCUMULATED AMORTIZATION	0	2,769,783	0	0	0
NET INTANGIBLE ASSETS	0	9,207,640	0	0	0
14 OTHER ASSETS (ATTACH SCHEDULE)	13,983	11,055,994	0	311,000	1,641,698
15 TOTAL ASSETS	2,653,473	20,633,759	57,407	389,000	2,268,293
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	191,938	2,148,225	0	17,000	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	21,786	400,134	0	0	680
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	1,695,200	(39,963)	0	297,000	(1)
22 CAPITAL STOCK: A PREFERRED	0	500,000	0	0	0
B COMMON	2,389,970	107,000	1,000	1,000	25,799,780
TOTAL CAPITAL STOCK	2,389,970	607,000	1,000	1,000	25,799,780
23 PAID-IN OR CAPITAL SURPLUS	0	12,962,043	56,407	0	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	(1,645,421)	4,556,320	0	74,000	(23,532,166)
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,653,473	20,633,759	57,407	389,000	2,268,293

LZ Consolidated
Year: 2004

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	465,252	0	221,000	244,305	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	5,410,498	0	321,000	20,641	1,629,780
(B) LESS ALLOWANCE FOR BAD DEBTS	11,044	0	0	0	134,998
NET TRADE RECEIVABLES	5,399,454	0	321,000	20,641	1,494,782
3 INVENTORIES	5,446,963	0	23,000	0	1,670,167
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	249,158	0	8,000	15,000	78,339
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	60,676	0	691,235,972	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	18,074,073	0	373,000	1,926,000	4,779,054
(B) LESS ACCUMULATED DEPRECIATION	2,179,586	0	250,000	16,000	2,128,642
NET DEPRECIABLE ASSETS	15,894,487	0	123,000	1,910,000	2,650,412
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	850,866	0	0	0	566,013
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	22,744,209	0	0	2,101,000	7,963,513
(B) LESS ACCUMULATED AMORTIZATION	1,100,716	0	0	0	7,954,363
NET INTANGIBLE ASSETS	21,643,493	0	0	2,101,000	9,150
14 OTHER ASSETS (ATTACH SCHEDULE)	87,213	329,764	195,578,755	79,702,585	8,159,856
15 TOTAL ASSETS	50,036,886	390,440	196,274,755	775,229,503	14,628,719
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	3,789,603	0	1,132,276	134,000	239,603
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	1,240,771	0	2,994,978	28,518	575,908
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	29,439,427	0	163,634,734	15,861,527	178,284
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	79,835	1,000	100,000	2,500	39,500
TOTAL CAPITAL STOCK	79,835	1,000	100,000	2,500	39,500
23 PAID-IN OR CAPITAL SURPLUS	15,220,165	1,000,000	0	266,064,816	8,974,612
RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
RETAINED EARNINGS-UNAPPROPRIATED	267,085	(610,560)	28,412,767	493,138,142	4,620,812
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	50,036,886	390,440	196,274,755	775,229,503	14,628,719

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	0	0	0	0	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	0	0	0	0
(B) LESS ALLOWANCE FOR BAD DEBTS	0	0	0	0	0
NET TRADE RECEIVABLES	0	0	0	0	0
3 INVENTORIES	0	0	0	0	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	0	0	0	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	0	0	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	2,574,000	0	0	0	0
(B) LESS ACCUMULATED DEPRECIATION	1,158,025	0	0	0	0
NET DEPRECIABLE ASSETS	1,415,975	0	0	0	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	0	0	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	0	0	0	0
(B) LESS ACCUMULATED AMORTIZATION	0	0	0	0	0
NET INTANGIBLE ASSETS	0	0	0	0	0
14 OTHER ASSETS (ATTACH SCHEDULE)	9,620,529	0	0	0	0
15 TOTAL ASSETS	11,036,504	0	0	0	0
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	0	0	0	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	182,912	0	0	0	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	3,996,632	0	0	0	0
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	2,574,000	0	0	0	0
TOTAL CAPITAL STOCK	2,574,000	0	0	0	0
23 PAID-IN OR CAPITAL SURPLUS	0	0	0	0	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	4,282,960	0	0	0	0
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	11,036,504	0	0	0	0

LZ Consolidated
Year: 2004

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	0	0	0	0	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	0	0	0	0
(B) LESS ALLOWANCE FOR BAD DEBTS	0	0	0	0	0
NET TRADE RECEIVABLES	0	0	0	0	0
3 INVENTORIES	0	0	0	0	0
4 *U.S. GOVERNMENT OBLIGATIONS*	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	0	0	0	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 *OTHER INVESTMENTS (ATTACH SCHEDULE)*	0	0	0	0	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPRECIATION	0	0	0	0	0
NET DEPRECIABLE ASSETS	0	0	0	0	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) *LESS ACCUMULATED DEPLETION*	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	0	0	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	0	0	0	0
(B) LESS ACCUMULATED AMORTIZATION	0	0	0	0	0
NET INTANGIBLE ASSETS	0	0	0	0	0
14 OTHER ASSETS (ATTACH SCHEDULE)	0	0	0	0	0
15 TOTAL ASSETS	0	0	0	0	0
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	0	0	0	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	0	0	0	0	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 *MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR*	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	0	0	0	0	0
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	0	0	0	0	0
TOTAL CAPITAL STOCK	0	0	0	0	0
23 *PAID-IN OR CAPITAL SURPLUS*	0	0	0	0	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	0	0	0	0	0
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	0	0	0	0	0

LZ Consolidated
Year: 2004

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	0	0	0	0	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	0	0	0	0
(B) LESS ALLOWANCE FOR BAD DEBTS	0	0	0	0	0
NET TRADE RECEIVABLES	0	0	0	0	0
3 INVENTORIES	0	0	0	0	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	0	0	0	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	0	0	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPRECIATION	0	0	0	0	0
NET DEPRECIABLE ASSETS	0	0	0	0	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	0	0	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	0	0	0	0
(B) LESS ACCUMULATED AMORTIZATION	0	0	0	0	0
NET INTANGIBLE ASSETS	0	0	0	0	0
14 OTHER ASSETS (ATTACH SCHEDULE)	0	0	0	0	0
15 TOTAL ASSETS	0	0	0	0	0
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	0	0	0	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	0	0	0	0	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	0	0	0	0	0
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	0	0	0	0	0
TOTAL CAPITAL STOCK	0	0	0	0	0
23 PAID-IN OR CAPITAL SURPLUS	0	0	0	0	0
RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
RETAINED EARNINGS-UNAPPROPRIATED	0	0	0	0	0
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	0	0	0	0	0

LZ Consolidated
Year: 2004

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	49,939,510	0	49,939,510	40,369,916	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	276,790,945	0	276,790,945	125,107,767	0
(B) LESS ALLOWANCE FOR BAD DEBTS	6,085,215	0	6,085,215	796,179	0
NET TRADE RECEIVABLES	270,705,730	0	270,705,730	124,311,588	0
3 INVENTORIES	287,527,530	0	287,527,530	113,223,893	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	67,047,558	0	67,047,558	43,540,562	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	472,188,373	(3,883,153,734)	4,355,342,107	2,415,135,537	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	1,648,275,974	0	1,648,275,974	1,130,345,248	0
(B) LESS ACCUMULATED DEPRECIATION	790,690,593	0	790,690,593	745,376,099	0
NET DEPRECIABLE ASSETS	857,585,381	0	857,585,381	384,969,149	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	31,716,696	0	31,716,696	8,194,546	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	1,494,819,178	29,000,000	1,465,819,178	152,164,536	0
(B) LESS ACCUMULATED AMORTIZATION	108,909,855	0	108,909,855	74,107,593	0
NET INTANGIBLE ASSETS	1,385,909,323	29,000,000	1,356,909,323	78,056,943	0
14 OTHER ASSETS (ATTACH SCHEDULE)	248,605,993	(3,459,936,759)	3,708,542,752	859,661,195	21,096
15 TOTAL ASSETS	3,671,226,094	(7,314,090,493)	10985316587	4,067,463,329	21,096
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	216,089,670	(541,666)	216,631,336	100,892,963	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	235,478,426	0	235,478,426	179,717,530	3,884
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	1,957,195,202	0	1,957,195,202	1,957,195,202	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	382,375,231	(3,459,395,090)	3,841,770,321	1,516,241,585	0
22 CAPITAL STOCK: A PREFERRED	0	(500,000)	500,000	0	0
B COMMON	128,879,173	(65,560,483)	194,439,656	128,879,173	1,000
TOTAL CAPITAL STOCK	128,879,173	(66,060,483)	194,939,656	128,879,173	1,000
23 PAID-IN OR CAPITAL SURPLUS	518,853,037	(3,785,722,343)	4,304,575,380	518,853,037	9,000
RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
RETAINED EARNINGS-UNAPPROPRIATED	448,749,047	(2,370,911)	451,119,958	(117,922,469)	7,212
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	216,393,692	0	216,393,692	216,393,692	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	3,671,226,094	(7,314,090,493)	10985316587	4,067,463,329	21,096

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
**********					
* SCHEDULE L - BALANCE SHEET, END OF YEAR *					
**********					
ASSETS					
1 CASH	0	84,171	750	0	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	11,285,422	6,205,463	0	0
(B) LESS ALLOWANCE FOR BAD DEBTS	0	42,730	115,000	0	0
NET TRADE RECEIVABLES	0	11,242,692	6,090,463	0	0
3 INVENTORIES	0	9,891,347	8,844,905	0	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	(214,162)	204,914	0	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	0	0	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	9,851,055	14,660,014	0	0
(B) LESS ACCUMULATED DEPRECIATION	0	2,641,575	4,791,797	0	0
NET DEPRECIABLE ASSETS	0	7,209,480	9,868,217	0	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	323,993	458,059	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	19,917,835	32,504,065	0	0
(B) LESS ACCUMULATED AMORTIZATION	0	7,976,019	7,767,309	0	0
NET INTANGIBLE ASSETS	0	11,941,816	24,736,756	0	0
14 OTHER ASSETS (ATTACH SCHEDULE)	0	580,711,469	(2)	0	0
15 TOTAL ASSETS	0	621,190,806	50,204,062	0	0
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	2,971,596	2,514,053	0	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	0	10,569,349	344,385	0	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	0	483,200	42,960,493	0	0
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	0	24,463,356	10,000	0	0
TOTAL CAPITAL STOCK	0	24,463,356	10,000	0	0
23 PAID-IN OR CAPITAL SURPLUS	0	568,588,025	0	0	0
RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
RETAINED EARNINGS-UNAPPROPRIATED	0	14,115,280	4,375,131	0	0
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	0	621,190,806	50,204,062	0	0

LZ Consolidated
Year: 2004

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	200	0	0	0	149
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	738,745	0	0	0	0
(B) LESS ALLOWANCE FOR BAD DEBTS	166,398	0	0	0	0
NET TRADE RECEIVABLES	572,347	0	0	0	0
3 INVENTORIES	1,019,351	0	0	0	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	84,341	173	0	0	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	57,407	0	554,306
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	1,323,291	542,544	0	0	0
(B) LESS ACCUMULATED DEPRECIATION	952,985	223,346	0	0	0
NET DEPRECIABLE ASSETS	370,306	319,198	0	0	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	49,613	0	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	9,207,640	0	0	0
(B) LESS ACCUMULATED AMORTIZATION	0	0	0	0	0
NET INTANGIBLE ASSETS	0	9,207,640	0	0	0
14 OTHER ASSETS (ATTACH SCHEDULE)	98,257	10,897,873	833,333	0	1,689,446
15 TOTAL ASSETS	2,144,802	20,474,497	890,740	0	2,243,901
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	205,265	2,248,225	0	0	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	118,995	376,541	291,667	0	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	1,079,893	(821,728)	0	0	14,455
22 CAPITAL STOCK: A PREFERRED	0	500,000	0	0	0
B COMMON	2,389,970	107,000	1,000	0	25,799,780
TOTAL CAPITAL STOCK	2,389,970	607,000	1,000	0	25,799,780
23 PAID-IN OR CAPITAL SURPLUS	0	12,962,043	56,407	0	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	(1,649,321)	5,102,416	541,666	0	(23,570,334)
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,144,802	20,474,497	890,740	0	2,243,901

LZ Consolidated
Year: 2004

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	40,215	0	508,000	375,100	(487,606)
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	5,806,300	0	188,000	15,641	4,212,261
(B) LESS ALLOWANCE FOR BAD DEBTS	100,000	0	0	0	182,043
NET TRADE RECEIVABLES	5,706,300	0	188,000	15,641	4,030,218
3 INVENTORIES	8,146,049	0	19,000	0	1,821,242
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	102,100	0	7,000	(6,000)	191,955
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	60,676	0	683,338,359	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	20,662,455	0	453,000	1,828,000	3,792,752
(B) LESS ACCUMULATED DEPRECIATION	2,995,751	0	304,000	111,000	2,412,137
NET DEPRECIABLE ASSETS	17,666,704	0	149,000	1,717,000	1,380,615
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	850,866	0	0	280,000	566,013
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	22,890,175	0	0	2,263,000	7,752,002
(B) LESS ACCUMULATED AMORTIZATION	1,357,791	0	0	0	7,752,002
NET INTANGIBLE ASSETS	21,532,384	0	0	2,263,000	0
14 OTHER ASSETS (ATTACH SCHEDULE)	143,579	329,764	247,564,055	82,698,899	8,349,854
15 TOTAL ASSETS	54,188,197	390,440	248,435,055	770,681,999	15,852,291
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	3,743,163	0	1,045,041	282,000	1,112,014
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	1,351,978	0	3,619,506	1,657,132	949,476
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	31,677,248	0	208,392,335	2,638,045	(97,063)
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	79,835	1,000	100,000	2,500	39,500
TOTAL CAPITAL STOCK	79,835	1,000	100,000	2,500	39,500
23 PAID-IN OR CAPITAL SURPLUS	15,220,165	1,000,000	0	266,064,816	8,974,612
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	2,115,808	(610,560)	35,278,173	500,037,506	4,873,752
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	54,188,197	390,440	248,435,055	770,681,999	15,852,291

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LZ Consolidated
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	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	0	1,200,578	7,843,441	0	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	0	95,122,641	0	0
(B) LESS ALLOWANCE FOR BAD DEBTS	0	0	4,590,718	0	0
NET TRADE RECEIVABLES	0	0	90,531,923	0	0
3 INVENTORIES	0	0	101,040,725	0	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	12,601	21,952,647	0	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	531,404,616	453,881,277	0	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	2,574,000	0	401,365,185	0	0
(B) LESS ACCUMULATED DEPRECIATION	1,286,425	0	27,032,451	0	0
NET DEPRECIABLE ASSETS	1,287,575	0	374,332,734	0	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	0	14,183,606	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	559,943,478	436,744,375	0	0
(B) LESS ACCUMULATED AMORTIZATION	0	0	5,711,750	0	0
NET INTANGIBLE ASSETS	0	559,943,478	431,032,625	0	0
14 OTHER ASSETS (ATTACH SCHEDULE)	10,103,501	938,270,094	560,267,727	0	0
15 TOTAL ASSETS	11,391,076	2,030,831,367	2,055,066,705	0	0
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	0	82,083,712	0	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	130,165	(19,669,137)	55,524,032	0	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	4,341,190	(13,790,354)	1,388,956,331	0	0
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	2,574,000	0	1,000	0	0
TOTAL CAPITAL STOCK	2,574,000	0	1,000	0	0
23 PAID-IN OR CAPITAL SURPLUS	0	2,066,279,003	502,403,616	0	0
RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
RETAINED EARNINGS-UNAPPROPRIATED	4,345,721	(1,988,145)	26,098,014	0	0
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	11,391,076	2,030,831,367	2,055,066,705	0	0

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LZ Consolidated
Year: 2004

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	0	0	0	3,596	1,000
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	0	369,741	6,212,265	0
(B) LESS ALLOWANCE FOR BAD DEBTS	0	0	0	0	0
NET TRADE RECEIVABLES	0	0	369,741	6,212,265	0
3 INVENTORIES	0	0	0	13,769,584	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	0	(12,602)	(135,891)	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	200,000	0	53,197,254	21,829,890	9,032,065
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	0	0	35,343,353	0
(B) LESS ACCUMULATED DEPRECIATION	0	0	0	970,018	0
NET DEPRECIABLE ASSETS	0	0	0	34,373,335	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	0	0	2,880,000	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	2,961	0	18,307,651	19,089,545	2,961
(B) LESS ACCUMULATED AMORTIZATION	0	0	0	17,494	0
NET INTANGIBLE ASSETS	2,961	0	18,307,651	19,072,051	2,961
14 OTHER ASSETS (ATTACH SCHEDULE)	0	31,000	137,300,615	165,874,073	0
15 TOTAL ASSETS	202,961	31,000	209,162,659	263,878,903	9,036,026
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	0	0	2,012,977	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	7,107	0	(168,492)	911,735	(35,561)
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	707,756	865,000	75,390,197	232,251,124	4,011,361
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	0	0	0	10,000	5,105,000
TOTAL CAPITAL STOCK	0	0	0	10,000	5,105,000
23 PAID-IN OR CAPITAL SURPLUS	(507,756)	(834,000)	132,386,332	23,084,581	38,614
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	(4,146)	0	1,554,622	5,608,486	(83,388)
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	202,961	31,000	209,162,659	263,878,903	9,036,026

LZ Consolidated
Year: 2004

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	0	0	0	0	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	21,526,699	0	0	0
(B) LESS ALLOWANCE FOR BAD DEBTS	0	92,147	0	0	0
NET TRADE RECEIVABLES	0	21,434,552	0	0	0
3 INVENTORIES	0	25,914,198	3,837,236	0	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	31,479	595,392	693,049	0	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	0	186,650,720	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	13,964,388	11,570,689	0	0
(B) LESS ACCUMULATED DEPRECIATION	0	965,135	627,874	0	0
NET DEPRECIABLE ASSETS	0	12,999,253	10,942,815	0	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	1,440,000	2,490,000	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	166,176,855	27,719,442	(9,193,840)	326,497	0
(B) LESS ACCUMULATED AMORTIZATION	4,197,083	0	22,814	0	0
NET INTANGIBLE ASSETS	161,979,772	27,719,442	(9,216,654)	326,497	0
14 OTHER ASSETS (ATTACH SCHEDULE)	0	577,310	103,113,674	5,940	0
15 TOTAL ASSETS	162,011,251	90,680,147	111,860,120	186,983,157	0
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	15,267,226	2,253,101	0	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	(3,431,778)	2,315,977	110,343	783,592	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	171,276,552	63,354,228	111,838,473	0	0
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	0	100,000	4,775,542	0	0
TOTAL CAPITAL STOCK	0	100,000	4,775,542	0	0
23 PAID-IN OR CAPITAL SURPLUS	1	10,237,850	(6,897,626)	186,656,660	0
RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
RETAINED EARNINGS-UNAPPROPRIATED	(5,833,524)	(595,134)	(219,713)	(457,095)	0
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	162,011,251	90,680,147	111,860,120	186,983,157	0

LZ Consolidated
Year: 2004

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET					
STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG					
LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	5,460,762	0	5,460,762	5,350,643	0
DEFERRED FIT - CURRENT	1,950,549	0	1,950,549	1,436,505	0
TOTAL	7,411,311	0	7,411,311	6,787,148	0

LZ Consolidated
Year: 2004

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET					
STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG					
LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	65,784	14,604	6,731
DEFERRED FIT - CURRENT	0	(156,983)	201,911	83,125	29,498
TOTAL	0	(156,983)	267,695	97,729	36,229

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET					
STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG					
LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	0	0	0
DEFERRED FIT - CURRENT	27,682	1,314	0	0	0
TOTAL	27,682	1,314	0	0	0

LZ Consolidated
Year: 2004

LFCA	LZ Int Am Corp	LIMC	LOTC	LPS
57-0686272	34-1368171	34-1323089	51-6146748	58-0678914

SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET

STATEMENT 4 - FORM 1120, PG 4, SCH. L, LN 6, BEG

LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	8,000	15,000	0
DEFERRED FIT - CURRENT	249,158	0	0	0	78,339
TOTAL	249,158	0	8,000	15,000	78,339

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET					
STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG					
LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	0	0	0
DEFERRED FIT - CURRENT	0	0	0	0	0
TOTAL	0	0	0	0	0

LZ Consolidated
Year: 2004

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786

SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET

STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG

LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	0	0	0
DEFERRED FIT - CURRENT	0	0	0	0	0
TOTAL	0	0	0	0	0

LZ Consolidated
Year: 2004

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET					
STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG					
LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	0	0	0
DEFERRED FIT - CURRENT	0	0	0	0	0
TOTAL	0	0	0	0	0

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Year 04

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	(100,000)	100,000	100,000	0
INVEST IN LZ OVERSEAS TRADING CORP	0	(266,067,315)	266,067,315	266,067,315	0
INVEST IN GATE CITY	0	(11,385,021)	11,385,021	11,385,021	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	(25,799,780)	25,799,780	25,799,780	0
INVEST IN LZ SERVICIOS TECNICOS	76,000	0	76,000	76,000	0
INVEST IN LUBRICANT INVESTMENTS	0	(57,407)	57,407	57,407	0
INVEST IN MPP PIPELINE CORP	0	(2,574,000)	2,574,000	2,574,000	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	(13,569,043)	13,569,043	13,569,043	0
INVEST IN AGC HOLDINGS, INC.	0	(8,070,006)	8,070,006	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	28,965,340	0	28,965,340	0	0
INVEST IN LUBRIZOL A.G.	0	(269,501)	269,501	0	0
INVEST IN LUBRIZOL CANADA	6,454,433	0	6,454,433	0	0
INVEST IN LUBRIZOL CHINA	0	(1,000)	1,000	0	0
INVEST IN LUBRIZOL GESMBH	26,900	0	26,900	0	0
INVEST IN LZ DE MEXICO COMERCIAL	6,754	0	6,754	0	0
INVEST IN LUBRIZOL JAPAN	10,207,912	0	10,207,912	0	0
INVEST IN CPI ENGINEERING SERVICES	0	(593,051,381)	593,051,381	0	0
INVEST IN LZ DO BRASIL ADITIVOS	10,425,015	0	10,425,015	0	0
INVEST IN EUROPE B.V.	33,557,730	0	33,557,730	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	(10,000)	10,000	10,000	0
INVEST IN LZ INDIA LTD.	5,502,000	0	5,502,000	5,502,000	0
INVEST IN INDUSTRIAS LUBRIZOL	656,897	0	656,897	656,897	0
INVEST IN LZ TRANSARABIA	4,210,941	0	4,210,941	4,210,941	0
INVEST IN SHANGHAI LZ INT'L	200,000	0	200,000	0	0
INVEST IN LZ VENEZUELA	57,407	0	57,407	0	0
INVEST IN EX AIR	0	(2,389,970)	2,389,970	2,389,970	0
INVEST IN LZ INTERAMERICAS CORP	0	(1,001,000)	1,001,000	1,001,000	0
INVEST IN ROSS CHEMICAL	0	(15,300,000)	15,300,000	15,300,000	0
INVEST IN CHEMCONNECT	60,676	0	60,676	0	0
INVEST IN CHEMRON	0	(1,000)	1,000	1,000	0
INVEST IN DOCK RESINS	0	(14,535,906)	14,535,906	14,535,906	0
INVEST IN 1500 WEST ELIZABETH AVE	0	(10,000)	10,000	0	0
OTHER INVESTMENTS	36,905	0	36,905	36,905	0
OTHER INVEST-ORIEN II	9,731	0	9,731	0	0
OTHER INVEST-AMT VENTURE	198,630	0	198,630	0	0
OTHER INVEST-AMT II	418,085	0	418,085	0	0
TOTAL	101,071,356	(954,192,330)	1,055,263,686	363,273,185	0

LZ Consolidated
Year: 2004

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL A.G.	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	10,000
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
TOTAL	0	0	0	0	10,000

LZ Consolidated
Year: 2004

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL A.G.	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	57,407	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	9,731
OTHER INVEST-AMT VENTURE	0	0	0	0	198,630
OTHER INVEST-AMT II	0	0	0	0	418,085
TOTAL	0	0	57,407	0	626,446

LZ Consolidated
Year: 2004

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG

LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	8,070,006	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	28,965,340	0
INVEST IN LUBRIZOL A.G.	0	0	0	269,501	0
INVEST IN LUBRIZOL CANADA	0	0	0	6,454,433	0
INVEST IN LUBRIZOL CHINA	0	0	0	1,000	0
INVEST IN LUBRIZOL GESMBH	0	0	0	26,900	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	6,754	0
INVEST IN LUBRIZOL JAPAN	0	0	0	10,207,912	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	593,051,381	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	10,425,015	0
INVEST IN EUROPE B.V.	0	0	0	33,557,730	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	200,000	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	60,676	0	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
TOTAL	0	60,676	0	691,235,972	0

LZ Consolidated
Year: 2004

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG

	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL A.G.	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
TOTAL	0	0	0	0	0

LZ Consolidated
Year: 2004

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL A.G.	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
TOTAL	0	0	0	0	0

LZ Consolidated
Year: 2004

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL A.G.	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
TOTAL	0	0	0	0	0

LZ Consolidated
Year: 2004

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG					
LINE 14: OTHER ASSETS					
OTHER ASSETS	1,809,770	0	1,809,770	0	0
TRAVEL ADVANCES	(174,160)	0	(174,160)	(174,160)	0
DEPOSITS AND PREPAID EXPENSES	11,263,046	0	11,263,046	11,032,548	10,000
DEFERRED PENSION COSTS	769,747	0	769,747	769,747	0
NONCURRENT DEPOSITS	12,524,308	0	12,524,308	11,914,673	0
PREPAID INSURANCE	5,532,441	0	5,532,441	5,491,464	0
DEFERRED OHIO PERSONAL PROPERTY TAX	2,700,000	0	2,700,000	2,700,000	0
PREPAID PENSION	5,218,051	0	5,218,051	5,218,051	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	78,140,968	(698,262,431)	776,403,399	148,575,809	0
AFFILIATE NOTES & ACCTS RECEIVABLE	5,036,045	0	5,036,045	5,036,045	0
INTERCO A/R - OTHER	25,371,208	(944,261,543)	969,632,751	695,783,764	0
TOTAL	148,191,424	(1,642,523,974)	1,790,715,398	886,347,941	10,000
STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	83,183	0	83,183	0	0
ACCRUED SALARIES AND WAGES	34,250,417	0	34,250,417	31,201,832	0
ACCRUED PAYROLL TAXES	28,967	0	28,967	10,960	0
ACCRUED STATE AND OTHER TAXES	13,571,551	0	13,571,551	12,182,824	0
ACCRUED COMMISSIONS AND DISCOUNTS	5,584,764	0	5,584,764	5,557,764	0
ACCRUED FEDERAL INCOME TAX	23,039,617	0	23,039,617	11,355,955	0
ACCRUED INTEREST	2,410,135	0	2,410,135	2,410,135	0
DIVIDENDS	13,411,000	0	13,411,000	13,411,000	0
CONTRIB TO PROFIT SHARING TRUST	4,713,084	0	4,713,084	3,933,276	0
PENSION CONTRIBUTION-NONQUALIFIED	277,360	0	277,360	0	0
PERSONAL PROPERTY	93,023	0	93,023	0	0
ACCRUED EXPENSES-OPEB	5,455,675	0	5,455,675	5,455,675	0
MEDICAL & LIFE INSURANCE CLAIMS	3,614,859	0	3,614,859	3,614,859	0
WORKMAN'S COMPENSATION CLAIMS	1,091,413	0	1,091,413	1,070,751	0
ENVIRONMENTAL-CURRENT	1,206,000	0	1,206,000	1,206,000	0
OTHER ACCRUED EXPENSES	6,534,980	0	6,534,980	5,373,028	0
FORWARD EXCHANGE CONTRACTS	144,680	0	144,680	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	11,937,236	0	11,937,236	11,937,236	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	(1,075,728)	0	(1,075,728)	(391,877)	0
FEDERAL INCOME TAX W/H ON INTEREST	(12,522)	0	(12,522)	(2,354)	0
FEDERAL INCOME TAX W/H ON ROYALTIES	(2,714,597)	0	(2,714,597)	(2,651,239)	0
TOTAL	123,645,097	0	123,645,097	105,675,825	0

LZ Consolidated
Year: 2004

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	1,808,077	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	52,033	1	2	(1)
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	80,000	0
PREPAID INSURANCE	0	27,907	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	14,319,526	577,777,158	0	0	3,791,377
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	14,319,526	577,857,098	1	1,888,079	3,791,376
STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	56,198	0
ACCRUED SALARIES AND WAGES	0	373,908	568,065	755,308	252,489
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	137,129	123,133	278,695	516,064
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	27,000	0
ACCRUED FEDERAL INCOME TAX	269,501	6,512,006	(875,785)	1,837,445	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	347,432	108,000	45,000	79,017
PENSION CONTRIBUTION-NONQUALIFIED	0	236,853	0	20,507	0
PERSONAL PROPERTY	0	0	0	72,332	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	20,662	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	0	762,626	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	0
TOTAL	269,501	7,607,328	(76,587)	3,875,773	847,570

LZ Consolidated
Year: 2004

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	13,983	0	0	31,000	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	11,055,994	0	280,000	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	1,641,698
TOTAL	13,983	11,055,994	0	311,000	1,641,698
STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	4,980	0	0	0
ACCRUED SALARIES AND WAGES	31,237	0	0	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	8,107	16,494	0	0	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	(39,303)	376,438	0	0	680
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	15,040	2,222	0	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	6,705	0	0	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	0
TOTAL	21,786	400,134	0	0	680

LZ Consolidated
Year: 2004

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914
STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	1,693
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	54,839	0	67,500	0	1,141
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	15,304	0	364,331	150,000	0
PREPAID INSURANCE	13,070	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	4,000	0	1,976,000	10,466,513	8,157,022
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	329,764	193,170,924	69,086,072	0
TOTAL	87,213	329,764	195,578,755	79,702,585	8,159,856
STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	22,005	0	0	0	0
ACCRUED SALARIES AND WAGES	639,347	0	0	134,000	294,231
ACCRUED PAYROLL TAXES	18,007	0	0	0	0
ACCRUED STATE AND OTHER TAXES	157,112	0	19,000	69,000	11,973
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	274,001	0	2,977,336	159,857	60,594
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	130,000	0	0	0	53,097
PENSION CONTRIBUTION-NONQUALIFIED	0	0	2,000	18,000	0
PERSONAL PROPERTY	0	0	0	0	20,691
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	299	0	60,000	197,000	135,322
FORWARD EXCHANGE CONTRACTS	0	0	0	144,680	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	(683,851)	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	(10,168)	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	(63,358)	0	0
TOTAL	1,240,771	0	2,994,978	28,518	575,908

LZ Consolidated
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	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	0	0	0	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	0	0	0	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	9,620,529	0	0	0	0
TOTAL	9,620,529	0	0	0	0
STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	0	0
ACCRUED SALARIES AND WAGES	0	0	0	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	52,020	0	0	0	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	130,892	0	0	0	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	0	0	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	0	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	0
TOTAL	182,912	0	0	0	0

LZ Consolidated
Year: 2004

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	0	0	0	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	0	0	0	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	0	0	0	0	0
STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	0	0
ACCRUED SALARIES AND WAGES	0	0	0	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	0	0	0	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	0	0	0	0	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	0	0	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	0	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	0
TOTAL	0	0	0	0	0

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	0	0	0	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	0	0	0	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	0	0	0	0	0
STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	0	0
ACCRUED SALARIES AND WAGES	0	0	0	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	0	0	0	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	0	0	0	0	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	0	0	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	0	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	0
TOTAL	0	0	0	0	0

LZ Consolidated
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STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	10,000	0	10,000	0	0
DEFERRED COMP PAYMENTS	7,832,020	0	7,832,020	7,832,020	0
OTHER ENVIRONMENTAL	8,562,902	0	8,562,902	8,562,902	0
CONTRIB TO PENSIONS - NONCURRENT	8,860,643	0	8,860,643	8,860,643	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	11,451,019	0	11,451,019	11,451,019	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	92,865,437	0	92,865,437	92,865,437	0
OTHER	4,392,434	19,345	4,373,089	4,355,350	0
DEFERRED STATE INCOME TAXES	1,797,856	0	1,797,856	1,797,856	0
SALARIES & WAGES-BANKED VACATION	52,833	0	52,833	52,833	0
INTEREST SWAP	3,546,663	0	3,546,663	3,546,663	0
DEFERRED INCOME TAXES-NONCURRENT	29,714,637	0	29,714,637	22,252,536	0
INTERCO ACCOUNTS PAYABLE	11,641,221	(414,179,121)	425,820,342	242,987,338	0
INTERCO A/P - OTHER	24,283,417	(1,228,633,694)	1,252,917,111	1,071,230,997	0
TOTAL	205,011,082	(1,642,793,470)	1,847,804,552	1,475,795,594	0

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	(1)	(1)	(1)
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	340,659	2,874,315	1,442,573	481,491
INTERCO ACCOUNTS PAYABLE	0	0	45,145,605	106,661,478	0
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	0	340,659	48,019,919	108,104,050	481,490

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STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	(2)	0	0	(1)
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	35,570	(39,961)	0	0	0
INTERCO ACCOUNTS PAYABLE	1,659,630	0	0	297,000	0
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	1,695,200	(39,963)	0	297,000	(1)

LZ Consolidated
Year: 2004

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	10,000	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	20,722	0	(2,788)	(189)	(1)
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	569,414	0	17,473	1,066,689	178,285
INTERCO ACCOUNTS PAYABLE	28,839,291	0	24,000	206,000	0
INTERCO A/P - OTHER	0	0	163,596,049	14,589,027	0
TOTAL	29,439,427	0	163,634,734	15,861,527	178,284

LZ Consolidated
Year: 2004

	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG

LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	1	0	0	0	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	495,593	0	0	0	0
INTERCO ACCOUNTS PAYABLE	0	0	0	0	0
INTERCO A/P - OTHER	3,501,038	0	0	0	0
TOTAL	3,996,632	0	0	0	0

LZ Consolidated
Year: 2004

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG

LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	0	0	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	0	0	0	0
INTERCO ACCOUNTS PAYABLE	0	0	0	0	0
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	0	0	0	0	0

LZ Consolidated
Year: 2004

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	0	0	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	0	0	0	0
INTERCO ACCOUNTS PAYABLE	0	0	0	0	0
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	0	0	0	0	0

LZ Consolidaced
Year: 2004

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET					
STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END					
LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	8,158,845	0	8,158,845	0	0
DEFERRED FIT - CURRENT	58,888,713	0	58,888,713	43,540,562	0
TOTAL	67,047,558	0	67,047,558	43,540,562	0

LZ Consolidated
Year: 2004

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET					
STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END					
LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	0	0	58,065	0	0
DEFERRED FIT - CURRENT	0	(214,162)	146,849	0	0
TOTAL	0	(214,162)	204,914	0	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	ECS	Gateway	Lubricant Inve	LZ China	LZ Enterprises
	88-0191671	31-1590777	34-1563459	34-1792061	34-1502387

SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END

LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	0	0	0	0	0
DEFERRED FIT - CURRENT	84,341	173	0	0	0
TOTAL	84,341	173	0	0	0

LZ Consolidated
Year: 2004

LFCA	LZ Int Am Corp	LIMC	LOTC	LPS
57-0686272	34-1368171	34-1323089	51-6146748	58-0678914

SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END

LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	0	0	7,000	(6,000)	0
DEFERRED FIT - CURRENT	102,100	0	0	0	191,955
TOTAL	102,100	0	7,000	(6,000)	191,955

LZ Consolidated
Year: 2004

	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891

SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END

LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	0	0	6,921,058	0	0
DEFERRED FIT - CURRENT	0	12,601	15,031,589	0	0
TOTAL	0	12,601	21,952,647	0	0

LZ Consolidated
Year: 2004

SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	0	0	0	7,587	0
DEFERRED FIT - CURRENT	0	0	(12,602)	(143,478)	0
TOTAL	0	0	(12,602)	(135,891)	0

LZ Consolidated
Year: 2004

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737

SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END

LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	0	520,193	650,942	0	0
DEFERRED FIT - CURRENT	31,479	75,199	42,107	0	0
TOTAL	31,479	595,392	693,049	0	0

LZ Consolidated
Year: 2004

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	(100,000)	100,000	100,000	0
INVEST IN LZ OVERSEAS TRADING CORP	0	(266,067,315)	266,067,315	266,067,315	0
INVEST IN GATE CITY	0	(11,385,021)	11,385,021	11,385,021	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	(25,799,780)	25,799,780	25,799,780	0
INVEST IN LZ SERVICIOS TECNICOS	76,000	0	76,000	76,000	0
INVEST IN LUBRICANT INVESTMENTS	0	(57,407)	57,407	57,407	0
INVEST IN MPP PIPELINE CORP	0	(2,574,000)	2,574,000	2,574,000	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	(13,569,043)	13,569,043	13,569,043	0
INVEST IN LUBRIZOL INTERNATIONAL INC	28,965,340	0	28,965,340	0	0
INVEST IN LUBRIZOL CANADA	6,454,433	0	6,454,433	0	0
INVEST IN LUBRIZOL GESMBH	26,900	0	26,900	0	0
INVEST IN LZ DE MEXICO COMERCIAL	6,754	0	6,754	0	0
INVEST IN LUBRIZOL JAPAN	10,207,912	0	10,207,912	0	0
INVEST IN CPI ENGINEERING SERVICES	0	(593,051,381)	593,051,381	0	0
INVEST IN LZ DO BRASIL ADITIVOS	10,425,015	0	10,425,015	0	0
INVEST IN EUROPE B.V.	33,557,730	0	33,557,730	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	(10,000)	10,000	10,000	0
INVEST IN LZ INDIA LTD.	5,502,000	0	5,502,000	5,502,000	0
INVEST IN INDUSTRIAS LUBRIZOL	656,897	0	656,897	656,897	0
INVEST IN LZ TRANSARABIA	4,210,941	0	4,210,941	4,210,941	0
INVEST IN SHANGHAI LZ INT'L	200,000	0	200,000	0	0
INVEST IN LZ VENEZUELA	57,407	0	57,407	0	0
INVEST IN EX AIR	0	(2,389,970)	2,389,970	2,389,970	0
INVEST IN LZ INTERAMERICAS CORP	0	(1,001,000)	1,001,000	1,001,000	0
INVEST IN ROSS CHEMICAL	0	(15,300,000)	15,300,000	15,300,000	0
INVEST IN CHEMCONNECT	60,676	0	60,676	0	0
INVEST IN 1500 CORP.	0	(10,000)	10,000	10,000	0
INVEST IN NOVEON INTL.	0	(2,066,279,002)	2,066,279,002	2,066,279,002	0
INVEST IN LZ SWEDEN	13,894	0	13,894	0	0
INVEST IN LZ SHANGHAI FTC	350,000	0	350,000	0	0
INVEST IN LZ HYPD BELGIUM	79,000	0	79,000	0	0
INVEST IN NOVEON, INC.	0	(531,404,616)	531,404,616	0	0
INVEST IN FCC, INC.	0	(132,386,332)	132,386,332	0	0
INVEST IN CANADA	(1)	0	(1)	0	0
INVEST IN MEXICO	272,111	0	272,111	0	0
INVEST IN KOREA HLDG	0	(5,143,614)	5,143,614	0	0
INVEST IN CANADA HOLDINGS	1,348,418	0	1,348,418	0	0
INVEST IN IP HOLDINGS	0	(1)	1	0	0
INVEST IN PERF MAT I	0	(186,656,660)	186,656,660	0	0
INVEST IN PERF MAT II	2,871,549	0	2,871,549	0	0
INVEST IN CHINA	0	507,756	(507,756)	0	0
INVEST IN PMDCV	308,458,572	0	308,458,572	0	0
INVEST IN NOV INV	2,040,100	0	2,040,100	0	0
INVEST IN SHANGHAI TRADING	200,000	0	200,000	0	0
INVEST IN TEXTILE CHEMICALS	0	2,122,084	(2,122,084)	0	0
INVEST IN HILTON DAVIS	0	(23,094,581)	23,094,581	0	0
INVEST IN KALAMA	0	(10,337,850)	10,337,850	0	0
INVEST IN DIAMALT GMBH	44,550,796	0	44,550,796	0	0
INVEST IN FCC ACQUISITION	0	(1)	1	0	0
INVEST IN DIAMALT NJ	0	834,000	(834,000)	0	0
INVEST IN SNP	2,572,559	0	2,572,559	0	0
INVEST IN MARITIUS	10,000	0	10,000	0	0
INVEST IN BFG KOREA	5,143,004	0	5,143,004	0	0
INVEST IN NOVEON BRASIL LTDA	466,502	0	466,502	0	0

LZ Consolidated
Year: 2004

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	0	0
INVEST IN LZ SHANGHAI FTC	0	0	0	0	0
INVEST IN LZ HYPD BELGIUM	0	0	0	0	0
INVEST IN NOVEON, INC.	0	0	0	0	0
INVEST IN FCC, INC.	0	0	0	0	0
INVEST IN CANADA	0	0	0	0	0
INVEST IN MEXICO	0	0	0	0	0
INVEST IN KOREA HLDG	0	0	0	0	0
INVEST IN CANADA HOLDINGS	0	0	0	0	0
INVEST IN IP HOLDINGS	0	0	0	0	0
INVEST IN PERF MAT I	0	0	0	0	0
INVEST IN PERF MAT II	0	0	0	0	0
INVEST IN CHINA	0	0	0	0	0
INVEST IN PMDCV	0	0	0	0	0
INVEST IN NOV INV	0	0	0	0	0
INVEST IN SHANGHAI TRADING	0	0	0	0	0
INVEST IN TEXTILE CHEMICALS	0	0	0	0	0
INVEST IN HILTON DAVIS	0	0	0	0	0
INVEST IN KALAMA	0	0	0	0	0
INVEST IN DIAMALT GMBH	0	0	0	0	0
INVEST IN FCC ACQUISITION	0	0	0	0	0
INVEST IN DIAMALT NJ	0	0	0	0	0
INVEST IN SNP	0	0	0	0	0
INVEST IN MARITIUS	0	0	0	0	0
INVEST IN BFG KOREA	0	0	0	0	0
INVEST IN NOVEON BRASIL LTDA	0	0	0	0	0

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	57,407	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	0	0
INVEST IN LZ SHANGHAI FTC	0	0	0	0	0
INVEST IN LZ HYPD BELGIUM	0	0	0	0	0
INVEST IN NOVEON, INC.	0	0	0	0	0
INVEST IN FCC, INC.	0	0	0	0	0
INVEST IN CANADA	0	0	0	0	0
INVEST IN MEXICO	0	0	0	0	0
INVEST IN KOREA HLDG	0	0	0	0	0
INVEST IN CANADA HOLDINGS	0	0	0	0	0
INVEST IN IP HOLDINGS	0	0	0	0	0
INVEST IN PERF MAT I	0	0	0	0	0
INVEST IN PERF MAT II	0	0	0	0	0
INVEST IN CHINA	0	0	0	0	0
INVEST IN PMDCV	0	0	0	0	0
INVEST IN NOV INV	0	0	0	0	0
INVEST IN SHANGHAI TRADING	0	0	0	0	0
INVEST IN TEXTILE CHEMICALS	0	0	0	0	0
INVEST IN HILTON DAVIS	0	0	0	0	0
INVEST IN KALAMA	0	0	0	0	0
INVEST IN DIAMALT GMBH	0	0	0	0	0
INVEST IN FCC ACQUISITION	0	0	0	0	0
INVEST IN DIAMALT NJ	0	0	0	0	0
INVEST IN SNP	0	0	0	0	0
INVEST IN MARITIUS	0	0	0	0	0
INVEST IN BFG KOREA	0	0	0	0	0
INVEST IN NOVEON BRASIL LTDA	0	0	0	0	0

LZ Consolidated
Year: 2004

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END

LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	28,965,340	0
INVEST IN LUBRIZOL CANADA	0	0	0	6,454,433	0
INVEST IN LUBRIZOL GESMBH	0	0	0	26,900	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	6,754	0
INVEST IN LUBRIZOL JAPAN	0	0	0	10,207,912	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	593,051,381	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	10,425,015	0
INVEST IN EUROPE B.V.	0	0	0	33,557,730	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	200,000	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	60,676	0	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	13,894	0
INVEST IN LZ SHANGHAI FTC	0	0	0	350,000	0
INVEST IN LZ HYPD BELGIUM	0	0	0	79,000	0
INVEST IN NOVEON, INC.	0	0	0	0	0
INVEST IN FCC, INC.	0	0	0	0	0
INVEST IN CANADA	0	0	0	0	0
INVEST IN MEXICO	0	0	0	0	0
INVEST IN KOREA HLDG	0	0	0	0	0
INVEST IN CANADA HOLDINGS	0	0	0	0	0
INVEST IN IP HOLDINGS	0	0	0	0	0
INVEST IN PERF MAT I	0	0	0	0	0
INVEST IN PERF MAT II	0	0	0	0	0
INVEST IN CHINA	0	0	0	0	0
INVEST IN PMDCV	0	0	0	0	0
INVEST IN NOV INV	0	0	0	0	0
INVEST IN SHANGHAI TRADING	0	0	0	0	0
INVEST IN TEXTILE CHEMICALS	0	0	0	0	0
INVEST IN HILTON DAVIS	0	0	0	0	0
INVEST IN KALAMA	0	0	0	0	0
INVEST IN DIAMALT GMBH	0	0	0	0	0
INVEST IN FCC ACQUISITION	0	0	0	0	0
INVEST IN DIAMALT NJ	0	0	0	0	0
INVEST IN SNP	0	0	0	0	0
INVEST IN MARITIUS	0	0	0	0	0
INVEST IN BFG KOREA	0	0	0	0	0
INVEST IN NOVEON BRASIL LTDA	0	0	0	0	0

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END

	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	0	0
INVEST IN LZ SHANGHAI FTC	0	0	0	0	0
INVEST IN LZ HYPD BELGIUM	0	0	0	0	0
INVEST IN NOVEON, INC.	0	531,404,616	0	0	0
INVEST IN FCC, INC.	0	0	132,386,332	0	0
INVEST IN CANADA	0	0	(1)	0	0
INVEST IN MEXICO	0	0	272,111	0	0
INVEST IN KOREA HLDG	0	0	5,143,614	0	0
INVEST IN CANADA HOLDINGS	0	0	1,348,418	0	0
INVEST IN IP HOLDINGS	0	0	1	0	0
INVEST IN PERF MAT I	0	0	186,656,660	0	0
INVEST IN PERF MAT II	0	0	2,871,549	0	0
INVEST IN CHINA	0	0	(507,756)	0	0
INVEST IN PMDCV	0	0	121,807,852	0	0
INVEST IN NOV INV	0	0	2,040,100	0	0
INVEST IN SHANGHAI TRADING	0	0	200,000	0	0
INVEST IN TEXTILE CHEMICALS	0	0	0	0	0
INVEST IN HILTON DAVIS	0	0	0	0	0
INVEST IN KALAMA	0	0	0	0	0
INVEST IN DIAMALT GMBH	0	0	0	0	0
INVEST IN FCC ACQUISITION	0	0	0	0	0
INVEST IN DIAMALT NJ	0	0	0	0	0
INVEST IN SNP	0	0	0	0	0
INVEST IN MARITIUS	0	0	10,000	0	0
INVEST IN BFG KOREA	0	0	0	-0	0
INVEST IN NOVEON BRASIL LTDA	0	0	0	0	0

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	0	0
INVEST IN LZ SHANGHAI FTC	0	0	0	0	0
INVEST IN LZ HYPD BELGIUM	0	0	0	0	0
INVEST IN NOVEON, INC.	0	0	0	0	0
INVEST IN FCC, INC.	0	0	0	0	0
INVEST IN CANADA	0	0	0	0	0
INVEST IN MEXICO	0	0	0	0	0
INVEST IN KOREA HLDG	0	0	0	0	0
INVEST IN CANADA HOLDINGS	0	0	0	0	0
INVEST IN IP HOLDINGS	0	0	0	0	0
INVEST IN PERF MAT I	0	0	0	0	0
INVEST IN PERF MAT II	0	0	0	0	0
INVEST IN CHINA	0	0	0	0	0
INVEST IN PMDCV	0	0	0	0	0
INVEST IN NOV INV	0	0	0	0	0
INVEST IN SHANGHAI TRADING	0	0	0	0	0
INVEST IN TEXTILE CHEMICALS	0	0	(2,122,084)	0	0
INVEST IN HILTON DAVIS	0	0	23,094,581	0	0
INVEST IN KALAMA	0	0	10,337,850	0	0
INVEST IN DIAMALT GMBH	0	0	22,720,906	21,829,890	0
INVEST IN FCC ACQUISITION	0	0	1	0	0
INVEST IN DIAMALT NJ	0	0	(834,000)	0	0
INVEST IN SNP	0	0	0	0	2,572,559
INVEST IN MARITIUS	0	0	0	0	0
INVEST IN BFG KOREA	0	0	0	0	5,143,004
INVEST IN NOVEON BRASIL LTDA	200,000	0	0	0	266,502

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN 1500 CORP.	0	0	0	0	0
INVEST IN NOVEON INTL.	0	0	0	0	0
INVEST IN LZ SWEDEN	0	0	0	0	0
INVEST IN LZ SHANGHAI FTC	0	0	0	0	0
INVEST IN LZ HYPD BELGIUM	0	0	0	0	0
INVEST IN NOVEON, INC.	0	0	0	0	0
INVEST IN FCC, INC.	0	0	0	0	0
INVEST IN CANADA	0	0	0	0	0
INVEST IN MEXICO	0	0	0	0	0
INVEST IN KOREA HLDG	0	0	0	0	0
INVEST IN CANADA HOLDINGS	0	0	0	0	0
INVEST IN IP HOLDINGS	0	0	0	0	0
INVEST IN PERF MAT I	0	0	0	0	0
INVEST IN PERF MAT II	0	0	0	0	0
INVEST IN CHINA	0	0	0	0	0
INVEST IN PMDCV	0	0	0	186,650,720	0
INVEST IN NOV INV	0	0	0	0	0
INVEST IN SHANGHAI TRADING	0	0	0	0	0
INVEST IN TEXTILE CHEMICALS	0	0	0	0	0
INVEST IN HILTON DAVIS	0	0	0	0	0
INVEST IN KALAMA	0	0	0	0	0
INVEST IN DIAMALT GMBH	0	0	0	0	0
INVEST IN FCC ACQUISITION	0	0	0	0	0
INVEST IN DIAMALT NJ	0	0	0	0	0
INVEST IN SNP	0	0	0	0	0
INVEST IN MARITIUS	0	0	0	0	0
INVEST IN BFG KOREA	0	0	0	0	0
INVEST IN NOVEON BRASIL LTDA	0	0	0	0	0

LZ Consolidated
Year: 2004

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
INVEST IN SNP HOLDING	1,050,000	0	1,050,000	0	0
MISCELLANEOUS OTHER INVESTMENTS	1,652,397	0	1,652,397	0	0
OTHER INVESTMENTS	147,161	0	147,161	147,161	0
OTHER INVEST-ORIEN II	8,290	0	8,290	0	0
OTHER INVEST-AMT VENTURE	180,759	0	180,759	0	0
OTHER INVEST-AMT II	365,257	0	365,257	0	0
VALUATION ALLOWANCE	(707,856)	0	(707,856)	0	0
INVESTMENT IN ASSOC COS.	707,856	0	707,856	0	0
TOTAL	472,188,373	(3,883,153,734)	4,355,342,107	2,415,135,537	0

LZ Consolidated
Year: 2004

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
INVEST IN SNP HOLDING	0	0	0	0	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
VALUATION ALLOWANCE	0	0	0	0	0
INVESTMENT IN ASSOC COS.	0	0	0	0	0
TOTAL	0	0	0	0	0

LZ Consolidated
Year: 2004

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
INVEST IN SNP HOLDING	0	0	0	0	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	8,290
OTHER INVEST-AMT VENTURE	0	0	0	0	180,759
OTHER INVEST-AMT II	0	0	0	0	365,257
VALUATION ALLOWANCE	0	0	0	0	0
INVESTMENT IN ASSOC COS.	0	0	0	0	0
TOTAL	0	0	57,407	0	554,306

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914
INVEST IN SNP HOLDING	0	0	0	0	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
VALUATION ALLOWANCE	0	0	0	0	0
INVESTMENT IN ASSOC COS.	0	0	0	0	0
TOTAL	0	60,676	0	683,338,359	0

	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
INVEST IN SNP HOLDING	0	0	0	0	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	1,652,397	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
VALUATION ALLOWANCE	0	0	0	0	0
INVESTMENT IN ASSOC COS.	0	0	0	0	0
TOTAL	0	531,404,616	453,881,277	0	0

LZ Consolidated
Year: 2004

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
INVEST IN SNP HOLDING	0	0	0	0	1,050,000
MISCELLANEOUS OTHER INVESTMENTS	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
VALUATION ALLOWANCE	(707,856)	0	0	0	0
INVESTMENT IN ASSOC COS.	707,856	0	0	0	0
TOTAL	200,000	0	53,197,254	21,829,890	9,032,065

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
INVEST IN SNP HOLDING	0	0	0	0	0
MISCELLANEOUS OTHER INVESTMENTS	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
VALUATION ALLOWANCE	0	0	0	0	0
INVESTMENT IN ASSOC COS.	0	0	0	0	0
TOTAL	0	0	0	186,650,720	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 14: OTHER ASSETS					
OTHER ASSETS	1,000	0	1,000	0	0
TRAVEL ADVANCES	(90,207)	0	(90,207)	(90,207)	0
DEPOSITS AND PREPAID EXPENSES	14,042,765	0	14,042,765	13,877,224	10,000
DEFERRED PENSION COSTS	662,138	0	662,138	662,138	0
NONCURRENT DEPOSITS	29,965,882	0	29,965,882	26,333,133	0
PREPAID INSURANCE	11,840,681	0	11,840,681	11,797,492	0
DEFERRED OHIO PERSONAL PROPERTY TAX	2,700,000	0	2,700,000	2,700,000	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	137,004,969	(2,569,673,084)	2,706,678,053	186,756,445	11,096
AFFILIATE NOTES & ACCTS RECEIVABLE	9,493,472	0	9,493,472	9,493,472	0
INTERCO A/R - OTHER	42,985,293	(890,263,675)	933,248,968	608,131,498	0
TOTAL	248,605,993	(3,459,936,759)	3,708,542,752	859,661,195	21,096

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END

LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	19,851,585	0	19,851,585	0	0
ACCRUED SALARIES AND WAGES	35,452,480	0	35,452,480	32,215,946	0
ACCRUED PAYROLL TAXES	8,373	0	8,373	7,914	0
ACCRUED STATE AND OTHER TAXES	27,312,394	0	27,312,394	13,560,038	0
ACCRUED COMMISSIONS AND DISCOUNTS	5,915,433	0	5,915,433	5,880,874	0
ACCRUED FEDERAL INCOME TAX	39,518,735	0	39,518,735	54,043,164	3,884
ACCRUED INTEREST	17,455,737	0	17,455,737	17,455,737	0
DIVIDENDS	17,362,505	0	17,362,505	17,362,505	0
CONTRIB TO PROFIT SHARING TRUST	8,294,668	0	8,294,668	4,850,848	0
PENSION CONTRIBUTION-NONQUALIFIED	18,794,818	0	18,794,818	8,503,602	0
PERSONAL PROPERTY	1,304	0	1,304	0	0
ACCRUED EXPENSES-OPEB	3,519,963	0	3,519,963	3,379,000	0
MEDICAL & LIFE INSURANCE CLAIMS	4,329,859	0	4,329,859	4,014,859	0
WORKMAN'S COMPENSATION CLAIMS	2,396,842	0	2,396,842	1,433,599	0
ENVIRONMENTAL-CURRENT	4,022,500	0	4,022,500	3,809,500	0
OTHER ACCRUED EXPENSES	28,415,927	0	28,415,927	10,507,193	0
FORWARD EXCHANGE CONTRACTS	144,680	0	144,680	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	2,680,623	0	2,680,623	2,680,623	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	12,128	0
TOTAL	235,478,426	0	235,478,426	179,717,530	3,884

LZ Consolidated
Year: 2004

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	53,532	(2)	0	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	0	0
PREPAID INSURANCE	0	43,189	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	580,614,748	0	0	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	0	580,711,469	(2)	0	0
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	0	0
ACCRUED SALARIES AND WAGES	0	497,222	464,136	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	174,959	95,532	0	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	0	9,152,268	(353,283)	0	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	440,157	138,000	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	304,743	0	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	0	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
TOTAL	0	10,569,349	344,385	0	0

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	14,019	0	0	0	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	84,238	10,897,873	833,333	0	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	1,689,446
TOTAL	98,257	10,897,873	833,333	0	1,689,446
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	15,000	0	0	0
ACCRUED SALARIES AND WAGES	36,833	0	0	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	(5,993)	30,370	0	0	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	47,214	326,171	291,667	0	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	20,000	5,000	0	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
PERSONAL PROPERTY	5,700	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	15,241	0	0	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
TOTAL	118,995	376,541	291,667	0	0

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914
STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	2,367	0	76,500	1,580	7,538
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	10,466	0	249,967	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	130,746	0	3,153,000	13,787,148	8,342,316
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	329,764	244,084,588	68,910,171	0
TOTAL	143,579	329,764	247,564,055	82,698,899	8,349,854
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	5,748	0	0	0	0
ACCRUED SALARIES AND WAGES	568,215	0	0	297,000	287,754
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	151,697	0	22,000	46,000	13,499
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	459,279	0	3,476,506	963,580	487,137
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	144,000	0	0	0	55,000
PENSION CONTRIBUTION-NONQUALIFIED	0	0	1,000	3,000	0
PERSONAL PROPERTY	0	0	0	0	(4,396)
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	213,000	0
OTHER ACCRUED EXPENSES	23,039	0	120,000	2,000	110,482
FORWARD EXCHANGE CONTRACTS	0	0	0	144,680	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	(12,128)	0
TOTAL	1,351,978	0	3,619,506	1,657,132	949,476

LZ Consolidated
Year: 2004

	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	1	6	0	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	381,279	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	938,270,093	559,886,442	0	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	10,103,501	0	0	0	0
TOTAL	10,103,501	938,270,094	560,267,727	0	0
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	18,747,755	0	0
ACCRUED SALARIES AND WAGES	0	0	831,415	0	0
ACCRUED PAYROLL TAXES	0	0	459	0	0
ACCRUED STATE AND OTHER TAXES	51,430	36,932	11,354,784	0	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	78,735	(19,706,069)	(5,844,667)	0	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	0	1,763,237	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	9,982,473	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	140,963	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	315,000	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	963,243	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	17,269,370	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
TOTAL	130,165	(19,669,137)	55,524,032	0	0

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	1,000	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	0	0	0	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	2,416,735	54,000	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	31,000	134,883,880	165,819,073	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	0	31,000	137,300,615	165,874,073	0
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	333,732	0	0
ACCRUED SALARIES AND WAGES	0	0	0	103,949	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	0	0	938,193	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	7,107	0	(502,224)	(567,670)	(35,561)
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	0	0	317,235	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	0	120,028	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
TOTAL	7,107	0	(168,492)	911,735	(35,561)

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	0	0	0	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	505,902	14,400	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	71,408	103,099,274	5,940	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	0	577,310	103,113,674	5,940	0
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	750,700	(1,350)	0	0
ACCRUED SALARIES AND WAGES	0	123,558	26,452	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	89,940	653,391	99,622	0	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	34,559	0	0	0
ACCRUED FEDERAL INCOME TAX	(3,521,718)	32,846	(103,223)	783,592	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	472,349	88,842	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	248,574	0	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
TOTAL	(3,431,778)	2,315,977	110,343	783,592	0

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	6,051,129	0	6,051,129	0	0
DEFERRED COMP PAYMENTS	16,581,609	0	16,581,609	16,581,609	0
OTHER ENVIRONMENTAL	21,865,034	0	21,865,034	7,915,181	0
CONTRIB TO PENSIONS - NONCURRENT	33,715,590	0	33,715,590	9,515,946	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	12,104,000	0	12,104,000	12,104,000	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	96,411,649	0	96,411,649	96,411,649	0
OTHER	2,447,960	(7,172)	2,455,132	1,489,740	0
DEFERRED STATE INCOME TAXES	4,623,673	0	4,623,673	786,699	0
SALARIES & WAGES-BANKED VACATION	18,434	0	18,434	18,434	0
DEFERRED INCOME TAXES-NONCURRENT	53,083,021	0	53,083,021	15,221,655	0
INTERCO ACCOUNTS PAYABLE	58,925,756	(2,741,722,048)	2,800,647,804	774,221,650	0
INTERCO A/P - OTHER	76,547,376	(717,665,870)	794,213,246	581,975,022	0
TOTAL	382,375,231	(3,459,395,090)	3,841,770,321	1,516,241,585	0

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END					
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	0	0	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	483,200	3,638,365	0	0
INTERCO ACCOUNTS PAYABLE	0	0	39,322,128	0	0
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	0	483,200	42,960,493	0	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END					
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	(2)	0	0	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	39,700	(821,726)	0	0	14,455
INTERCO ACCOUNTS PAYABLE	1,040,193	0	0	0	0
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	1,079,893	(821,728)	0	0	14,455

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914
STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END					
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	395	965,000	(1)
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	1,053,920	0	37,253	1,595,045	(97,062)
INTERCO ACCOUNTS PAYABLE	30,623,328	0	7,000	78,000	0
INTERCO A/P - OTHER	0	0	208,347,687	0	0
TOTAL	31,677,248	0	208,392,335	2,638,045	(97,063)

LZ Consolidated
Year: 2004

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END

LINE 21: OTHER LIABILITIES	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
OTHER ACCRUALS - NONCURRENT	0	0	2,723,151	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	998,642	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	24,199,644	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	0	0	0
DEFERRED STATE INCOME TAXES	0	0	3,836,974	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	450,653	(22,080,164)	55,627,018	0	0
INTERCO ACCOUNTS PAYABLE	0	8,289,810	1,301,570,902	0	0
INTERCO A/P - OTHER	3,890,537	0	0	0	0
TOTAL	4,341,190	(13,790,354)	1,388,956,331	0	0

LZ Consolidated
Year: 2004

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	3,327,976	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	12,951,211	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	0	0	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	0	(5,504,271)	(1,818,066)	0
INTERCO ACCOUNTS PAYABLE	707,756	865,000	64,615,281	234,069,190	4,011,361
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	707,756	865,000	75,390,197	232,251,124	4,011,361

LZ Consolidated
Year: 2004

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END

LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	2	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	0	0	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	3,659,371	(690,671)	2,274,346	0	0
INTERCO ACCOUNTS PAYABLE	167,617,181	64,044,897	109,564,127	0	0
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	171,276,552	63,354,228	111,838,473	0	0

Form **4562**

Department of the Treasury
Internal Revenue Service

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2004

Attachment Sequence No. 67

Name(s) shown on return	Business or activity to which this form relates	Identifying number
The Lubrizol Corporation and Subsidiaries	Mfg. and Sales	34-0367600

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See page 2 of the instructions for a higher limit for certain businesses	1	$102,000
2 Total cost of section 179 property placed in service (see page 3 of the instructions)	2	0
3 Threshold cost of section 179 property before reduction in limitation	3	$410,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 3 of the instructions	5	102,000

(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6	0	0
	0	0
7 Listed property. Enter the amount from line 29		0

8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	0
9 Tentative deduction. Enter the **smaller** of line 5 or line 8	9	0
10 Carryover of disallowed deduction from line 13 of your 2003 Form 4562	10	0
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	0
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0
13 Carryover of disallowed deduction to 2005. Add lines 9 and 10, less line 12 ▶	13	0

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see page 3 of the instructions)	14	35,429,026
15 Property subject to section 168(f)(1) election (see page 4 of the instructions)	15	0
16 Other depreciation (including ACRS) (see page 4 of the instructions)	16	307,127

Part III MACRS Depreciation (Do not include listed property.) (See page 5 of the instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2004	17	70,651,762
18 If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2004 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		1,116,072				244,433
b 5-year property		40,868,522				8,249,419
c 7-year property		2,116,580				369,377
d 10-year property		223,828				22,383
e 15-year property		1,149,225				57,913
f 20-year property		23,113				867
g 25-year property		0	25 yrs.		S/L	0
h Residential rental property		0	27.5 yrs.	MM	S/L	0
		0	27.5 yrs.	MM	S/L	0
i Nonresidential real property		6,823,594	39 yrs.	MM	S/L	91,395
		0		MM	S/L	0

Section C - Assets Placed in Service During 2004 Tax Year Using the Alternative Depreciation System

20a Class life		71,000			S/L	7,100
b 12-year		27,817	12 yrs.		S/L	1,159
c 40-year		0	40 yrs.	MM	S/L	0

Part IV Summary (See page 8 of the instructions)

21 Listed property. Enter amount from line 28	21	0
22 **Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	115,431,961
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	0

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See page 9 of the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No — 24b If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see page 8 of the instructions)						25	0	
26 Property used more than 50% in a qualified business use (see page 8 of the instructions):								
		%	0	0			0	0
		%	0	0			0	0
		%	0	0			0	0
27 Property used 50% or less in a qualified business use (see page 8 of the instructions):								
		%	0	0		S/L—	0	
		%	0	0		S/L—	0	
		%	0	0		S/L—	0	
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28	0	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	0

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles - See page 2 of the instructions)	0		0		0		0		0		0	
31 Total commuting miles driven during the year	0		0		0		0		0		0	
32 Total other personal (noncommuting) miles driven	0		0		0		0		0		0	
33 Total miles driven during the year. Add lines 30 through 32	0		0		0		0		0		0	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see page 10 of the instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 10 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See page 10 of the instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2004 tax year (see page 11 of the instructions):					
		0			0
		0			590,135
43 Amortization of costs that began before your 2004 tax year				43	28,366,687
44 Total. Add amounts in column (f). See page 12 of the instructions for where to report				44	28,956,822

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	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION	102,000				
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY	410,000				
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)	0				
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)	102,000				
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8	0				
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5	0				
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11	0				
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR	0				
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	35,429,026	0	35,429,026	24,933,365	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	307,127	0	307,127	163,997	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2004	70,651,762	0	70,651,762	27,034,344	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	1,116,072	0	1,116,072	0	0
B 5-YEAR PROPERTY	40,868,522	0	40,868,522	23,888,003	0
C 7-YEAR PROPERTY	2,116,580	0	2,116,580	352,936	0
D 10-YEAR PROPERTY	223,828	0	223,828	0	0
E 15-YEAR PROPERTY	1,149,225	0	1,149,225	692,426	0
F 20-YEAR PROPERTY	23,113	0	23,113	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
NONRESIDENTIAL REAL PROPERTY - 39 YEARS	6,823,594	0	6,823,594	4,369,380	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	244,433	0	244,433	0	0
B 5-YEAR PROPERTY	8,249,419	0	8,249,419	4,777,601	0
C 7-YEAR PROPERTY	369,377	0	369,377	50,434	0
D 10-YEAR PROPERTY	22,383	0	22,383	0	0
E 15-YEAR PROPERTY	57,913	0	57,913	34,621	0
F 20-YEAR PROPERTY	867	0	867	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	91,395	0	91,395	60,691	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

2004 CONS. FEDERAL 1120 TAX RETURN

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	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
*** FORM 4562 - DEPRECIATION AND AMORTIZATION ***					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	387,673	151,153	347,546	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0	0	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2004	0	510,406	973,522	1,109,249	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	0	0	158,659	292,560	0
C 7-YEAR PROPERTY	0	0	4,595	41,700	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	13,267	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	162,501	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	0	252	31,732	58,512	0
C 7-YEAR PROPERTY	0	55,165	657	5,959	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	663	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	2,203	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

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	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
*** FORM 4562 - DEPRECIATION AND AMORTIZATION ***					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	42,136	0	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0	26,000	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2004	72,067	14,611	0	0	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	0	0	0	0	0
C 7-YEAR PROPERTY	0	0	0	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	2,193	0	0	0	0
C 7-YEAR PROPERTY	4,454	0	0	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

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	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	1,694,204	0	0	0	121,130
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	34,900	82,230	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2004	1,176,557	0	0	0	150,556
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	1,131,942	0	0	0	0
C 7-YEAR PROPERTY	300,232	0	0	0	0
D 10-YEAR PROPERTY	223,828	0	0	0	0
E 15-YEAR PROPERTY	15,090	0	0	0	0
F 20-YEAR PROPERTY	23,113	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	300,424	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	226,388	0	0	0	24,280
C 7-YEAR PROPERTY	42,903	0	0	0	0
D 10-YEAR PROPERTY	22,383	0	0	0	0
E 15-YEAR PROPERTY	755	0	0	0	0
F 20-YEAR PROPERTY	867	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	6,178	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

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	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	6,343,788	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0	0	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2004	0	0	35,016,963	0	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	0	844,661	0	0
B 5-YEAR PROPERTY	0	0	12,248,585	0	0
C 7-YEAR PROPERTY	0	0	1,378,896	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	330,032	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	1,915,041	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	0	156,702	0	0
B 5-YEAR PROPERTY	0	0	2,498,710	0	0
C 7-YEAR PROPERTY	0	0	204,345	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	16,953	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	21,371	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	*0*	*0*	*0*	*0*	*0*
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 *TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5*					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	0	567,588	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0	0	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN *TAX YEARS BEGINNING BEFORE 2004*	*0*	*0*	*0*	1,979,424	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	0	0	0	1,214,336	0
C 7-YEAR PROPERTY	0	0	0	33,447	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	76,588	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	*0*	*0*	*0*	65,337	*0*
I *NONRESIDENTIAL REAL PROPERTY*	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	0	0	0	242,865	0
C 7-YEAR PROPERTY	0	0	0	4,778	0
D 10-YEAR PROPERTY	*0*	*0*	*0*	*0*	*0*
E 15-YEAR PROPERTY	0	0	0	3,830	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0	644	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

LZ Consolidated
Year: 2004

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	735,054	105,389	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0	0	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2004	0	1,852,749	753,967	0	7,347
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	222,950	48,461	0	0
B 5-YEAR PROPERTY	0	1,693,302	241,135	0	0
C 7-YEAR PROPERTY	0	0	4,774	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	21,822	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	10,911	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	71,303	16,428	0	0
B 5-YEAR PROPERTY	0	338,658	48,228	0	0
C 7-YEAR PROPERTY	0	0	682	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	1,091	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	98	210	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

LZ Consolidated
Year: 2004

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
0 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	71,000	0	71,000	0	0
B 12-YEAR	27,817	0	27,817	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	7,100	0	7,100	0	0
B 12-YEAR	1,159	0	1,159	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	115,431,961	0	115,431,961	57,055,053	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	590,135	0	590,135	432,706	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	28,366,687	0	28,366,687	8,369,918	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	28,956,822	0	28,956,822	8,802,624	0

2004 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2004

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	953,496	1,159,267	1,521,929	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	71,827	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	217,090	2,159,736	6,036,507	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	217,090	2,159,736	6,108,334	0

	ECS 88-0191671	Gateway 31-1590777	Lubricant Inve 34-1563459	LZ China 34-1792061	LZ Enterprises 34-1502387
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	120,850	14,611	0	26,000	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	0	0	0	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	0	0	0	0

LZ Consolidated
Year: 2004

	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748	LPS 58-0678914
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	71,000	0	0
B 12-YEAR	0	0	0	27,817	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	7,100	0	0
B 12-YEAR	0	0	0	1,159	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	3,170,235	0	42,000	83,389	295,966
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	85,602	0	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	142,675	0	0	0	50
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	228,277	0	0	0	50

LZ Consolidated
Year: 2004

	MPP Pipeline 76-0412052	Nov Intl Inc 13-4143923	Noveon 13-4143915	Creative Chem 22-2199983	FCC Acquisitn 23-2791891
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	0	44,258,832	0	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	0	5,888,490	22,804	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	0	5,888,490	22,804	0

	Nov China 31-1567152	Nov Diamalt 22-3481037	Nov FCC Inc. 51-0340498	Hilton Davis 95-4071292	Nov Holding 31-1231786
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	0	0	2,799,129	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	0	0	116,619	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	0	0	116,619	0

	Nov IP Holding 52-2310787	Nov Kalama 91-0862423	Nov Textile 56-1767462	Perf Materials 51-0408646	Scher Chem 22-1754737
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	2,998,953	924,904	0	7,347
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER *PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.*	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	5,301,982	63,662	0	0	47,154
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	5,301,982	63,662	0	0	47,154

Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2003 or tax year beginning _____, 2003, ending _____, 20____

▶ Instructions are separate. See page 20 for Paperwork Reduction Act Notice.

OMB No. 1545-0123

2003

1 Check if a: Consolidated return (attach Form 851)	X
2 Personal holding co. (attach Sch. PH)	
3 Personal service corp. (as defined in Regulations sec. 1.441-3(c) — see instructions)	

Use IRS label. Other-wise, print or type.

Name, Number, street, and room or suite no. (If a P.O. box, see page 7 of instructions.) City or town, state, and ZIP code

The Lubrizol Corporation and Subsidiaries
29400 Lakeland Blvd
Wickliffe OH 44092

B Employer identification number: 34-0367600

C Date incorporated: 07/31/1928

D Total assets (see page 8 of instructions): $ 1,265,272,182

E Check applicable boxes: (1) Initial return (2) Final return (3) Name change (4) Address change

Income	1a	Gross receipts or sales: 1,274,403,323	b Less returns and allowances: 16,870,657	c Bal ▶	1c	1,257,532,666
	2	Cost of goods sold (Schedule A, line 8)			2	679,329,636
	3	Gross profit. Subtract line 2 from line 1c			3	578,203,030
	4	Dividends (Schedule C, line 19)			4	160,848,779
	5	Interest			5	11,557,025
	6	Gross rents			6	765,267
	7	Gross royalties			7	38,796,227
	8	Capital gain net income (attach Schedule D (Form 1120))			8	2,207,706
	9	Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)			9	10,574
	10	Other income (see page 9 of instructions–attach schedule) STATEMENT 1			10	169,594,824
	11	Total income. Add lines 3 through 10 ▶			11	961,983,432
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (Schedule E, line 4)			12	5,842,871
	13	Salaries and wages (less employment credits)			13	202,264,159
	14	Repairs and maintenance			14	7,059,082
	15	Bad debts			15	832,457
	16	Rents			16	8,978,253
	17	Taxes and licenses STATEMENT 2			17	29,143,384
	18	Interest			18	33,883,715
	19	Charitable contributions (see page 18 of instructions for limitation)			19	118,580
	20	Depreciation (attach Form 4562)		20: 50,103,490		
	21	Less depreciation claimed on Schedule A and elsewhere on return		21a: 0	21b	50,103,490
	22	Depletion			22	0
	23	Advertising			23	1,737,628
	24	Pension, profit-sharing, etc., plans			24	11,596,041
	25	Employee benefit programs			25	24,707,878
	26	Other deductions (attach schedule) STATEMENT 3			26	383,207,675
	27	Total deductions. Add lines 12 through 26 ▶			27	759,475,213
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11			28	202,508,219
	29	Less: a Net operating loss (NOL) deduction (see page 13 of instructions)		29a: 0		
		b Special deductions (Schedule C, line 20)		29b: 41,889,366	29c	41,889,366
	30	Taxable income. Subtract line 29c from line 28			30	160,618,853
	31	Total tax (Schedule J, line 11)			31	7,559,550
Tax and Payments	32	Payments: a 2002 overpayment credited to 2003	32a: 6,091,711			
		b 2003 estimated tax payments	32b: 11,500,000			
		c Less 2003 refund applied for on Form 4466	32c: (4,500,000)	d Bal ▶ 32d: 13,091,711		
		e Tax deposited with Form 7004		32e: 0		
		f Credit for tax paid on undistributed capital gains (attach Form 2439)		32f: 0		
		g Credit for Federal tax on fuels (attach Form 4136). See instructions		32g: 188,684	32h	13,280,395
	33	Estimated tax penalty (see page 14 of instructions). Check if Form 2220 is attached ▶ ☐			33	0
	34	Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed			34	0
	35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid			35	5,720,845
	36	Enter amount of line 35 you want: Credited to 2004 estimated tax ▶ 0 Refunded ▶			36	5,720,845

RECEIVED
INTERNAL REVENUE SERVICE
SEP 15 2004
SB/SE - COMPLIANCE FIELD
ABEAC OH EXAMINATION
INDEPENDENCE, OHIO

STATEMENT 4

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: Jeffrey A. Vavruska — Date: 9/13/04 — Title: Chief Tax Officer

May the IRS discuss this return with the preparer shown below (see instr.)? ☐ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-employed ☐ | Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code | EIN | Phone no.

Schedule A Cost of Goods Sold (See page 14 of instructions)

1	Inventory at beginning of year	1	115,186,337
2	Purchases	2	679,236,826
3	Cost of labor	3	3,621,500
4	Additional section 263A costs (attach schedule)	4	0
5	Other costs (attach schedule)	5	0
6	Total. Add lines 1 through 5	6	798,044,663
7	Inventory at end of year	7	118,715,027
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1	8	679,329,636

9a Check all methods used for valuing closing inventory:
- (i) [X] Cost as described in Regulations section 1.471-3
- (ii) [ ] Lower of cost or market as described in Regulations section 1.471-4
- (iii) [ ] Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶ [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO — 9d: See sep co rets

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? [X] Yes [ ] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation. [ ] Yes [X] No

Schedule C Dividends and Special Deductions (See instructions beginning on page 15)

		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)	1,130	70	791
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)	0	80	0
3	Dividends on debt-financed stock of domestic and foreign corporations (section 246A)	0	see instructions	0
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	0	42	0
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	0	48	0
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction	0	70	0
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction	0	80	0
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))	0	100	0
9	Total. Add lines 1 through 8. See page 16 of instructions for limitation			791
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	0	100	0
11	Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1))	0	100	0
12	Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3))	41,888,575	100	41,888,575
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11	28,184,998		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)	47,246,212		
15	Foreign dividend gross-up (section 78)	43,527,864		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))	0		
17	Other dividends	0		
18	Deduction for dividends paid on certain preferred stock of public utilities			0
19	Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1 ▶	160,848,779		
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1 ▶			41,889,366

Schedule E Compensation of Officers (See instructions for line 12, page 1, on page 10 of instructions)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are $500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned (d) Common	(e) Preferred	(f) Amount of compensation
1 Available Upon Request		%	%	%	0
		%	%	%	0
		%	%	%	0
		%	%	%	0
		%	%	%	0

2	Total compensation of officers	0
3	Compensation of officers claimed on Schedule A and elsewhere on return	0
4	Subtract line 3 from line 2. Enter the result here and on line 12, page 1	5,842,871

Schedule J Tax Computation (see page 17 of instructions)

1	Check if the corporation is a member of a controlled group (see sections 1561 and 1563) ▶ ☐ Important: Members of a controlled group, see instructions on page 17.				
2a	If the box on line 1 is checked, enter the corporation's share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order): (1) $ 50,000 (2) $ 25,000 (3) $ 9,925,000				
b	Enter the corporation's share of: (1) Additional 5% tax (not more than $11,750) $ 11,750 (2) Additional 3% tax (not more than $100,000) $ 100,000				
3	Income tax. Check if a qualified personal service corporation under section 448(d)(2) (see page 17) ▶ ☐			3	56,216,599
4	Alternative minimum tax (attach Form 4626)			4	0
5	Add lines 3 and 4			5	56,216,599
6a	Foreign tax credit (attach Form 1118)	6a	47,636,377		
b	Possessions tax credit (attach Form 5735)	6b	0		
c	Check: ☐ Nonconventional source fuel credit ☐ QEV credit (attach Form 8834)	6c	0		
d	General business credit. Check box(es) and indicate which forms are attached. ☐ Form 3800 ☒ Form(s) (specify) ▶ Form 6765	6d	1,020,672		
e	Credit for prior year minimum tax (attach Form 8827)	6e	0		
f	Qualified zone academy bond credit (attach Form 8860)	6f	0		
7	**Total credits.** Add lines 6a through 6f			7	48,657,049
8	Subtract line 7 from line 5			8	7,559,550
9	Personal holding company tax (attach Schedule PH (Form 1120))			9	0
10	Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach schedule)			10	0
11	Total tax. Add lines 8 through 10. Enter here and on line 31, page 1			11	7,559,550

Schedule K Other Information (see page 19 of instructions)

		Yes	No
1	Check method of accounting: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ▶		
2	See page 21 of the instructions and enter the:		
a	Business activity code no. ▶ 325900		
b	Business activity ▶ Mfg. and Sales		
c	Product or service ▶ Chemical Additives		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)	X	
	If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?		X
	If "Yes," enter name and EIN of the parent corporation ▶		
5	At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)		X
	If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶		
6	During this tax year, did the corp pay dividends (other than stock dividends and distr in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)		X
	If "Yes," file **Form 5452**, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on **Form 851**, Affiliations Schedule, for each subsidiary.		
7	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation?		X
	If "Yes," enter: (a) Percentage owned ▶ and (b) Owner's country ▶		
c	The corporation may have to file **Form 5472**, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶		
8	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If checked, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments.		
9	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ 75,095		
10	Enter the number of shareholders at the end of the tax year (if 75 or fewer) ▶		
11	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ ☐ If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3)(i) or (ii) must be attached or the election will not be valid.		
12	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ $ 0		
13	Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year **and** its total assets at the end of the tax year less than $250,000?		X
	If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ $ 0		

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120)**, Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Note: The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes."

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash		116,767,698		57,582,152
2a Trade notes and accounts receivable	137,211,706		144,077,036	
b Less allowance for bad debts	(3,665,070)	133,546,636	(1,429,875)	142,647,161
3 Inventories		115,186,337		118,715,027
4 U.S. government obligations		0		0
5 Tax-exempt securities (see instructions)		0		0
6 Other current assets (attach schedule)	STATEMENT 4	10,194,493	STATEMENT 9	7,411,311
7 Loans to shareholders		0		0
8 Mortgage and real estate loans		0		0
9 Other investments (attach schedule)	STATEMENT 5	101,112,819	STATEMENT 10	101,071,356
10a Buildings and other depreciable assets	1,117,539,061		1,166,200,573	
b Less accumulated depreciation	(686,694,933)	430,844,128	(732,491,162)	433,709,411
11a Depletable assets	0		0	
b Less accumulated depletion	(0)	0	(0)	0
12 Land (net of any amortization)		10,175,028		11,237,036
13a Intangible assets (amortizable only)	283,404,275		340,604,355	
b Less accumulated amortization	(87,508,644)	195,895,631	(95,897,051)	244,707,304
14 Other assets (attach schedule)	STATEMENT 6	122,056,065	STATEMENT 11	148,191,424
15 Total assets		1,235,778,835		1,265,272,182
Liabilities and Shareholders' Equity				
16 Accounts payable		72,524,726		73,103,706
17 Mortgages, notes, bonds payable in less than 1 year		0		0
18 Other current liabilities (attach schedule)	STATEMENT 7	115,765,372	STATEMENT 12	123,645,097
19 Loans from shareholders		0		0
20 Mortgages, notes, bonds payable in 1 year or more		384,719,550		381,805,465
21 Other liabilities (attach schedule)	STATEMENT 8	186,396,928	STATEMENT 13	205,011,082
22 Capital stock: a Preferred stock	0		0	
b Common stock	111,605,011	111,605,011	115,713,805	115,713,805
23 Additional paid-in capital		45,143,449		45,679,795
24 Retained earnings-Appropriated (attach schedule)		0		0
25 Retained earnings-Unappropriated		536,646,666		537,194,180
26 Adjustments to shareholders' equity (attach schedule)		0		0
27 Less cost of treasury stock		(217,022,867)		(216,880,948)
28 Total liabilities and shareholders' equity		1,235,778,835		1,265,272,182

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (See page 20 of instructions)

1	Net income (loss) per books	94,595,025	7	Income recorded on books this year not included on this return (itemize): Tax-exempt interest $ 75,095	
2	Federal income tax per books	11,424,538			
3	Excess of capital losses over capital gains	0			
4	Income subject to tax not recorded on books this year (itemize):			STATEMENT 16 2,188,200	2,263,295
	STATEMENT 14	95,487,992	8	Deductions on this return not charged against book income this year (itemize):	
5	Expenses recorded on books this year not deducted on this return (itemize):			a Depreciation $ 0	
a	Depreciation $ 247,904			b Charitable contributions $ 0	
b	Charitable contributions $ 0			0	
c	Travel and entertainment $ 1,143,181				
	0			STATEMENT 17 20,164,874	20,164,874
	STATEMENT 15 22,037,748	23,428,833	9	Add lines 7 and 8	22,428,169
6	Add lines 1 through 5	224,936,388	10	Income (line 28, page 1) – line 6 less line 9	202,508,219

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	536,646,666	5	Distributions: a Cash	95,491,672
2	Net income (loss) per books	94,595,025		b Stock	0
3	Other increases (itemize):			c Property	0
			6	Other decreases (itemize): STATEMENT 19	434,465
	STATEMENT 18	1,878,626	7	Add lines 5 and 6	95,926,137
4	Add lines 1, 2, and 3	633,120,317	8	Balance at end of year (line 4 less line 7)	537,194,180

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Elis 22-3838065
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR. 1	115,186,337	0	115,186,337	81,543,875	0
2 PURCHASES 2	679,236,826	0	679,236,826	532,963,651	0
3 COST OF LABOR 3	3,621,500	0	3,621,500	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	798,044,663	0	798,044,663	614,507,526	0
7 INVENTORY AT END OF YEAR. 7	118,715,027	0	118,715,027	74,374,303	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	679,329,636	0	679,329,636	540,133,223	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR. 1	0	7,239,866	9,805,564	6,775,602	2,434,421
2 PURCHASES 2	0	32,722,338	23,793,613	49,682,546	8,127,682
3 COST OF LABOR 3	0	0	3,621,500	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	0	39,962,204	37,220,677	56,458,148	10,562,103
7 INVENTORY AT END OF YEAR. 7	0	7,783,340	11,979,739	13,803,068	2,592,281
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	0	32,178,864	25,240,938	42,655,080	7,969,822

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459	LZ China 34-1792061
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR. 1	1,533,450	0	0	0	0
2 PURCHASES 2	2,087,227	0	0	0	0
3 COST OF LABOR 3	0	0	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	3,620,677	0	0	0	0
7 INVENTORY AT END OF YEAR. 7	1,042,166	0	0	0	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	2,578,511	0	0	0	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Enterprises 34-1502367	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR 1	0	3,543,854	0	17,000	0
2 PURCHASES 2	0	21,904,591	0	3,576,000	0
3 COST OF LABOR 3	0	0	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE) . . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	0	25,448,445	0	3,593,000	0
7 INVENTORY AT END OF YEAR 7	0	5,446,963	0	23,000	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1) . 8	0	20,001,482	0	3,570,000	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

		LPS 58-0676914	MPP Pipeline 76-0412052
	SCHEDULE A - COST OF GOODS SOLD		
1 INVENTORY AT BEGINNING OF YEAR	1	2,292,705	0
2 PURCHASES	2	4,379,178	0
3 COST OF LABOR	3	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE)	4	0	0
5 OTHER COSTS (ATTACH SCHEDULE)	5	0	0
6 TOTAL - ADD LINES 1 THROUGH 5	6	6,671,883	0
7 INVENTORY AT END OF YEAR	7	1,670,167	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1)	8	5,001,716	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
OTHER INCOME, TAXES AND OTHER DEDUCTIONS					
STATEMENT 1 - FORM 1120, PG 1, LN 10					
LINE 10: OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	1,195,885	0	1,195,885	912,085	0
OTHER MISCELLANEOUS	2,482,396	37,790	2,444,606	989,155	0
REIMB FOR ADMIN-TESTING-RESRCH SVCS	136,376,046	0	136,376,046	41,875,045	0
PROFIT OR LOSS ON INCIDENTAL SALES	(841,753)	0	(841,753)	(841,753)	0
PURCHASE DISCOUNTS	403,212	0	403,212	403,212	0
COMMISSION INCOME	29,979,038	0	29,979,038	0	0
TOTAL	169,594,824	37,790	169,557,034	43,337,744	0
STATEMENT 2 - FORM 1120, PG 1, LN 17					
LINE 17: TAXES					
REAL PROPERTY TAXES	4,751,933	0	4,751,933	4,416,376	0
STATE TAXES BASED ON INCOME	2,367,580	0	2,367,580	1,733,270	0
STATE TAXES BASED ON NET WORTH	311,149	0	311,149	311,149	0
OTHER TAXES	18,520,407	0	18,520,407	15,791,966	0
FOREIGN TAXES	0	(4,177,765)	4,177,765	3,201,519	0
PERSONAL PROPERTY TAXES	3,192,315	0	3,192,315	2,627,830	0
TOTAL	29,143,384	(4,177,765)	33,321,149	28,082,110	0
STATEMENT 3 - FORM 1120, PG 1, LN 26					
LINE 26: OTHER DEDUCTIONS					
OTHER DEDUCTIONS	4,166,835	0	4,166,835	0	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	(1,084,889)	0	(1,084,889)	(1,160,089)	0
ADMIN CHARGES-PENSION/PROFIT SHARING	1,995,366	0	1,995,366	640,043	0
ELECTRICAL SUPPLIES	703,605	0	703,605	703,605	0
PIPE & FITTINGS	1,707,175	0	1,707,175	1,527,730	0
JANITOR SERVICES	1,199,352	0	1,199,352	1,095,064	0
NITROGEN FOR PRODUCTION PROCESSING	2,201,473	0	2,201,473	2,201,473	0
TELEPHONE EXPENSE	1,924,813	0	1,924,813	1,132,947	0
DRUMS & CONTAINERS	558,184	0	558,184	554,184	0
PROCESSING SUPPLIES	750,535	0	750,535	625,188	0
ENGINE FUEL	1,489,876	0	1,489,876	1,481,964	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	2,556,176	0	2,556,176	2,199,445	0
LAUNDRY & DRY CLEANING SERVICES	933,425	0	933,425	795,644	0
COMMEMORATIVE CELEBRATIONS	31,570	0	31,570	31,570	0
ALL OTHER MAINTENANCE SUPPLIES	668,698	0	668,698	619,312	0
ALL OTHER OPERATING SUPPLIES	7,125,228	0	7,125,228	3,478,964	0
ROYALTY EXPENSE	1,478,797	0	1,478,797	814,253	0
COMMISSIONS EXPENSE	24,575,381	0	24,575,381	4,829,242	0
OUTSIDE TESTING SERVICE	67,076,626	0	67,076,626	35,734,637	0
UTILITIES EXPENSE	34,361,002	0	34,361,002	33,829,514	0
INSURANCE EXPENSE	5,141,501	0	5,141,501	4,468,835	0
TRAVEL & ENTERTAINMENT EXPENSE	10,019,453	0	10,019,453	8,493,942	0
MATLS FOR EXPERIMENTAL PRODUCTION	752,854	0	752,854	752,854	0

LZ Consolidated
Year: 2003

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
OTHER INCOME, TAXES AND OTHER DEDUCTIONS					
STATEMENT 1 - FORM 1120, PG 1, LN 10					
LINE 10: OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	0	0	0	0	0
OTHER MISCELLANEOUS	0	250,217	49,189	396,291	111,069
REIMB FOR ADMIN-TESTING-RESRCH SVCS	0	0	0	0	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
COMMISSION INCOME	0	0	0	0	0
TOTAL	0	250,217	49,189	396,291	111,069
STATEMENT 2 - FORM 1120, PG 1, LN 17					
LINE 17: TAXES					
REAL PROPERTY TAXES	0	0	179,176	0	34,670
STATE TAXES BASED ON INCOME	0	189,124	37,424	222,117	148,356
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	0	389,421	476,140	835,191	213,637
FOREIGN TAXES	0	0	0	0	0
PERSONAL PROPERTY TAXES	0	171,069	8	151,647	1,418
TOTAL	0	749,614	692,748	1,208,955	398,081
STATEMENT 3 - FORM 1120, PG 1, LN 26					
LINE 26: OTHER DEDUCTIONS					
OTHER DEDUCTIONS	0	200,483	1,473,917	889,783	158,327
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0	0	0	0
ADMIN CHARGES-PENSION/PROFIT SHARING	0	274,894	0	438,861	433,058
ELECTRICAL SUPPLIES	0	0	0	0	0
PIPE & FITTINGS	0	0	0	0	7,666
JANITOR SERVICES	0	0	55,489	0	0
NITROGEN FOR PRODUCTION PROCESSING	0	0	0	0	0
TELEPHONE EXPENSE	0	101,807	152,747	152,962	39,682
DRUMS & CONTAINERS	0	0	0	0	0
PROCESSING SUPPLIES	0	0	0	0	0
ENGINE FUEL	0	0	0	0	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	0	0	0	255,742	77,989
LAUNDRY & DRY CLEANING SERVICES	0	21,322	40,471	0	38,213
COMMEMORATIVE CELEBRATIONS	0	0	0	0	0
ALL OTHER MAINTENANCE SUPPLIES	0	0	0	0	2,863
ALL OTHER OPERATING SUPPLIES	0	146,558	760,120	2,227,487	38,646
ROYALTY EXPENSE	0	0	0	0	0
COMMISSIONS EXPENSE	0	0	147,115	0	0
OUTSIDE TESTING SERVICE	0	26,321	0	0	0
UTILITIES EXPENSE	0	0	0	1,576	147,800
INSURANCE EXPENSE	0	66,713	55,598	97,054	368,391
TRAVEL & ENTERTAINMENT EXPENSE	0	252,431	74,746	18,551	158,149
MATLS FOR EXPERIMENTAL PRODUCTION	0	0	0	0	0

LZ Consolidated
Year: 2003

	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459	LZ China 34-1792061
OTHER INCOME, TAXES AND OTHER DEDUCTIONS					
STATEMENT 1 - FORM 1120, PG 1, LN 10					
LINE 10: OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	0	0	0	0	0
OTHER MISCELLANEOUS	105,349	0	0	0	0
REIMB FOR ADMIN-TESTING-RESRCH SVCS	0	4,721,517	2,327,970	0	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
COMMISSION INCOME	0	0	0	0	330,000
TOTAL	105,349	4,721,517	2,327,970	0	330,000
STATEMENT 2 - FORM 1120, PG 1, LN 17					
LINE 17: TAXES					
REAL PROPERTY TAXES	0	3,247	0	0	0
STATE TAXES BASED ON INCOME	(147)	29,086	580	0	0
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	69,317	52,995	0	0	0
FOREIGN TAXES	0	0	0	0	37,616
PERSONAL PROPERTY TAXES	5,272	0	0	0	0
TOTAL	74,442	85,328	580	0	37,616
STATEMENT 3 - FORM 1120, PG 1, LN 26					
LINE 26: OTHER DEDUCTIONS					
OTHER DEDUCTIONS	30,552	981,898	0	0	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0	0	0	0
ADMIN CHARGES-PENSION/PROFIT SHARING	63,914	44,135	0	0	0
ELECTRICAL SUPPLIES	0	0	0	0	0
PIPE & FITTINGS	0	0	0	0	0
JANITOR SERVICES	4,319	0	0	0	0
NITROGEN FOR PRODUCTION PROCESSING	0	0	0	0	0
TELEPHONE EXPENSE	16,322	0	0	0	0
DRUMS & CONTAINERS	0	0	0	0	0
PROCESSING SUPPLIES	50,242	0	0	0	0
ENGINE FUEL	0	0	0	0	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	0	0	0	0	0
LAUNDRY & DRY CLEANING SERVICES	0	0	0	0	0
COMMEMORATIVE CELEBRATIONS	0	0	0	0	0
ALL OTHER MAINTENANCE SUPPLIES	0	0	0	0	0
ALL OTHER OPERATING SUPPLIES	71,904	0	0	0	0
ROYALTY EXPENSE	0	0	0	0	0
COMMISSIONS EXPENSE	0	0	0	0	0
OUTSIDE TESTING SERVICE	0	0	0	0	0
UTILITIES EXPENSE	0	0	0	0	0
INSURANCE EXPENSE	7,133	0	0	0	0
TRAVEL & ENTERTAINMENT EXPENSE	4,906	44,287	0	0	0
MATLS FOR EXPERIMENTAL PRODUCTION	0	0	0	0	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
OTHER INCOME, TAXES AND OTHER DEDUCTIONS					
STATEMENT 1 - FORM 1120, PG 1, LN 10					
LINE 10: OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	0	0	0	0	0
OTHER MISCELLANEOUS	(96,657)	63,212	0	256,928	303,436
REIMB FOR ADMIN-TESTING-RESRCH SVCS	0	0	0	85,568,846	1,658,000
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
COMMISSION INCOME	0	0	0	29,117,038	532,000
TOTAL	(96,657)	63,212	0	114,942,812	2,493,436
STATEMENT 2 - FORM 1120, PG 1, LN 17					
LINE 17: TAXES					
REAL PROPERTY TAXES	0	0	0	0	0
STATE TAXES BASED ON INCOME	0	15,069	0	0	0
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	0	383,220	0	1,000	145,000
FOREIGN TAXES	0	0	0	242,799	695,831
PERSONAL PROPERTY TAXES	0	206,489	0	0	26,000
TOTAL	0	604,778	0	243,799	866,831
STATEMENT 3 - FORM 1120, PG 1, LN 26					
LINE 26: OTHER DEDUCTIONS					
OTHER DEDUCTIONS	0	345,956	0	85,919	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0	0	75,200	0
ADMIN CHARGES-PENSION/PROFIT SHARING	0	100,461	0	0	0
ELECTRICAL SUPPLIES	0	0	0	0	0
PIPE & FITTINGS	0	171,779	0	0	0
JANITOR SERVICES	0	44,480	0	0	0
NITROGEN FOR PRODUCTION PROCESSING	0	0	0	0	0
TELEPHONE EXPENSE	0	190,184	0	64,000	33,000
DRUMS & CONTAINERS	0	0	0	0	4,000
PROCESSING SUPPLIES	0	0	0	0	0
ENGINE FUEL	0	0	0	0	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	0	0	0	0	23,000
LAUNDRY & DRY CLEANING SERVICES	0	37,775	0	0	0
COMMEMORATIVE CELEBRATIONS	0	0	0	0	0
ALL OTHER MAINTENANCE SUPPLIES	0	0	0	0	0
ALL OTHER OPERATING SUPPLIES	0	337,956	0	19,684	1
ROYALTY EXPENSE	0	664,544	0	0	0
COMMISSIONS EXPENSE	0	0	0	19,599,024	0
OUTSIDE TESTING SERVICE	0	0	0	31,259,977	0
UTILITIES EXPENSE	0	221,498	0	61,000	42,000
INSURANCE EXPENSE	0	41,678	0	2,000	5,000
TRAVEL & ENTERTAINMENT EXPENSE	0	641,988	0	44,540	172,189
MATLS FOR EXPERIMENTAL PRODUCTION	0	0	0	0	0

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	LPS	MPP Pipeline
	58-0678914	76-0412052

OTHER INCOME, TAXES AND OTHER DEDUCTIONS

STATEMENT 1 - FORM 1120, PG 1, LN 10

LINE 10: OTHER INCOME		
LABOR & SVCS BILLED TO OTHERS	0	283,800
OTHER MISCELLANEOUS	16,417	0
REIMB FOR ADMIN-TESTING-RESRCH SVCS	0	224,668
PROFIT OR LOSS ON INCIDENTAL SALES	0	0
PURCHASE DISCOUNTS	0	0
COMMISSION INCOME	0	0
TOTAL	16,417	508,468

STATEMENT 2 - FORM 1120, PG 1, LN 17

LINE 17: TAXES		
REAL PROPERTY TAXES	84,000	34,464
STATE TAXES BASED ON INCOME	(23,452)	16,153
STATE TAXES BASED ON NET WORTH	0	0
OTHER TAXES	162,520	0
FOREIGN TAXES	0	0
PERSONAL PROPERTY TAXES	2,582	0
TOTAL	225,650	50,617

STATEMENT 3 - FORM 1120, PG 1, LN 26

LINE 26: OTHER DEDUCTIONS		
OTHER DEDUCTIONS	0	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0
ADMIN CHARGES-PENSION/PROFIT SHARING	0	0
ELECTRICAL SUPPLIES	0	0
PIPE & FITTINGS	0	0
JANITOR SERVICES	0	0
NITROGEN FOR PRODUCTION PROCESSING	0	0
TELEPHONE EXPENSE	41,162	0
DRUMS & CONTAINERS	0	0
PROCESSING SUPPLIES	75,105	0
ENGINE FUEL	7,912	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	0	0
LAUNDRY & DRY CLEANING SERVICES	0	0
COMMEMORATIVE CELEBRATIONS	0	0
ALL OTHER MAINTENANCE SUPPLIES	46,523	0
ALL OTHER OPERATING SUPPLIES	32,703	11,205
ROYALTY EXPENSE	0	0
COMMISSIONS EXPENSE	0	0
OUTSIDE TESTING SERVICE	55,691	0
UTILITIES EXPENSE	57,614	0
INSURANCE EXPENSE	29,099	0
TRAVEL & ENTERTAINMENT EXPENSE	113,724	0
MATLS FOR EXPERIMENTAL PRODUCTION	0	0

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LZ Consolidated
Year: 2003

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
ENGINE TEST PARTS/SUPPLIES	4,302,421	0	4,302,421	4,302,421	0
DATA PROC/PRINTING/OFFICE SUPPLIES	2,693,522	0	2,693,522	2,021,938	0
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	1,199,094	0	1,199,094	972,477	0
LUMBER/PAINT/PERISHABLE TOOLS	414,069	0	414,069	413,279	0
REPAIR PARTS AND SUPPLIES	6,966,218	0	6,966,218	6,963,634	0
CONSULTING EXPENSE	10,797,924	0	10,797,924	10,329,003	0
PATENT EXPENSE	3,659,212	0	3,659,212	3,659,212	0
MAINTENANCE EXPENSE	3,370,176	0	3,370,176	3,370,176	0
WASTE PRODUCT DISPOSAL EXPENSES	5,044,268	0	5,044,268	4,156,751	0
FREIGHT/EXPRESS/PARCEL POST	2,630,163	0	2,630,163	1,814,735	0
STOCKHOLDER/PUBLIC RELATIONS	644,514	0	644,514	643,555	0
DUES AND SUBSCRIPTIONS	1,669,635	0	1,669,635	1,512,090	0
ALL OTHER OUTSIDE SERVICES	127,449,580	0	127,449,580	67,047,889	0
OTHER OPERATING/NONOPERATING	16,872,965	0	16,872,965	13,781,088	0
AMORTIZATION	15,166,855	0	15,166,855	9,130,662	0
EXTRATERRITORIAL INCOME EXCLUSION	9,994,023	0	9,994,023	9,994,023	0
TOTAL	383,207,675	0	383,207,675	244,963,254	0

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
ENGINE TEST PARTS/SUPPLIES	0	0	0	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	0	65,066	172,240	120,613	0
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	0	8,589	34,257	152,912	0
LUMBER/PAINT/PERISHABLE TOOLS	0	0	790	0	0
REPAIR PARTS AND SUPPLIES	0	0	0	0	0
CONSULTING EXPENSE	0	32,773	9,639	29,450	43,666
PATENT EXPENSE	0	0	0	0	0
MAINTENANCE EXPENSE	0	0	0	0	0
WASTE PRODUCT DISPOSAL EXPENSES	0	0	0	170,437	170,349
FREIGHT/EXPRESS/PARCEL POST	0	2,746	38,869	123,764	361,339
STOCKHOLDER/PUBLIC RELATIONS	0	959	0	0	0
DUES AND SUBSCRIPTIONS	0	23,398	22,314	24,717	43,472
ALL OTHER OUTSIDE SERVICES	0	200,126	573,216	922,931	177,008
OTHER OPERATING/NONOPERATING	0	487,383	276,468	1,054,481	71,675
AMORTIZATION	0	217,090	2,176,292	3,307,671	198,704
EXTRATERRITORIAL INCOME EXCLUSION	0	0	0	0	0
TOTAL	0	2,128,659	6,064,288	9,988,992	2,536,997

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	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459	LZ China 34-1792061
ENGINE TEST PARTS/SUPPLIES	0	0	0	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	4,477	0	0	0	0
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	1,264	0	0	0	0
LUMBER/PAINT/PERISHABLE TOOLS	0	0	0	0	0
REPAIR PARTS AND SUPPLIES	0	0	0	0	0
CONSULTING EXPENSE	500	0	7,000	0	4,000
PATENT EXPENSE	0	0	0	0	0
MAINTENANCE EXPENSE	0	0	0	0	0
WASTE PRODUCT DISPOSAL EXPENSES	4,567	0	0	0	0
FREIGHT/EXPRESS/PARCEL POST	166,994	0	0	0	0
STOCKHOLDER/PUBLIC RELATIONS	0	0	0	0	0
DUES AND SUBSCRIPTIONS	1,825	0	0	0	0
ALL OTHER OUTSIDE SERVICES	64,747	0	0	0	0
OTHER OPERATING/NONOPERATING	2,624	716,505	20,237	0	0
AMORTIZATION	0	5,004	53,620	0	0
EXTRATERRITORIAL INCOME EXCLUSION	0	0	0	0	0
TOTAL	496,290	1,791,829	80,857	0	4,000

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
ENGINE TEST PARTS/SUPPLIES	0	0	0	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	0	236,673	0	4,000	5,000
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	0	25,540	0	0	1,000
LUMBER/PAINT/PERISHABLE TOOLS	0	0	0	0	0
REPAIR PARTS AND SUPPLIES	0	0	0	0	0
CONSULTING EXPENSE	0	177,710	0	131,183	33,000
PATENT EXPENSE	0	0	0	0	0
MAINTENANCE EXPENSE	0	0	0	0	0
WASTE PRODUCT DISPOSAL EXPENSES	0	542,664	0	0	0
FREIGHT/EXPRESS/PARCEL POST	0	23,058	0	2,000	19,000
STOCKHOLDER/PUBLIC RELATIONS	0	0	0	0	0
DUES AND SUBSCRIPTIONS	0	32,817	0	2,000	0
ALL OTHER OUTSIDE SERVICES	0	2,969,025	0	55,186,598	231,000
OTHER OPERATING/NONOPERATING	0	328,961	0	27,700	28,000
AMORTIZATION	0	77,230	0	0	0
EXTRATERRITORIAL INCOME EXCLUSION	0	0	0	0	0
TOTAL	0	7,211,977	0	106,564,825	596,190

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LZ Consolidated
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	LPS 58-0678914	MPP Pipeline 76-0412052
ENGINE TEST PARTS/SUPPLIES	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	63,515	0
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	3,055	0
LUMBER/PAINT/PERISHABLE TOOLS	0	0
REPAIR PARTS AND SUPPLIES	2,584	0
CONSULTING EXPENSE	0	0
PATENT EXPENSE	0	0
MAINTENANCE EXPENSE	0	0
WASTE PRODUCT DISPOSAL EXPENSES	(500)	0
FREIGHT/EXPRESS/PARCEL POST	77,658	0
STOCKHOLDER/PUBLIC RELATIONS	0	0
DUES AND SUBSCRIPTIONS	7,002	0
ALL OTHER OUTSIDE SERVICES	77,040	0
OTHER OPERATING/NONOPERATING	5,176	72,667
AMORTIZATION	582	0
EXTRATERRITORIAL INCOME EXCLUSION	0	0
TOTAL	695,645	83,872

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LZ Consolidated
Year: 2003

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	116,767,698	(449)	116,768,147	115,619,777	449
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	137,211,706	0	137,211,706	107,305,565	0
(B) LESS ALLOWANCE FOR BAD DEBTS	3,665,070	0	3,665,070	3,309,371	0
NET TRADE RECEIVABLES	133,546,636	0	133,546,636	103,996,194	0
3 INVENTORIES	115,186,337	0	115,186,337	81,543,875	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	10,194,493	0	10,194,493	9,564,496	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	101,112,819	(962,327,221)	1,063,440,040	363,236,280	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	1,117,539,061	0	1,117,539,061	1,057,466,866	0
(B) LESS ACCUMULATED DEPRECIATION	686,694,933	0	686,694,933	676,024,233	0
NET DEPRECIABLE ASSETS	430,844,128	0	430,844,128	381,442,633	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	10,175,028	0	10,175,028	7,481,136	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	283,404,275	0	283,404,275	147,814,964	0
(B) LESS ACCUMULATED AMORTIZATION	87,508,644	0	87,508,644	58,864,070	0
NET INTANGIBLE ASSETS	195,895,631	0	195,895,631	88,950,894	0
14 OTHER ASSETS (ATTACH SCHEDULE)	122,056,065	(1,490,863,176)	1,612,919,241	769,387,261	10,000
15 TOTAL ASSETS	1,235,778,835	(2,453,190,846)	3,688,969,681	1,921,222,546	10,449
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	72,524,726	0	72,524,726	57,577,157	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	115,765,372	39,898	115,725,474	99,917,069	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	384,719,550	0	384,719,550	384,537,085	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	186,396,928	(1,490,903,519)	1,677,300,447	1,423,135,361	449
22 CAPITAL STOCK: A PREFERRED	0	(500,000)	500,000	0	0
B COMMON	111,605,011	(55,586,041)	167,191,052	111,605,011	1,000
TOTAL CAPITAL STOCK	111,605,011	(56,086,041)	167,691,052	111,605,011	1,000
23 PAID-IN OR CAPITAL SURPLUS	45,143,449	(901,371,384)	946,514,833	45,143,449	9,000
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	536,646,666	(4,869,800)	541,516,466	16,330,281	0
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
LESS COST OF TREASURY STOCK	217,022,867	0	217,022,867	217,022,867	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,235,778,835	(2,453,190,846)	3,688,969,681	1,921,222,546	10,449

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	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
*** SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR ***					
ASSETS					
1 CASH	0	295,117	0	0	553,027
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	7,494,141	5,854,761	7,616,580	1,670,565
(B) LESS ALLOWANCE FOR BAD DEBTS	0	20,733	100,000	150,000	36,741
NET TRADE RECEIVABLES	0	7,473,408	5,754,761	7,466,580	1,633,824
3 INVENTORIES	0	7,239,866	9,805,564	6,775,602	2,434,421
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	(69,907)	198,705	219,336	124,302
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	0	0	10,000
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	9,416,246	12,844,985	7,598,515	7,730,725
(B) LESS ACCUMULATED DEPRECIATION	0	1,964,282	2,641,166	468,956	82,017
NET DEPRECIABLE ASSETS	0	7,451,964	10,203,819	7,129,559	7,648,708
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	323,993	458,059	0	707,000
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	19,881,785	32,733,960	35,929,107	3,097,948
(B) LESS ACCUMULATED AMORTIZATION	0	7,898,479	7,948,903	1,026,773	10,823
NET INTANGIBLE ASSETS	0	11,983,306	24,785,057	34,902,334	3,087,125
14 OTHER ASSETS (ATTACH SCHEDULE)	13,819,023	576,356,535	(4)	598,994	132,136
15 TOTAL ASSETS	13,819,023	611,054,282	51,205,961	57,092,405	16,330,543
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	1,849,454	2,233,967	4,889,593	1,325,150
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	269,501	7,657,509	571,695	2,127,059	106,670
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	139,105	16,083
21 OTHER LIABILITIES (ATTACH SCHEDULE)	0	309,688	44,799,469	47,418,623	341,943
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	15,100	24,463,356	10,000	1,000	0
TOTAL CAPITAL STOCK	15,100	24,463,356	10,000	1,000	0
23 PAID-IN OR CAPITAL SURPLUS	5,556,019	568,588,025	0	0	14,535,906
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	7,978,403	8,186,250	3,590,830	2,517,025	4,791
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	13,819,023	611,054,282	51,205,961	57,092,405	16,330,543

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	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459	LZ China 34-1792061
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	200	0	0	0	31,000
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	432,382	0	0	0	0
(B) LESS ALLOWANCE FOR BAD DEBTS	8,000	0	0	0	0
NET TRADE RECEIVABLES	424,382	0	0	0	0
3 INVENTORIES	1,533,450	0	0	0	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	2,800	5,509	100,882	0	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	0	57,407	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	1,328,768	1,515,868	7,755,434	0	327,000
(B) LESS ACCUMULATED DEPRECIATION	928,886	555,657	199,257	0	263,000
NET DEPRECIABLE ASSETS	399,882	960,211	7,556,177	0	64,000
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	49,613	509,214	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	12,151,327	10,106,839	0	0
(B) LESS ACCUMULATED AMORTIZATION	0	2,938,683	99,000	0	0
NET INTANGIBLE ASSETS	0	9,212,644	10,007,839	0	0
14 OTHER ASSETS (ATTACH SCHEDULE)	17,975	7,978,382	19,172	0	54,000
15 TOTAL ASSETS	2,378,689	18,206,359	18,193,284	57,407	149,000
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	200,746	0	288,376	0	17,000
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	14,660	930,376	163,503	0	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	1,304,646	(80,027)	9,293,317	0	57,000
22 CAPITAL STOCK: A PREFERRED	0	500,000	0	0	0
B COMMON	2,389,970	107,000	0	1,000	1,000
TOTAL CAPITAL STOCK	2,389,970	607,000	0	1,000	1,000
23 PAID-IN OR CAPITAL SURPLUS	0	12,962,043	8,404,391	56,407	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	(1,531,333)	3,786,967	43,697	0	74,000
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,378,689	18,206,359	18,193,284	57,407	149,000

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	149	3,328	0	265,000	100
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	5,031,777	0	216,000	11,641
(B) LESS ALLOWANCE FOR BAD DEBTS	0	11,000	0	0	0
NET TRADE RECEIVABLES	0	5,020,777	0	216,000	11,641
3 INVENTORIES	0	3,543,854	0	17,000	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	16,800	0	8,000	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	704,814	8,404,392	60,676	0	690,966,471
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	4,199,547	0	367,000	0
(B) LESS ACCUMULATED DEPRECIATION	0	390,396	0	211,000	0
NET DEPRECIABLE ASSETS	0	3,809,151	0	156,000	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	80,000	0	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	11,830,832	0	0	1,894,000
(B) LESS ACCUMULATED AMORTIZATION	0	769,696	0	0	0
NET INTANGIBLE ASSETS	0	11,061,136	0	0	1,894,000
14 OTHER ASSETS (ATTACH SCHEDULE)	1,588,360	6,291,301	329,764	139,727,032	80,170,951
15 TOTAL ASSETS	2,293,323	38,230,739	390,440	140,389,032	773,043,163
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	2,299,628	0	1,458,541	42,000
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	0	1,103,166	0	2,570,360	(274,428)
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	27,277	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	(24,007)	19,706,772	0	112,997,714	14,350,031
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	25,799,780	79,835	1,000	100,000	2,500
TOTAL CAPITAL STOCK	25,799,780	79,835	1,000	100,000	2,500
23 PAID-IN OR CAPITAL SURPLUS	0	15,220,165	1,000,000	0	266,064,816
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	(23,482,450)	(206,104)	(610,560)	23,262,417	492,858,244
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,293,323	38,230,739	390,440	140,389,032	773,043,163

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LPS 58-0678914	MPP Pipeline 76-0412052
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR		
ASSETS		
1 CASH	0	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	1,578,294	0
(B) LESS ALLOWANCE FOR BAD DEBTS	29,225	0
NET TRADE RECEIVABLES	1,549,069	0
3 INVENTORIES	2,292,705	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	23,570	0
7 LOANS TO STOCKHOLDERS	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	4,414,107	2,574,000
(B) LESS ACCUMULATED DEPRECIATION	1,936,483	1,029,600
NET DEPRECIABLE ASSETS	2,477,624	1,544,400
11(A) DEPLETABLE ASSETS	0	0
(B) LESS ACCUMULATED DEPLETION	0	0
NET DEPLETABLE ASSETS	0	0
12 LAND (NET OF ANY AMORTIZATION)	566,013	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	7,963,513	0
(B) LESS ACCUMULATED AMORTIZATION	7,952,217	0
NET INTANGIBLE ASSETS	11,296	0
14 OTHER ASSETS (ATTACH SCHEDULE)	7,326,298	9,112,061
15 TOTAL ASSETS	14,246,575	10,656,461
LIABILITIES AND STOCKHOLDERS' EQUITY		
16 ACCOUNTS PAYABLE	323,114	20,000
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	180,134	388,200
19 LOANS FROM STOCKHOLDERS	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	138,557	3,550,911
22 CAPITAL STOCK: A PREFERRED	0	0
B COMMON	39,500	2,574,000
TOTAL CAPITAL STOCK	39,500	2,574,000
23 PAID-IN OR CAPITAL SURPLUS	8,974,612	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	4,590,658	4,123,350
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0
LESS COST OF TREASURY STOCK	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	14,246,575	10,656,461

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	57,582,152	0	57,582,152	56,255,287	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	144,077,036	0	144,077,036	103,362,390	0
(B) LESS ALLOWANCE FOR BAD DEBTS	1,429,875	0	1,429,875	991,471	0
NET TRADE RECEIVABLES	142,647,161	0	142,647,161	102,370,919	0
3 INVENTORIES	118,715,027	0	118,715,027	74,374,303	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	7,411,311	0	7,411,311	6,787,148	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	101,071,356	(954,192,330)	1,055,263,686	363,273,185	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	1,166,200,573	0	1,166,200,573	1,094,535,594	0
(B) LESS ACCUMULATED DEPRECIATION	732,491,162	0	732,491,162	717,175,242	0
NET DEPRECIABLE ASSETS	433,709,411	0	433,709,411	377,360,352	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	11,237,036	0	11,237,036	7,481,136	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	340,604,355	0	340,604,355	152,492,359	0
(B) LESS ACCUMULATED AMORTIZATION	95,897,051	0	95,897,051	67,849,124	0
NET INTANGIBLE ASSETS	244,707,304	0	244,707,304	84,643,235	0
14 OTHER ASSETS (ATTACH SCHEDULE)	148,191,424	(1,642,523,974)	1,790,715,398	886,347,941	10,000
15 TOTAL ASSETS	1,265,272,182	(2,596,716,304)	3,861,988,486	1,958,893,506	10,000
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	73,103,706	0	73,103,706	50,510,355	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	123,645,097	0	123,645,097	105,675,825	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	381,805,465	0	381,805,465	381,805,465	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	205,011,082	(1,642,793,470)	1,847,804,552	1,475,795,594	0
22 CAPITAL STOCK: A PREFERRED	0	(500,000)	500,000	0	0
B COMMON	115,713,805	(55,586,041)	171,299,846	115,713,805	1,000
TOTAL CAPITAL STOCK	115,713,805	(56,086,041)	171,799,846	115,713,805	1,000
23 PAID-IN OR CAPITAL SURPLUS	45,679,795	(892,966,993)	938,646,788	45,679,795	9,000
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
RETAINED EARNINGS-UNAPPROPRIATED	537,194,180	(4,869,800)	542,063,980	593,615	0
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
LESS COST OF TREASURY STOCK	216,880,948	0	216,880,948	216,880,948	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,265,272,182	(2,596,716,304)	3,861,988,486	1,958,893,506	10,000

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LZ Consolidated
Year: 2003

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	0	329,112	0	0	25,847
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	8,781,252	5,755,150	15,910,034	1,657,585
(B) LESS ALLOWANCE FOR BAD DEBTS	0	30,082	115,000	100,000	22,920
NET TRADE RECEIVABLES	0	8,751,170	5,640,150	15,810,034	1,634,665
3 INVENTORIES	0	7,783,340	11,979,739	13,803,068	2,592,281
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	(156,983)	267,695	97,729	36,229
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	0	0	10,000
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	9,720,251	14,235,138	9,804,717	7,929,014
(B) LESS ACCUMULATED DEPRECIATION	0	2,572,046	3,715,997	1,173,993	593,193
NET DEPRECIABLE ASSETS	0	7,148,205	10,519,141	8,630,724	7,335,821
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	323,993	458,059	800,356	707,000
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	19,985,273	32,736,460	87,615,979	2,988,139
(B) LESS ACCUMULATED AMORTIZATION	0	7,936,207	7,995,395	215,708	75,755
NET INTANGIBLE ASSETS	0	12,049,066	24,741,065	87,400,271	2,912,384
14 OTHER ASSETS (ATTACH SCHEDULE)	14,319,526	577,857,098	1	1,888,079	3,791,376
15 TOTAL ASSETS	14,319,526	614,085,001	53,605,850	128,430,261	19,045,603
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	2,101,843	2,056,740	9,284,301	1,497,822
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	269,501	7,607,328	(76,587)	3,875,773	847,570
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	0	340,659	48,019,919	108,104,050	481,490
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	15,100	24,463,356	10,000	1,000	0
TOTAL CAPITAL STOCK	15,100	24,463,356	10,000	1,000	0
23 PAID-IN OR CAPITAL SURPLUS	5,556,019	568,588,025	0	0	14,535,906
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	8,478,906	10,983,790	3,595,778	7,165,137	1,682,815
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	14,319,526	614,085,001	53,605,850	128,430,261	19,045,603

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459	LZ China 34-1792061
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	200	0	0	0	41,000
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	1,228,706	0	0	0	0
(B) LESS ALLOWANCE FOR BAD DEBTS	24,360	0	0	0	0
NET TRADE RECEIVABLES	1,204,346	0	0	0	0
3 INVENTORIES	1,042,166	0	0	0	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	27,682	1,314	0	0	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	0	57,407	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	1,380,188	542,544	0	0	327,000
(B) LESS ACCUMULATED DEPRECIATION	1,015,092	223,346	0	0	290,000
NET DEPRECIABLE ASSETS	365,096	319,198	0	0	37,000
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	49,613	0	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	11,977,423	0	0	0
(B) LESS ACCUMULATED AMORTIZATION	0	2,769,783	0	0	0
NET INTANGIBLE ASSETS	0	9,207,640	0	0	0
14 OTHER ASSETS (ATTACH SCHEDULE)	13,983	11,055,994	0	0	311,000
15 TOTAL ASSETS	2,653,473	20,633,759	0	57,407	389,000
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	191,938	2,148,225	0	0	17,000
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	21,786	400,134	0	0	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	1,695,200	(39,963)	0	0	297,000
22 CAPITAL STOCK: A PREFERRED	0	500,000	0	0	0
B COMMON	2,389,970	107,000	0	1,000	1,000
TOTAL CAPITAL STOCK	2,389,970	607,000	0	1,000	1,000
23 PAID-IN OR CAPITAL SURPLUS	0	12,962,043	0	56,407	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	(1,645,421)	4,556,320	0	0	74,000
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,653,473	20,633,759	0	57,407	389,000

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	149	465,252	0	221,000	244,305
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	5,410,498	0	321,000	20,641
(B) LESS ALLOWANCE FOR BAD DEBTS	0	11,044	0	0	0
NET TRADE RECEIVABLES	0	5,399,454	0	321,000	20,641
3 INVENTORIES	0	5,446,963	0	23,000	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	249,158	0	8,000	15,000
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	626,446	0	60,676	0	691,235,972
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	18,074,073	0	373,000	1,926,000
(B) LESS ACCUMULATED DEPRECIATION	0	2,179,586	0	250,000	16,000
NET DEPRECIABLE ASSETS	0	15,894,487	0	123,000	1,910,000
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	850,866	0	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	22,744,209	0	0	2,101,000
(B) LESS ACCUMULATED AMORTIZATION	0	1,100,716	0	0	0
NET INTANGIBLE ASSETS	0	21,643,493	0	0	2,101,000
14 OTHER ASSETS (ATTACH SCHEDULE)	1,641,698	87,213	329,764	195,578,755	79,702,585
15 TOTAL ASSETS	2,268,293	50,036,886	390,440	196,274,755	775,229,503
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	3,789,603	0	1,132,276	134,000
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	680	1,240,771	0	2,994,978	28,518
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	(1)	29,439,427	0	163,634,734	15,861,527
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	25,799,780	79,835	1,000	100,000	2,500
TOTAL CAPITAL STOCK	25,799,780	79,835	1,000	100,000	2,500
23 PAID-IN OR CAPITAL SURPLUS	0	15,220,165	1,000,000	0	266,064,816
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	(23,532,166)	267,085	(610,560)	28,412,767	493,138,142
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,268,293	50,036,886	390,440	196,274,755	775,229,503

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LPS 58-0678914	MPP Pipeline 76-0412052
SCHEDULE L - BALANCE SHEET, END OF YEAR		
ASSETS		
1 CASH	0	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	1,629,780	0
(B) LESS ALLOWANCE FOR BAD DEBTS	134,998	0
NET TRADE RECEIVABLES	1,494,782	0
3 INVENTORIES	1,670,167	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	78,339	0
7 LOANS TO STOCKHOLDERS	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	4,779,054	2,574,000
(B) LESS ACCUMULATED DEPRECIATION	2,128,642	1,158,025
NET DEPRECIABLE ASSETS	2,650,412	1,415,975
11(A) DEPLETABLE ASSETS	0	0
(B) LESS ACCUMULATED DEPLETION	0	0
NET DEPLETABLE ASSETS	0	0
12 LAND (NET OF ANY AMORTIZATION)	566,013	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	7,963,513	0
(B) LESS ACCUMULATED AMORTIZATION	7,954,363	0
NET INTANGIBLE ASSETS	9,150	0
14 OTHER ASSETS (ATTACH SCHEDULE)	8,159,856	9,620,529
15 TOTAL ASSETS	14,628,719	11,036,504
LIABILITIES AND STOCKHOLDERS' EQUITY		
16 ACCOUNTS PAYABLE	239,603	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	575,908	182,912
19 LOANS FROM STOCKHOLDERS	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	178,284	3,996,632
22 CAPITAL STOCK: A PREFERRED	0	0
B COMMON	39,500	2,574,000
TOTAL CAPITAL STOCK	39,500	2,574,000
23 PAID-IN OR CAPITAL SURPLUS	8,974,612	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0
RETAINED EARNINGS-UNAPPROPRIATED	4,620,812	4,282,960
ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0
LESS COST OF TREASURY STOCK	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	14,628,719	11,036,504

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
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SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET

STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	4,547,711	0	4,547,711	4,159,988	0
DEFERRED FIT - CURRENT	5,646,782	0	5,646,782	5,404,508	0
TOTAL	10,194,493	0	10,194,493	9,564,496	0

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG

LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	(100,000)	100,000	100,000	0
INVEST IN LZ OVERSEAS TRADING CORP	0	(266,067,315)	266,067,315	266,067,315	0
INVEST IN GATE CITY	0	(11,385,021)	11,385,021	11,385,021	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	(25,799,780)	25,799,780	25,799,780	0
INVEST IN LZ SERVICIOS TECNICOS	76,000	0	76,000	76,000	0
INVEST IN LUBRICANT INVESTMENTS	0	(57,407)	57,407	57,407	0
INVEST IN MPP PIPELINE CORP	0	(2,574,000)	2,574,000	2,574,000	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	(13,569,043)	13,569,043	13,569,043	0
INVEST IN AGC HOLDINGS, INC.	0	(8,070,006)	8,070,006	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	28,965,340	0	28,965,340	0	0
INVEST IN LUBRIZOL CANADA	6,454,433	0	6,454,433	0	0
INVEST IN LUBRIZOL CHINA	0	(1,000)	1,000	0	0
INVEST IN LUBRIZOL GESMBH	26,900	0	26,900	0	0
INVEST IN LZ DE MEXICO COMERCIAL	6,754	0	6,754	0	0
INVEST IN LUBRIZOL JAPAN	10,207,912	0	10,207,912	0	0
INVEST IN CPI ENGINEERING SERVICES	0	(593,051,381)	593,051,381	0	0
INVEST IN LZ DO BRASIL ADITIVOS	10,425,015	0	10,425,015	0	0
INVEST IN EUROPE B.V.	33,557,730	0	33,557,730	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	(10,000)	10,000	10,000	0
INVEST IN LZ INDIA LTD.	5,502,000	0	5,502,000	5,502,000	0
INVEST IN INDUSTRIAS LUBRIZOL	656,897	0	656,897	656,897	0
INVEST IN LZ TRANSARABIA	4,210,941	0	4,210,941	4,210,941	0
INVEST IN SHANGHAI LZ INT'L	200,000	0	200,000	0	0
INVEST IN LZ VENEZUELA	57,407	0	57,407	0	0
INVEST IN EX AIR	0	(2,389,970)	2,389,970	2,389,970	0
INVEST IN LZ INTERAMERICAS CORP	0	(1,001,000)	1,001,000	1,001,000	0
INVEST IN ROSS CHEMICAL	0	(15,300,000)	15,300,000	15,300,000	0
INVEST IN CHEMCONNECT	60,676	0	60,676	0	0
INVEST IN CHEMRON	0	(1,000)	1,000	1,000	0
INVEST IN DOCK RESINS	0	(14,535,906)	14,535,906	14,535,906	0
INVEST IN KABO	0	(8,404,392)	8,404,392	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	(10,000)	10,000	0	0
OTHER INVEST-ORIEN II	44,402	0	44,402	0	0
OTHER INVEST-AMT VENTURE	213,444	0	213,444	0	0
OTHER INVEST-AMT II	441,552	0	441,552	0	0
OTHER INVEST-MATERIA VENTURE	5,416	0	5,416	0	0
TOTAL	101,112,819	(962,327,221)	1,063,440,040	363,236,280	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ARC	CPI	Carroll Scient	Chemron	Dock Resins
	84-0844576	38-2050864	34-1868206	34-1938280	22-1454795

SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET

STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG

LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	61,451	200,636	117,636
DEFERRED FIT - CURRENT	0	(69,907)	137,254	18,700	6,666
TOTAL	0	(69,907)	198,705	219,336	124,302

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG

LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN KABO	0	0	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	10,000
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
OTHER INVEST-MATERIA VENTURE	0	0	0	0	0
TOTAL	0	0	0	0	10,000

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459	LZ China 34-1792061
SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET					
STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG					
LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	0	0	0
DEFERRED FIT - CURRENT	2,800	5,509	100,882	0	0
TOTAL	2,800	5,509	100,882	0	0
STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG					
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	57,407	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN KABO	0	0	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
OTHER INVEST-MATERIA VENTURE	0	0	0	0	0
TOTAL	0	0	0	57,407	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748

SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET

STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG

LINE 6: OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	0	8,000	0
DEFERRED FIT - CURRENT	0	16,800	0	0	0
TOTAL	0	16,800	0	8,000	0

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG

LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	8,070,006
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	28,965,340
INVEST IN LUBRIZOL CANADA	0	0	0	0	6,454,433
INVEST IN LUBRIZOL CHINA	0	0	0	0	1,000
INVEST IN LUBRIZOL GESMBH	0	0	0	0	26,900
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	6,754
INVEST IN LUBRIZOL JAPAN	0	0	0	0	10,207,912
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	593,051,381
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	10,425,015
INVEST IN EUROPE B.V.	0	0	0	0	33,557,730
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	200,000
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	60,676	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN KABO	0	8,404,392	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	0
OTHER INVEST-ORIEN II	44,402	0	0	0	0
OTHER INVEST-AMT VENTURE	213,444	0	0	0	0
OTHER INVEST-AMT II	441,552	0	0	0	0
OTHER INVEST-MATERIA VENTURE	5,416	0	0	0	0
TOTAL	704,814	8,404,392	60,676	0	690,966,471

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LPS	MPP Pipeline
	58-0678914	76-0412052

SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET

STATEMENT 4 - FORM 1120, PG 4, SCH L, LN 6, BEG

LINE 6: OTHER CURRENT ASSETS		
OTHER CURRENT ASSETS	0	0
DEFERRED FIT - CURRENT	23,570	0
TOTAL	23,570	0

STATEMENT 5 - FORM 1120, PG 4, SCH L, LN 9, BEG

LINE 9: OTHER INVESTMENTS		
INVEST IN LZ INTL MANAGEMENT CORP	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0
INVEST IN GATE CITY	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0
INVEST IN MPP PIPELINE CORP	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0
INVEST IN AGC HOLDINGS, INC.	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0
INVEST IN LUBRIZOL CANADA	0	0
INVEST IN LUBRIZOL CHINA	0	0
INVEST IN LUBRIZOL GESMBH	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0
INVEST IN LUBRIZOL JAPAN	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0
INVEST IN EUROPE B.V.	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0
INVEST IN LZ INDIA LTD.	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0
INVEST IN LZ TRANSARABIA	0	0
INVEST IN SHANGHAI LZ INT'L	0	0
INVEST IN LZ VENEZUELA	0	0
INVEST IN EX AIR	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0
INVEST IN ROSS CHEMICAL	0	0
INVEST IN CHEMCONNECT	0	0
INVEST IN CHEMRON	0	0
INVEST IN DOCK RESINS	0	0
INVEST IN KABO	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0
OTHER INVEST-ORIEN II	0	0
OTHER INVEST-AMT VENTURE	0	0
OTHER INVEST-AMT II	0	0
OTHER INVEST-MATERIA VENTURE	0	0
TOTAL	0	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG					
LINE 14: OTHER ASSETS					
OTHER ASSETS	512,988	0	512,988	0	0
TRAVEL ADVANCES	(95,295)	0	(95,295)	(120,875)	0
DEPOSITS AND PREPAID EXPENSES	10,719,542	0	10,719,542	10,411,323	10,000
DEFERRED PENSION COSTS	874,756	0	874,756	874,756	0
NONCURRENT DEPOSITS	11,481,584	0	11,481,584	10,994,748	0
PREPAID INSURANCE	2,855,867	0	2,855,867	2,699,085	0
DEFERRED OHIO PERSONAL PROPERTY TAX	2,700,000	0	2,700,000	2,700,000	0
PATENTS & TRADEMARKS	1	0	1	1	0
PREPAID PENSION	8,869,239	0	8,869,239	8,869,239	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	62,409,038	(657,191,872)	719,600,910	96,529,363	0
AFFILIATE NOTES & ACCTS RECEIVABLE	3,835,827	0	3,835,827	3,835,827	0
INTERCO A/R - OTHER	17,892,518	(833,671,304)	851,563,822	632,593,794	0
TOTAL	122,056,065	(1,490,863,176)	1,612,919,241	769,387,261	10,000
STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	4,859	0	4,859	0	0
ACCRUED SALARIES AND WAGES	39,762,031	0	39,762,031	37,822,209	0
ACCRUED PAYROLL TAXES	4,996	0	4,996	4,996	0
ACCRUED STATE AND OTHER TAXES	14,027,915	0	14,027,915	13,334,623	0
ACCRUED COMMISSIONS AND DISCOUNTS	6,121,689	0	6,121,689	6,106,689	0
ACCRUED FEDERAL INCOME TAX	23,144,160	0	23,144,160	11,370,765	0
ACCRUED INTEREST	2,312,952	0	2,312,952	2,312,952	0
DIVIDENDS	13,380,000	0	13,380,000	13,380,000	0
CONTRIB TO PROFIT SHARING TRUST	5,201,356	0	5,201,356	4,586,626	0
PENSION CONTRIBUTION-NONQUALIFIED	236,000	0	236,000	0	0
PERSONAL PROPERTY	39,445	0	39,445	0	0
ACCRUED EXPENSES-OPEB	5,186,665	0	5,186,665	5,186,665	0
MEDICAL & LIFE INSURANCE CLAIMS	2,182	0	2,182	0	0
WORKMAN'S COMPENSATION CLAIMS	1,111,205	0	1,111,205	1,081,205	0
ENVIRONMENTAL-CURRENT	1,051,000	0	1,051,000	1,051,000	0
OTHER ACCRUED EXPENSES	7,304,101	39,898	7,264,203	6,515,975	0
FORWARD EXCHANGE CONTRACTS	144,680	0	144,680	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	(390,692)	0	(390,692)	(59,175)	0
FEDERAL INCOME TAX W/H ON INTEREST	(21,571)	0	(21,571)	(4,157)	0
FEDERAL INCOME TAX W/H ON ROYALTIES	(2,857,601)	0	(2,857,601)	(2,773,304)	0
TOTAL	115,765,372	39,898	115,725,474	99,917,069	0

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	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	493,817	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	(3)	(4)	105,177	1
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	0	0
PREPAID INSURANCE	0	24,647	0	0	132,135
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PATENTS & TRADEMARKS	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	13,819,023	576,331,891	0	0	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	13,819,023	576,356,535	(4)	598,994	132,136
STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	167	0
ACCRUED SALARIES AND WAGES	0	116,821	439,493	408,973	120,293
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	210,522	111,207	185,690	(51,718)
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	10,000	0
ACCRUED FEDERAL INCOME TAX	269,501	6,740,166	(97,123)	1,064,062	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	355,000	110,000	50,399	0
PENSION CONTRIBUTION-NONQUALIFIED	0	235,000	0	0	0
PERSONAL PROPERTY	0	0	0	43,129	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	30,000	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	8,118	334,639	38,095
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	0
TOTAL	269,501	7,657,509	571,695	2,127,059	106,670

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459	LZ China 34-1792061
STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	19,171	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	17,975	61,171	1	0	31,000
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PATENTS & TRADEMARKS	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	7,917,211	0	0	23,000
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	17,975	7,978,382	19,172	0	54,000
STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	0	0
ACCRUED SALARIES AND WAGES	15,250	45,555	0	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	262	24,371	0	0	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	5,000	0	0	0
ACCRUED FEDERAL INCOME TAX	(42,910)	840,450	163,503	0	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	13,200	15,000	0	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	28,858	0	0	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	0
TOTAL	14,660	930,376	163,503	0	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	25,580	0	0	0
DEPOSITS AND PREPAID EXPENSES	1	13,398	0	69,500	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	35,927	0	320,909	130,000
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PATENTS & TRADEMARKS	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	6,216,396	0	1,233,000	10,204,730
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	1,588,359	0	329,764	138,103,623	69,836,221
TOTAL	1,588,360	6,291,301	329,764	139,727,032	80,170,951
STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	4,692	0	0	0
ACCRUED SALARIES AND WAGES	0	496,768	0	0	110,000
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	88,617	0	15,000	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	0	353,185	0	2,590,657	(294,177)
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	60,934	0	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	1,000	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	2,182	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	96,788	0	48,000	114,000
FORWARD EXCHANGE CONTRACTS	0	0	0	0	144,680
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	(331,517)
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	(17,414)
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	(84,297)	0
TOTAL	0	1,103,166	0	2,570,360	(274,428)

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LPS 58-0678914	MPP Pipeline 76-0412052

STATEMENT 6 - FORM 1120, PG 4, SCH L, LN 14, BEG

LINE 14: OTHER ASSETS		
OTHER ASSETS	0	0
TRAVEL ADVANCES	0	0
DEPOSITS AND PREPAID EXPENSES	2	0
DEFERRED PENSION COSTS	0	0
NONCURRENT DEPOSITS	0	0
PREPAID INSURANCE	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0
PATENTS & TRADEMARKS	0	0
PREPAID PENSION	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	7,326,296	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0
INTERCO A/R - OTHER	0	9,112,061
TOTAL	7,326,298	9,112,061

STATEMENT 7 - FORM 1120, PG 4, SCH L, LN 18, BEG

LINE 18: OTHER CURRENT LIABILITIES		
OTHER CURRENT LIABILITIES	0	0
ACCRUED SALARIES AND WAGES	186,669	0
ACCRUED PAYROLL TAXES	0	0
ACCRUED STATE AND OTHER TAXES	25,655	83,686
ACCRUED COMMISSIONS AND DISCOUNTS	0	0
ACCRUED FEDERAL INCOME TAX	(118,433)	304,514
ACCRUED INTEREST	0	0
DIVIDENDS	0	0
CONTRIB TO PROFIT SHARING TRUST	10,197	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0
PERSONAL PROPERTY	(3,684)	0
ACCRUED EXPENSES-OPEB	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0
ENVIRONMENTAL-CURRENT	0	0
OTHER ACCRUED EXPENSES	79,730	0
FORWARD EXCHANGE CONTRACTS	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0
TOTAL	180,134	388,200

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 21: OTHER LIABILITIES					
DEFERRED COMP PAYMENTS	4,363,093	0	4,363,093	4,363,093	0
OTHER ENVIRONMENTAL	8,803,591	0	8,803,591	8,803,591	0
CONTRIB TO PENSIONS - NONCURRENT	8,383,070	0	8,383,070	8,383,070	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	10,232,000	0	10,232,000	10,232,000	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	91,896,301	0	91,896,301	91,896,301	0
OTHER	1,499,719	(23,769)	1,523,488	1,500,004	0
DEFERRED STATE INCOME TAXES	2,067,723	0	2,067,723	2,067,723	0
SALARIES & WAGES-BANKED VACATION	52,833	0	52,833	52,833	0
INTEREST SWAP	6,029,820	0	6,029,820	6,029,820	0
DEFERRED INCOME TAXES-NONCURRENT	30,191,649	0	30,191,649	26,082,903	0
INTERCO ACCOUNTS PAYABLE	10,087,099	(299,956,225)	310,043,324	189,876,197	449
INTERCO A/P - OTHER	12,790,030	(1,190,923,525)	1,203,713,555	1,073,847,826	0
TOTAL	186,396,928	(1,490,903,519)	1,677,300,447	1,423,135,361	449

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG					
LINE 21: OTHER LIABILITIES					
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	(2)	1	0	(2)
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	309,690	1,836,339	342,439	69,785
INTERCO ACCOUNTS PAYABLE	0	0	42,963,129	47,076,184	272,160
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	0	309,688	44,799,469	47,418,623	341,943

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG

	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459	LZ China 34-1792061
LINE 21: OTHER LIABILITIES					
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	(2)	24,999	0	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	23,993	(80,025)	210,536	0	0
INTERCO ACCOUNTS PAYABLE	1,280,653	0	9,057,782	0	57,000
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	1,304,646	(80,027)	9,293,317	0	57,000

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG					
LINE 21: OTHER LIABILITIES					
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	(1)	0	(1,501)	(9)
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	(24,007)	255,003	0	(44,122)	530,017
INTERCO ACCOUNTS PAYABLE	0	19,451,770	0	7,000	1,000
INTERCO A/P - OTHER	0	0	0	113,036,337	13,819,023
TOTAL	(24,007)	19,706,772	0	112,997,714	14,350,031

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

STATEMENT 8 - FORM 1120, PG 4, SCH L, LN 21, BEG

	LPS 58-0678914	MPP Pipeline 76-0412052
LINE 21: OTHER LIABILITIES		
DEFERRED COMP PAYMENTS	0	0
OTHER ENVIRONMENTAL	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0
OTHER	0	1
DEFERRED STATE INCOME TAXES	0	0
SALARIES & WAGES-BANKED VACATION	0	0
INTEREST SWAP	0	0
DEFERRED INCOME TAXES-NONCURRENT	138,557	540,541
INTERCO ACCOUNTS PAYABLE	0	0
INTERCO A/P - OTHER	0	3,010,369
TOTAL	138,557	3,550,911

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET					
STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END					
LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	5,460,762	0	5,460,762	5,350,643	0
DEFERRED FIT - CURRENT	1,950,549	0	1,950,549	1,436,505	0
TOTAL	7,411,311	0	7,411,311	6,787,148	0
STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END					
LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	(100,000)	100,000	100,000	0
INVEST IN LZ OVERSEAS TRADING CORP	0	(266,067,315)	266,067,315	266,067,315	0
INVEST IN GATE CITY	0	(11,385,021)	11,385,021	11,385,021	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	(25,799,780)	25,799,780	25,799,780	0
INVEST IN LZ SERVICIOS TECNICOS	76,000	0	76,000	76,000	0
INVEST IN LUBRICANT INVESTMENTS	0	(57,407)	57,407	57,407	0
INVEST IN MPP PIPELINE CORP	0	(2,574,000)	2,574,000	2,574,000	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	(13,569,043)	13,569,043	13,569,043	0
INVEST IN AGC HOLDINGS, INC.	0	(8,070,006)	8,070,006	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	28,965,340	0	28,965,340	0	0
INVEST IN LUBRIZOL A.G.	0	(269,501)	269,501	0	0
INVEST IN LUBRIZOL CANADA	6,454,433	0	6,454,433	0	0
INVEST IN LUBRIZOL CHINA	0	(1,000)	1,000	0	0
INVEST IN LUBRIZOL GESMBH	26,900	0	26,900	0	0
INVEST IN LZ DE MEXICO COMERCIAL	6,754	0	6,754	0	0
INVEST IN LUBRIZOL JAPAN	10,207,912	0	10,207,912	0	0
INVEST IN CPI ENGINEERING SERVICES	0	(593,051,381)	593,051,381	0	0
INVEST IN LZ DO BRASIL ADITIVOS	10,425,015	0	10,425,015	0	0
INVEST IN EUROPE B.V.	33,557,730	0	33,557,730	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	(10,000)	10,000	10,000	0
INVEST IN LZ INDIA LTD.	5,502,000	0	5,502,000	5,502,000	0
INVEST IN INDUSTRIAS LUBRIZOL	656,897	0	656,897	656,897	0
INVEST IN LZ TRANSARABIA	4,210,941	0	4,210,941	4,210,941	0
INVEST IN SHANGHAI LZ INT'L	200,000	0	200,000	0	0
INVEST IN LZ VENEZUELA	57,407	0	57,407	0	0
INVEST IN EX AIR	0	(2,389,970)	2,389,970	2,389,970	0
INVEST IN LZ INTERAMERICAS CORP	0	(1,001,000)	1,001,000	1,001,000	0
INVEST IN ROSS CHEMICAL	0	(15,300,000)	15,300,000	15,300,000	0
INVEST IN CHEMCONNECT	60,676	0	60,676	0	0
INVEST IN CHEMRON	0	(1,000)	1,000	1,000	0
INVEST IN DOCK RESINS	0	(14,535,906)	14,535,906	14,535,906	0
INVEST IN 1500 WEST ELIZABETH AVE	0	(10,000)	10,000	0	0
OTHER INVESTMENTS	36,905	0	36,905	36,905	0
OTHER INVEST-ORIEN II	9,731	0	9,731	0	0
OTHER INVEST-AMT VENTURE	198,630	0	198,630	0	0
OTHER INVEST-AMT II	418,085	0	418,085	0	0
TOTAL	101,071,356	(954,192,330)	1,055,263,686	363,273,185	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795

SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END

LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	0	0	65,784	14,604	6,731
DEFERRED FIT - CURRENT	0	(156,983)	201,911	83,125	29,498
TOTAL	0	(156,983)	267,695	97,729	36,229

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END

LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL A.G.	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	10,000
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
TOTAL	0	0	0	0	10,000

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459	LZ China 34-1792061

SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END

LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	0	0	0	0	0
DEFERRED FIT - CURRENT	27,682	1,314	0	0	0
TOTAL	27,682	1,314	0	0	0

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END

LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL A.G.	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	57,407	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
TOTAL	0	0	0	57,407	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748

SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END

LINE 6: OTHER CURRENT ASSETS - ENDING					
OTHER CURRENT ASSETS	0	0	0	8,000	15,000
DEFERRED FIT - CURRENT	0	249,158	0	0	0
TOTAL	0	249,158	0	8,000	15,000

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END

LINE 9: OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	8,070,006
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	28,965,340
INVEST IN LUBRIZOL A.G.	0	0	0	0	269,501
INVEST IN LUBRIZOL CANADA	0	0	0	0	6,454,433
INVEST IN LUBRIZOL CHINA	0	0	0	0	1,000
INVEST IN LUBRIZOL GESMBH	0	0	0	0	26,900
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	6,754
INVEST IN LUBRIZOL JAPAN	0	0	0	0	10,207,912
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	593,051,381
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	10,425,015
INVEST IN EUROPE B.V.	0	0	0	0	33,557,730
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	200,000
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	60,676	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	0
OTHER INVESTMENTS	0	0	0	0	0
OTHER INVEST-ORIEN II	9,731	0	0	0	0
OTHER INVEST-AMT VENTURE	198,630	0	0	0	0
OTHER INVEST-AMT II	418,085	0	0	0	0
TOTAL	626,446	0	60,676	0	691,235,972

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LPS	MPP Pipeline
	58-0678914	76-0412052

SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET

STATEMENT 9 - FORM 1120, PG 4, SCH L, LN 6, END

LINE 6: OTHER CURRENT ASSETS - ENDING		
OTHER CURRENT ASSETS	0	0
DEFERRED FIT - CURRENT	78,339	0
TOTAL	78,339	0

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 9, END

LINE 9: OTHER INVESTMENTS		
INVEST IN LZ INTL MANAGEMENT CORP	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0
INVEST IN GATE CITY	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0
INVEST IN MPP PIPELINE CORP	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0
INVEST IN AGC HOLDINGS, INC.	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0
INVEST IN LUBRIZOL A.G.	0	0
INVEST IN LUBRIZOL CANADA	0	0
INVEST IN LUBRIZOL CHINA	0	0
INVEST IN LUBRIZOL GESMBH	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0
INVEST IN LUBRIZOL JAPAN	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0
INVEST IN EUROPE B.V.	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0
INVEST IN LZ INDIA LTD.	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0
INVEST IN LZ TRANSARABIA	0	0
INVEST IN SHANGHAI LZ INT'L	0	0
INVEST IN LZ VENEZUELA	0	0
INVEST IN EX AIR	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0
INVEST IN ROSS CHEMICAL	0	0
INVEST IN CHEMCONNECT	0	0
INVEST IN CHEMRON	0	0
INVEST IN DOCK RESINS	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0
OTHER INVESTMENTS	0	0
OTHER INVEST-ORIEN II	0	0
OTHER INVEST-AMT VENTURE	0	0
OTHER INVEST-AMT II	0	0
TOTAL	0	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END					
LINE 14: OTHER ASSETS					
OTHER ASSETS	1,809,770	0	1,809,770	0	0
TRAVEL ADVANCES	(174,160)	0	(174,160)	(174,160)	0
DEPOSITS AND PREPAID EXPENSES	11,263,046	0	11,263,046	11,032,548	10,000
DEFERRED PENSION COSTS	769,747	0	769,747	769,747	0
NONCURRENT DEPOSITS	12,524,308	0	12,524,308	11,914,673	0
PREPAID INSURANCE	5,532,441	0	5,532,441	5,491,464	0
DEFERRED OHIO PERSONAL PROPERTY TAX	2,700,000	0	2,700,000	2,700,000	0
PREPAID PENSION	5,218,051	0	5,218,051	5,218,051	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	78,140,968	(698,262,431)	776,403,399	148,575,809	0
AFFILIATE NOTES & ACCTS RECEIVABLE	5,036,045	0	5,036,045	5,036,045	0
INTERCO A/R - OTHER	25,371,208	(944,261,543)	969,632,751	695,783,764	0
TOTAL	148,191,424	(1,642,523,974)	1,790,715,398	886,347,941	10,000
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	83,183	0	83,183	0	0
ACCRUED SALARIES AND WAGES	34,250,417	0	34,250,417	31,201,832	0
ACCRUED PAYROLL TAXES	28,967	0	28,967	10,960	0
ACCRUED STATE AND OTHER TAXES	13,571,551	0	13,571,551	12,182,824	0
ACCRUED COMMISSIONS AND DISCOUNTS	5,584,764	0	5,584,764	5,557,764	0
ACCRUED FEDERAL INCOME TAX	23,039,617	0	23,039,617	11,355,955	0
ACCRUED INTEREST	2,410,135	0	2,410,135	2,410,135	0
DIVIDENDS	13,411,000	0	13,411,000	13,411,000	0
CONTRIB TO PROFIT SHARING TRUST	4,713,084	0	4,713,084	3,933,276	0
PENSION CONTRIBUTION-NONQUALIFIED	277,360	0	277,360	0	0
PERSONAL PROPERTY	93,023	0	93,023	0	0
ACCRUED EXPENSES-OPEB	5,455,675	0	5,455,675	5,455,675	0
MEDICAL & LIFE INSURANCE CLAIMS	3,614,859	0	3,614,859	3,614,859	0
WORKMAN'S COMPENSATION CLAIMS	1,091,413	0	1,091,413	1,070,751	0
ENVIRONMENTAL-CURRENT	1,206,000	0	1,206,000	1,206,000	0
OTHER ACCRUED EXPENSES	6,534,980	0	6,534,980	5,373,028	0
FORWARD EXCHANGE CONTRACTS	144,680	0	144,680	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	11,937,236	0	11,937,236	11,937,236	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	(1,075,728)	0	(1,075,728)	(391,877)	0
FEDERAL INCOME TAX W/H ON INTEREST	(12,522)	0	(12,522)	(2,354)	0
FEDERAL INCOME TAX W/H ON ROYALTIES	(2,714,597)	0	(2,714,597)	(2,651,239)	0
TOTAL	123,645,097	0	123,645,097	105,675,825	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	1,808,077	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	52,033	1	2	(1)
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	80,000	0
PREPAID INSURANCE	0	27,907	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	14,319,526	577,777,158	0	0	3,791,377
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	14,319,526	577,857,098	1	1,888,079	3,791,376
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	56,198	0
ACCRUED SALARIES AND WAGES	0	373,908	568,065	755,308	252,489
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	137,129	123,133	278,695	516,064
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	27,000	0
ACCRUED FEDERAL INCOME TAX	269,501	6,512,006	(875,785)	1,837,445	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	347,432	108,000	45,000	79,017
PENSION CONTRIBUTION-NONQUALIFIED	0	236,853	0	20,507	0
PERSONAL PROPERTY	0	0	0	72,332	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	20,662	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	0	762,626	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	0
TOTAL	269,501	7,607,328	(76,587)	3,875,773	847,570

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459	LZ China 34-1792061
STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	13,983	0	0	0	31,000
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	11,055,994	0	0	280,000
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	13,983	11,055,994	0	0	311,000
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	4,980	0	0	0
ACCRUED SALARIES AND WAGES	31,237	0	0	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	8,107	16,494	0	0	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	(39,303)	376,438	0	0	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	15,040	2,222	0	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	6,705	0	0	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	0
TOTAL	21,786	400,134	0	0	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END					
LINE 14: OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	54,839	0	67,500	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	15,304	0	364,331	150,000
PREPAID INSURANCE	0	13,070	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	4,000	0	1,976,000	10,466,513
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	1,641,698	0	329,764	193,170,924	69,086,072
TOTAL	1,641,698	87,213	329,764	195,578,755	79,702,585
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END					
LINE 18: OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	22,005	0	0	0
ACCRUED SALARIES AND WAGES	0	639,347	0	0	134,000
ACCRUED PAYROLL TAXES	0	18,007	0	0	0
ACCRUED STATE AND OTHER TAXES	0	157,112	0	19,000	69,000
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	680	274,001	0	2,977,336	159,857
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	130,000	0	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	2,000	18,000
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	299	0	60,000	197,000
FORWARD EXCHANGE CONTRACTS	0	0	0	0	144,680
CLEARING ACCOUNT-SPECIAL CHARGE	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	(683,851)
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	(10,168)
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	(63,358)	0
TOTAL	680	1,240,771	0	2,994,978	28,518

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LPS 58-0678914	MPP Pipeline 76-0412052

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 14, END

LINE 14: OTHER ASSETS		
OTHER ASSETS	1,693	0
TRAVEL ADVANCES	0	0
DEPOSITS AND PREPAID EXPENSES	1,141	0
DEFERRED PENSION COSTS	0	0
NONCURRENT DEPOSITS	0	0
PREPAID INSURANCE	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0
PREPAID PENSION	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	8,157,022	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0
INTERCO A/R - OTHER	0	9,620,529
TOTAL	8,159,856	9,620,529

STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 18, END

LINE 18: OTHER CURRENT LIABILITIES		
OTHER CURRENT LIABILITIES	0	0
ACCRUED SALARIES AND WAGES	294,231	0
ACCRUED PAYROLL TAXES	0	0
ACCRUED STATE AND OTHER TAXES	11,973	52,020
ACCRUED COMMISSIONS AND DISCOUNTS	0	0
ACCRUED FEDERAL INCOME TAX	60,594	130,892
ACCRUED INTEREST	0	0
DIVIDENDS	0	0
CONTRIB TO PROFIT SHARING TRUST	53,097	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0
PERSONAL PROPERTY	20,691	0
ACCRUED EXPENSES-OPEB	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0
ENVIRONMENTAL-CURRENT	0	0
OTHER ACCRUED EXPENSES	135,322	0
FORWARD EXCHANGE CONTRACTS	0	0
CLEARING ACCOUNT-SPECIAL CHARGE	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0
TOTAL	575,908	182,912

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	10,000	0	10,000	0	0
DEFERRED COMP PAYMENTS	7,832,020	0	7,832,020	7,832,020	0
OTHER ENVIRONMENTAL	8,562,902	0	8,562,902	8,562,902	0
CONTRIB TO PENSIONS - NONCURRENT	8,860,643	0	8,860,643	8,860,643	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	11,451,019	0	11,451,019	11,451,019	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	92,865,437	0	92,865,437	92,865,437	0
OTHER	4,392,434	19,345	4,373,089	4,355,350	0
DEFERRED STATE INCOME TAXES	1,797,856	0	1,797,856	1,797,856	0
SALARIES & WAGES-BANKED VACATION	52,833	0	52,833	52,833	0
INTEREST SWAP	3,546,663	0	3,546,663	3,546,663	0
DEFERRED INCOME TAXES-NONCURRENT	29,714,637	0	29,714,637	22,252,536	0
INTERCO ACCOUNTS PAYABLE	11,641,221	(414,179,121)	425,820,342	242,987,338	0
INTERCO A/P - OTHER	24,283,417	(1,228,633,694)	1,252,917,111	1,071,230,997	0
TOTAL	205,011,082	(1,642,793,470)	1,847,804,552	1,475,795,594	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	(1)	(1)	(1)
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	340,659	2,874,315	1,442,573	481,491
INTERCO ACCOUNTS PAYABLE	0	0	45,145,605	106,661,478	0
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	0	340,659	48,019,919	108,104,050	481,490

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END

	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459	LZ China 34-1792061
LINE 21: OTHER LIABILITIES					
OTHER ACCRUALS - NONCURRENT	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	(2)	0	0	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	35,570	(39,961)	0	0	0
INTERCO ACCOUNTS PAYABLE	1,659,630	0	0	0	297,000
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	1,695,200	(39,963)	0	0	297,000

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END

LINE 21: OTHER LIABILITIES	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
OTHER ACCRUALS - NONCURRENT	0	10,000	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	(1)	20,722	0	(2,788)	(189)
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	569,414	0	17,473	1,066,689
INTERCO ACCOUNTS PAYABLE	0	28,839,291	0	24,000	206,000
INTERCO A/P - OTHER	0	0	0	163,596,049	14,589,027
TOTAL	(1)	29,439,427	0	163,634,734	15,861,527

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 21, END

LINE 21: OTHER LIABILITIES	LPS 58-0678914	MPP Pipeline 76-0412052
OTHER ACCRUALS - NONCURRENT	0	0
DEFERRED COMP PAYMENTS	0	0
OTHER ENVIRONMENTAL	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0
OTHER	(1)	1
DEFERRED STATE INCOME TAXES	0	0
SALARIES & WAGES-BANKED VACATION	0	0
INTEREST SWAP	0	0
DEFERRED INCOME TAXES-NONCURRENT	178,285	495,593
INTERCO ACCOUNTS PAYABLE	0	0
INTERCO A/P - OTHER	0	3,501,038
TOTAL	178,284	3,996,632

Form **4562**

Department of the Treasury
Internal Revenue Service

Depreciation and Amortization (Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2003

Attachment Sequence No. 67

Name(s) shown on return	Business or activity to which this form relates	Identifying number
The Lubrizol Corporation and Subsidiaries	Mfg. and Sales	34-0367600

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See page 2 of the instructions for a higher limit for certain businesses	1	$100,000
2	Total cost of section 179 property placed in service (see page 2 of the instructions)	2	0
3	Threshold cost of section 179 property before reduction in limitation	3	$400,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions	5	100,000

	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6		0	0
		0	0

7	Listed property. Enter the amount from line 29	7	0
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	0
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	0
10	Carryover of disallowed deduction from line 13 of your 2002 Form 4562	10	0
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instr)	11	100,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0
13	Carryover of disallowed deduction to 2004. Add lines 9 and 10, less line 12 ▶	13	0

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see page 3 of the instructions)	14	10,748,184
15	Property subject to section 168(f)(1) election (see page 4 of the instructions)	15	0
16	Other depreciation (including ACRS) (see page 4 of the instructions)	16	1,727,905

Part III MACRS Depreciation (Do not include listed property.) (See page 4 of the instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2003	17	32,706,823
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B-Assets Placed In Service During 2003 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only – see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		14,815				4,938
b 5-year property		23,958,736				4,670,414
c 7-year property		530,069				70,547
d 10-year property		0				0
e 15-year property		1,134,695				56,735
f 20-year property		0				0
g 25-year property		0	25 yrs.		S/L	0
h Residential rental property		0	27.5 yrs.	MM	S/L	0
		0	27.5 yrs.	MM	S/L	0
i Nonresidential real property		6,834,119	39 yrs.	MM	S/L	78,824
		0		MM	S/L	0

Section C-Assets Placed In Service During 2003 Tax Year Using the Alternative Depreciation System

20a Class life		3,000			S/L	300
b 12-year		0	12 yrs.		S/L	20,419
c 40-year		0	40 yrs.	MM	S/L	6,991

Part IV Summary (See page 6 of the instructions)

21	Listed property. Enter amount from line 28	21	11,410
	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations-see instr.	22	50,103,490
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	0

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A — Depreciation and Other Information (Caution: See page 7 of the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No — 24b If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see page 6 of the instructions)					25		0	
26 Property used more than 50% in a qualified business use (see page 6 of the instructions):								
		%	0	0			11,410	0
		%	0	0			0	0
		%	0	0			0	0
27 Property used 50% or less in a qualified business use (See page 6 of the instructions):								
		%	0	0		S/L—	0	
		%	0	0		S/L—	0	
		%	0	0		S/L—	0	
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1					28		11,410	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1					29			0

Section B — Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (**do not** include commuting miles — see page 2 of the instructions)	0	0	0	0	0	0
31 Total commuting miles driven during the year	0	0	0	0	0	0
32 Total other personal (noncommuting) miles driven	0	0	0	0	0	0
33 Total miles driven during the year. Add lines 30 through 32	0	0	0	0	0	0

	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C — Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see page 8 of the instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 8 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See page 9 of the instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2003 tax year (see page 9 of the instructions):					
		0			0
		718,165			1,650,539
43 Amortization of costs that began before your 2003 tax year				43	13,516,316
44 Total. Add amounts in column (f). See page 9 of the instructions for where to report				44	15,166,855

2003 Deloitte & Touche Tax Technologies LLC

LZ Consolidated
Year: 2003

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
*** FORM 4562 - DEPRECIATION AND AMORTIZATION ***					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION	100,000				
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY	400,000				
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)	0				
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)	100,000				
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8	0				
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5	100,000				
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11	0				
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR	0				
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	10,748,184	0	10,748,184	9,584,958	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	1,727,905	0	1,727,905	158,731	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2003	32,706,823	0	32,706,823	28,366,500	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	14,815	0	14,815	0	0
B 5-YEAR PROPERTY	23,958,736	0	23,958,736	20,404,424	0
C 7-YEAR PROPERTY	530,069	0	530,069	231,935	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	1,134,695	0	1,134,695	1,134,695	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	6,834,119	0	6,834,119	3,368,361	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	4,938	0	4,938	0	0
B 5-YEAR PROPERTY	4,670,414	0	4,670,414	4,080,585	0
C 7-YEAR PROPERTY	70,547	0	70,547	33,144	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	56,735	0	56,735	56,735	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	78,824	0	78,824	43,477	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	145,775	580,748	80,223	113,765
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0	0	1,458,540
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2003	0	593,350	1,238,777	1,643,118	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	14,815	0	0	0
B 5-YEAR PROPERTY	0	168,575	1,102,945	252,412	35,286
C 7-YEAR PROPERTY	0	0	114,230	17,892	106,645
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	511,435	1,965,088	102,670
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	4,938	0	0	0
B 5-YEAR PROPERTY	0	33,715	115,709	35,849	7,057
C 7-YEAR PROPERTY	0	0	8,271	1,549	15,235
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	4,949	11,940	2,460
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459	LZ China 34-1792061
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	24,371	0	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	40,934	0	0	27,000
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2003	70,952	0	217,344	0	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	0	0	0	0	0
C 7-YEAR PROPERTY	0	0	0	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	0	0	0	0	0
C 7-YEAR PROPERTY	3,865	0	0	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	210,749	0	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0	42,700	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2003	0	369,427	0	0	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	0	1,977,253	0	0	0
C 7-YEAR PROPERTY	0	51,391	0	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	877,965	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	0	395,450	0	0	0
C 7-YEAR PROPERTY	0	7,344	0	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	15,787	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

LPS	MPP Pipeline
58-0678914	76-0412052

FORM 4562 - DEPRECIATION AND AMORTIZATION

PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.		
1 MAXIMUM DOLLAR LIMITATION		
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY		
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)		
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)		
6 COLUMN (B) COST	0	0
COLUMN (B) COST	0	0
6 COLUMN (C) ELECTED COST	0	0
COLUMN (C) ELECTED COST	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP.. COL C LN 6&7	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8		
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5		
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11		
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR		
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION		
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	7,595	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0
PART III MACRS DEPRECIATION		
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2003	207,355	0
19 GENERAL DEPRECIATION SYSTEM (GDS)		
COLUMN C: BASIS FOR DEPRECIATION		
A 3-YEAR PROPERTY	0	0
B 5-YEAR PROPERTY	17,841	0
C 7-YEAR PROPERTY	7,976	0
D 10-YEAR PROPERTY	0	0
E 15-YEAR PROPERTY	0	0
F 20-YEAR PROPERTY	0	0
G 25-YEAR PROPERTY	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	8,600	0
I NONRESIDENTIAL REAL PROPERTY	0	0
COLUMN G: DEPRECIATION DEDUCTION		
A 3-YEAR PROPERTY	0	0
B 5-YEAR PROPERTY	2,049	0
C 7-YEAR PROPERTY	1,139	0
D 10-YEAR PROPERTY	0	0
E 15-YEAR PROPERTY	0	0
F 20-YEAR PROPERTY	0	0
G 25-YEAR PROPERTY	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	211	0
I NONRESIDENTIAL REAL PROPERTY	0	0

LZ Consolidated
Year: 2003

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
40 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	3,000	0	3,000	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	300	0	300	0	0
B 12-YEAR	20,419	0	20,419	0	0
C 40-YEAR	6,991	0	6,991	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	11,410	0	11,410	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	50,103,490	0	50,103,490	42,324,130	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	11,410	0	11,410	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	718,165	0	718,165	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	1,650,539	0	1,650,539	698,980	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	13,516,316	0	13,516,316	8,431,682	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	15,166,855	0	15,166,855	9,130,662	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ARC 84-0844576	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280	Dock Resins 22-1454795
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	11,410
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	777,778	1,948,454	1,772,679	1,608,467
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	11,410
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	2,500	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	1,333	909,621	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	217,090	2,174,959	2,398,050	198,704
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	217,090	2,176,292	3,307,671	198,704

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459	LZ China 34-1792061
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	99,188	40,934	217,344	0	27,000
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	5,004	53,620	0	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	5,004	53,620	0	0

	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089	LOTC 51-6146748
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	3,000	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	300	0
B 12-YEAR	0	0	0	0	20,419
C 40-YEAR	0	0	0	0	6,991
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	998,757	0	43,000	27,410
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART V LISTED PROPERTY					
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0	0	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0	0	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0	0	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	715,665	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	40,605	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	36,625	0	0	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	77,230	0	0	0

2003 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2003

	LPS 58-0678914	MPP Pipeline 76-0412052
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)		
COLUMN B: BASIS FOR DEPRECIATION		
A CLASS LIFE	0	0
B 12-YEAR	0	0
C 40-YEAR	0	0
COLUMN G: DEPRECIATION DEDUCTION		
A CLASS LIFE	0	0
B 12-YEAR	0	0
C 40-YEAR	0	0
PART IV SUMMARY		
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	218,349	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0
PART V LISTED PROPERTY		
25(H) SPECIAL DEPR ALLOWANCE FOR QUAL LISTED PROP USED MORE THAN 50% IN A QUALIFIED BUS USE	0	0
26(H) DEPR FOR LISTED PROP USED MORE THAN 50%	0	0
26(I) ELECTED 179 COST FOR PROP USED MORE THAN 50%	0	0
27(H) DEPR FOR LISTED PROP USED 50% OR LESS	0	0
PART VI - AMORTIZATION		
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR		
(C) AMORTIZABLE AMOUNT	0	0
(C) AMORTIZABLE AMOUNT	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	582	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	582	0

Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2002 or tax year beginning _____, 2002, ending _____, 20___

▶ Instructions are separate. See page 20 for Paperwork Reduction Act Notice.

OMB No. 1545-0123

2002

A Check if a:
- Consolidated return (attach Form 851) [X]
- 2 Personal holding co. (attach Sch. PH) [ ]
- 3 Personal service corp. (as defined in Regulations sec. 1.441-3(c) — see instructions) [ ]

Use IRS label. Other-wise, print or type.

Name, Number, street, and room or suite no. (If a P.O. box, see page 7 of instructions.)
The Lubrizol Corporation and Subsidiaries
29400 Lakeland Blvd

City or town, state, and ZIP code
Wickliffe OH 44092

B Employer identification number: 34-0367600

C Date incorporated: 07/31/1928

D Total assets (see page 8 of instructions): $ 1,235,778,835

E Check applicable boxes: (1) [ ] Initial return (2) [ ] Final return (3) [ ] Name change (4) [ ] Address change

Income	1a	Gross receipts or sales	1,275,425,388	b Less returns and allowances	23,906,373	c Bal ▶ 1c 1,251,519,015
	2	Cost of goods sold (Schedule A, line 8)				2 662,317,383
	3	Gross profit. Subtract line 2 from line 1c				3 589,201,632
	4	Dividends (Schedule C, line 19)				4 59,884,368
	5	Interest				5 14,798,173
	6	Gross rents				6 157,822
	7	Gross royalties				7 35,037,289
	8	Capital gain net income (attach Schedule D (Form 1120))				8 3,445,136
	9	Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)				9 14,331
	10	Other income (see page 8 of instructions-attach schedule) STATEMENT 1				10 157,527,965
	11	**Total income.** Add lines 3 through 10 ▶				11 860,066,716
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (Schedule E, line 4)				12 5,543,664
	13	Salaries and wages (less employment credits)				13 192,026,834
	14	Repairs and maintenance				14 5,470,737
	15	Bad debts				15 1,904,770
	16	Rents				16 8,028,957
	17	Taxes and licenses STATEMENT 2				17 25,963,613
	18	Interest				18 32,637,703
	19	Charitable contributions (see page 10 of instructions for 10% limitation)				19 268,843
	20	Depreciation (attach Form 4562)	20	52,143,958		
	21	Less depreciation claimed on Schedule A and elsewhere on return	21a	0		21b 52,143,958
	22	Depletion				22 0
	23	Advertising				23 1,795,955
	24	Pension, profit-sharing, etc., plans				24 11,956,003
	25	Employee benefit programs				25 24,303,029
	26	Other deductions (attach schedule) STATEMENT 3				26 366,384,878
	27	**Total deductions.** Add lines 12 through 26 ▶				27 728,428,944
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11				28 131,637,772
	29	Less: a Net operating loss (NOL) deduction (see page 13 of instructions)	29a	0		
		b Special deductions (Schedule C, line 20)	29b	36,694,316		29c 36,694,316
	30	**Taxable income.** Subtract line 29c from line 28				30 94,943,456
	31	**Total tax** (Schedule J, line 11)				31 19,050,165
Tax and Payments	32	**Payments:** a 2001 overpayment credited to 2002	32a	7,471,681		
		b 2002 estimated tax payments	32b	24,500,000		
		c Less 2002 refund applied for on Form 4466	32c	(0)	c Bal ▶	32d 24,971,681
		e Tax deposited with Form 7004				32e 0
		f Credit for tax paid on undistributed capital gains (attach Form 2439)				32f 0
		g Credit for Federal tax on fuels (attach Form 4136). See instructions				32g 170,195 32h 25,141,876
	33	Estimated tax penalty (see page 14 of instructions). Check if Form 2220 is attached ▶ [ ]				33 0
	34	**Tax due.** If line 32h is smaller than the total of lines 31 and 33, enter amount owed				34 0
	35	**Overpayment.** If line 32h is larger than the total of lines 31 and 33, enter amount overpaid				35 6,091,711
	36	Enter amount of line 35 you want: **Credited to 2003 estimated tax** ▶ 6,091,711 **Refunded** ▶				36 0

RECEIVED
INTERNAL REVENUE SERVICE
SEP 12 2003
SB/SE - COMPLIANCE FIELD
AREA 8 CLEVELAND TERRITORY 8
INDEPENDENCE, OHIO

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: Jon D. Stearns — Date: 9/11/03 — Title: Chief Tax Officer

May the IRS discuss this return with the preparer shown below (see instr.)? [ ] Yes [ ] No

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-employed [ ] | Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code | EIN | Phone no.

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Schedule A Cost of Goods Sold (See page 14 of instructions)

1	Inventory at beginning of year	1	98,929,344
2	Purchases	2	675,528,690
3	Cost of labor	3	3,000,520
4	Additional section 263A costs (attach schedule)	4	0
5	Other costs (attach schedule) STATEMENT 4	5	45,166
6	**Total.** Add lines 1 through 5	6	777,503,720
7	Inventory at end of year	7	115,186,337
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on line 2, page 1	8	662,317,383

9a Check all methods used for valuing closing inventory:
- (i) [X] Cost as described in Regulations section 1.471-3
- (ii) [ ] Lower of cost or market as described in Regulations section 1.471-4
- (iii) [ ] Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶ [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO — 9d: See sep co rets

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? [X] Yes [ ] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation [ ] Yes [X] No

Schedule C Dividends and Special Deductions (See instructions beginning on page 15)

		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)	347	70	243
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)	0	80	0
3	Dividends on debt-financed stock of domestic and foreign corporations (section 246A)	0	see instructions	0
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	0	42	0
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	0	48	0
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction	0	70	0
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction	0	80	0
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))	0	100	0
9	**Total.** Add lines 1 through 8. See page 16 of instructions for limitation			243
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	0	100	0
11	Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1))	7,095,459	100	7,095,459
12	Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3))	29,598,614	100	29,598,614
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11	13,192,688		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)	2,374,160		
15	Foreign dividend gross-up (section 78)	7,623,100		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))	0		
17	Other dividends	0		
18	Deduction for dividends paid on certain preferred stock of public utilities			0
19	**Total dividends.** Add lines 1 through 17. Enter here and on line 4, page 1 ▶	59,884,368		
20	**Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1 ▶			36,694,316

Schedule E Compensation of Officers (See instructions for line 12, page 1, on page 10 of instructions)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are $500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned (d) Common	(e) Preferred	(f) Amount of compensation
1 See separate company returns		%	%	%	0
		%	%	%	0
		%	%	%	0
		%	%	%	0
		%	%	%	0
2 Total compensation of officers					0
3 Compensation of officers claimed on Schedule A and elsewhere on return					0
4 Subtract line 3 from line 2. Enter the result here and on line 12, page 1					5,543,664

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Schedule J Tax Computation (see page 17 of instructions)

1	Check if the corporation is a member of a controlled group (see sections 1561 and 1563) ▶ ☐ **Important:** Members of a controlled group, see instructions on page 17.				
2a	If the box on line 1 is checked, enter the corporation's share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order): (1) $ 50,000 (2) $ 25,000 (3) $ 9,925,000				
b	Enter the corporation's share of: (1) Additional 5% tax (not more than $11,750) $ 11,750 (2) Additional 3% tax (not more than $100,000) $ 100,000				
3	Income tax. Check if a qualified personal service corporation under section 448(d)(2) (see page 17) ▶ ☐			3	33,230,210
4	Alternative minimum tax (attach Form 4626)			4	0
5	Add lines 3 and 4			5	33,230,210
6a	Foreign tax credit (attach Form 1118)	6a	13,096,306		
b	Possessions tax credit (attach Form 5735)	6b	0		
c	Check: ☐ Nonconventional source fuel credit ☐ QEV credit (attach Form 8834)	6c	0		
d	General business credit. Check box(es) and indicate which forms are attached. ☐ Form 3800 ☒ Form(s) (specify)▶ Form 6765	6d	1,083,739		
e	Credit for prior year minimum tax (attach Form 8827)	6e	0		
f	Qualified zone academy bond credit (attach Form 8860)	6f	0		
7	**Total credits.** Add lines 6a through 6f			7	14,180,045
8	Subtract line 7 from line 5			8	19,050,165
9	Personal holding company tax (attach Schedule PH (Form 1120))			9	0
10	Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach schedule)			10	0
11	**Total tax.** Add lines 8 through 10. Enter here and on line 31, page 1 0			11	19,050,165

Schedule K Other Information (see page 19 of instructions)

		Yes	No
1	Check method of accounting: a ☐ Cash b ☒ Accrual c ☐ Other (specify)▶		
2	See page 21 of the instructions and enter the:		
a	Business activity code no.▶ 325900		
b	Business activity ▶ Mfg. and Sales		
c	Product or service ▶ Chemical Additives		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)	X	
	If "Yes," attach a schedule showing: **(a)** name and employer identification number (EIN), **(b)** percentage owned, and **(c)** taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?		X
	If "Yes," enter name and EIN of the parent corporation ▶		
5	At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)		X
	If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶		
6	During this tax year, did the corp pay dividends (other than stock dividends and distr in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)		X
	If "Yes," file **Form 5452,** Corporate Report of Nondividend Distributions.		
	If this is a consolidated return, answer here for the parent corporation and on **Form 851,** Affiliations Schedule, for each subsidiary.		

		Yes	No
7	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of stock of the corporation entitled to vote or **(b)** the total value of all classes of stock of the corporation?		X
	If "Yes," enter: **(a)** Percentage owned ▶ and **(b)** Owner's country ▶		
c	The corporation may have to file **Form 5472,** Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶		
8	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If checked, the corporation may have to file **Form 8281,** Information Return for Publicly Offered Original Issue Discount Instruments.		
9	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ 0		
10	Enter the number of shareholders at the end of the tax year (if 75 or fewer) ▶		
11	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ ☐ If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3)(i) or (ii) must be attached or the election will not be valid.		
12	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ $ 0		
13	Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year **and** its total assets at the end of the tax year less than $250,000?		
	If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ $ 0		

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120),** Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

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Note: The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes."

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1	Cash		91,428,318		116,767,698
2a	Trade notes and accounts receivable	141,150,291		137,211,706	
b	Less allowance for bad debts	(5,387,717)	135,762,574	(3,665,070)	133,546,636
3	Inventories		98,929,344		115,186,337
4	U.S. government obligations		0		0
5	Tax-exempt securities (see instructions)		0		0
6	Other current assets (attach schedule)	STATEMENT 5	5,441,355	STATEMENT 10	10,194,493
7	Loans to stockholders		0		0
8	Mortgage and real estate loans		0		0
9	Other investments (attach schedule)	STATEMENT 6	101,754,018	STATEMENT 11	101,112,819
10a	Buildings and other depreciable assets	1,066,404,943		1,117,539,061	
b	Less accumulated depreciation	(647,811,920)	418,593,023	(686,694,933)	430,844,128
11a	Depletable assets	0		0	
b	Less accumulated depletion	(0)	0	(0)	0
12	Land (net of any amortization)		8,958,814		10,175,028
13a	Intangible assets (amortizable only)	234,727,111		283,404,275	
b	Less accumulated amortization	(77,705,413)	157,021,698	(87,508,644)	195,895,631
14	Other assets (attach schedule)	STATEMENT 7	135,244,400	STATEMENT 12	122,056,065
15	Total assets		1,153,133,544		1,235,778,835
	Liabilities and Stockholders' Equity				
16	Accounts payable		76,329,567		72,524,726
17	Mortgages, notes, bonds payable in less than 1 year		0		0
18	Other current liabilities (attach schedule)	STATEMENT 8	101,948,798	STATEMENT 13	115,765,372
19	Loans from shareholders		0		0
20	Mortgages, notes, bonds payable in 1 year or more		378,460,680		384,719,550
21	Other liabilities (attach schedule)	STATEMENT 9	179,163,810	STATEMENT 14	186,396,928
22	Capital stock: a Preferred stock	0		0	
	b Common stock	102,643,950	102,643,950	111,605,011	111,605,011
23	Additional paid-in capital		45,143,449		45,143,449
24	Retained earnings–Appropriated (attach schedule)		0		0
25	Retained earnings–Unappropriated		486,798,304		536,646,666
26	Adjustments to shareholders' equity (attach schedule)		0		0
27	Less cost of treasury stock		(217,355,014)		(217,022,867)
28	Total liabilities and stockholders' equity		1,153,133,544		1,235,778,835

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (See page 20 of instructions)

1	Net income (loss) per books	134,815,862	7	Income recorded on books this year not included on this return (itemize): Tax-exempt interest $ 0	
2	Federal income tax per books	18,973,200			
3	Excess of capital losses over capital gains	0			
4	Income subject to tax not recorded on books this year (itemize): STATEMENT 15	11,078,315		STATEMENT 17 0	2,172,491
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation $ 0		a	Depreciation $ 4,346,755	
b	Charitable contributions $ 0		b	Charitable contributions $ 1,272	
c	Travel and entertainment $ 1,142,362			0	
	0			STATEMENT 18 41,251,136	45,599,163
	STATEMENT 16 0	14,542,049	9	Add lines 7 and 8	47,771,654
6	Add lines 1 through 5	179,409,426	10	Income (line 28, page 1)–line 6 less line 9	131,637,772

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	486,798,304	5	Distributions: a Cash	83,079,950
2	Net income (loss) per books	134,815,862		b Stock	0
3	Other increases (itemize):			c Property	0
			6	Other decreases (itemize): STATEMENT 20	1,887,550
	STATEMENT 19	0	7	Add lines 5 and 6	84,967,500
4	Add lines 1, 2, and 3	621,614,166	8	Balance at end of year (line 4 less line 7)	536,646,666

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2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3839065
*** 1120 - U.S. CORPORATION INCOME TAX RETURN ***					
TOTAL ASSETS	1,235,778,835	(2,453,190,846)	3,688,969,681	1,921,222,546	10,449
1A GROSS RECEIPTS OR SALES. 1A	1,275,425,388	0	1,275,425,388	1,088,530,431	0
B LESS RETURNS AND ALLOWANCES. 1B	23,906,373	0	23,906,373	20,216,721	0
BALANCE >1C	1,251,519,015	0	1,251,519,015	1,068,313,710	0
2 COST OF GOODS SOLD (SCHEDULE A) 2	662,317,383	0	662,317,383	546,118,321	0
3 GROSS PROFIT (LINE 1(C) LESS LINE 2). 3	589,201,632	0	589,201,632	522,195,389	0
4 DIVIDENDS (SCHEDULE C). 4	59,884,368	7,623,100	52,261,268	24,624,726	0
5 INTEREST. 5	14,798,173	0	14,798,173	3,130,520	4
6 GROSS RENTS 6	157,822	0	157,822	68,235	16,443
7 GROSS ROYALTIES 7	35,037,289	0	35,037,289	34,915,949	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D). 8	3,445,136	(2,000)	3,447,136	3,503,707	0
9 NET GAIN (LOSS) FROM FORM 4797. 9	14,331	2,000	12,331	9,948	0
10 OTHER INCOME (ATTACH SCHEDULE). 10	157,527,965	(176,523)	157,704,488	44,262,216	0
11 TOTAL INCOME (LINES 3 THROUGH 10). . . .>11	860,066,716	7,446,577	852,620,139	632,710,690	16,447
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	5,543,664	0	5,543,664	5,543,664	0
13 SALARIES AND WAGES. 13	192,026,834	0	192,026,834	170,359,993	0
14 REPAIRS 14	5,470,737	0	5,470,737	4,335,858	0
15 BAD DEBTS 15	1,904,770	0	1,904,770	1,556,564	0
16 RENTS 16	8,028,957	0	8,028,957	6,266,664	16,443
17 TAXES 17	25,963,613	(3,737,030)	29,700,643	25,566,228	0
18 INTEREST. 18	32,637,703	0	32,637,703	31,772,948	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS). 19	268,843	0	268,843	218,624	0
20 DEPRECIATION (FORM 4562). 20	52,143,958	0	52,143,958	46,629,458	0
21A LESS DEPRECIATION IN SCH A & ELSEWHERE . . .21A	0	0	0	0	0
21B	52,143,958	0	52,143,958	46,629,458	0
22 DEPLETION 22	0	0	0	0	0
23 ADVERTISING 23	1,795,955	0	1,795,955	1,432,218	0
24 PENSION, PROFIT SHARING, ETC. PLANS 24	11,956,003	0	11,956,003	10,480,754	0
25 EMPLOYEE BENEFIT PROGRAMS 25	24,303,029	0	24,303,029	21,610,893	0
26 OTHER DEDUCTIONS. 26	366,384,878	0	366,384,878	246,123,212	4
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26). .>27	726,428,944	(3,737,030)	732,165,974	571,897,078	16,447
28 TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. . 28	131,637,772	11,183,607	120,454,165	60,813,612	0
29 LESS: A NET OPERATING LOSS DEDUCTION 29A	0	0	0	0	0
B SPECIAL DEDUCTIONS (SCHEDULE C). . .29B	36,694,316	0	36,694,316	19,598,614	0
C TOTAL. 29C	36,694,316	0	36,694,316	19,598,614	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	94,943,456	11,183,607	83,759,849	41,214,998	0

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	ARC 84-0844576	BROSE 82-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1936280
1120 - U.S. CORPORATION INCOME TAX RETURN					
TOTAL ASSETS	13,819,023	0	611,054,282	51,205,961	57,092,405
1A GROSS RECEIPTS OR SALES. 1A	0	0	44,670,030	37,165,271	42,180,572
B LESS RETURNS AND ALLOWANCES. 1B	0	0	30,850	1,789,308	389,229
BALANCE >1C	0	0	44,639,180	35,375,963	41,791,343
2 COST OF GOODS SOLD (SCHEDULE A) 2	0	0	28,839,100	23,098,358	26,095,472
3 GROSS PROFIT (LINE 1(C) LESS LINE 2). 3	0	0	15,800,080	12,277,605	15,695,871
4 DIVIDENDS (SCHEDULE C). 4	0	0	0	0	0
5 INTEREST. 5	770,004	0	10,627,981	9,363	0
6 GROSS RENTS 6	0	0	0	0	0
7 GROSS ROYALTIES 7	0	0	0	0	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D). 8	0	0	0	0	0
9 NET GAIN (LOSS) FROM FORM 4797. 9	0	0	1,141	0	(1,996)
10 OTHER INCOME (ATTACH SCHEDULE). 10	0	0	237,156	567,645	199,619
11 TOTAL INCOME (LINES 3 THROUGH 10). . . .>11	770,004	0	26,666,358	12,854,633	15,893,494
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0	0	0
13 SALARIES AND WAGES. 13	0	0	2,671,551	2,758,636	5,394,642
14 REPAIRS 14	0	0	177,074	304,103	157,190
15 BAD DEBTS 15	0	0	29,887	274,304	85
16 RENTS 16	0	0	17,045	455,260	298,746
17 TAXES 17	0	0	785,849	594,698	654,326
18 INTEREST. 18	0	0	126	0	94,464
19 CONTRIBUTIONS (SEE INSTRUCTIONS). 19	0	0	14,742	1,810	27,460
20 DEPRECIATION (FORM 4562). 20	0	0	772,593	2,005,614	1,161,093
21A LESS DEPRECIATION IN SCH A & ELSEWHERE . . .21A	0	0	0	0	0
21B	0	0	772,593	2,005,614	1,161,093
22 DEPLETION 22	0	0	0	0	0
23 ADVERTISING 23	0	0	95,889	70,841	106,207
24 PENSION, PROFIT SHARING, ETC. PLANS 24	0	0	556,510	350,479	111,469
25 EMPLOYEE BENEFIT PROGRAMS 25	0	0	380,932	46,888	433,756
26 OTHER DEDUCTIONS. 26	0	0	2,223,002	6,425,561	4,907,251
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26). .>27	0	0	7,725,200	13,288,194	13,346,689
28 TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. . 28	770,004	0	18,941,158	(433,561)	2,546,805
29 LESS: A NET OPERATING LOSS DEDUCTION 29A	0	0	0	0	0
B SPECIAL DEDUCTIONS (SCHEDULE C). . .29B	0	0	0	0	0
C TOTAL. 29C	0	0	0	0	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	770,004	0	18,941,158	(433,561)	2,546,805

2002 CONS. FEDERAL 1120 TAX RETURN

L2 Consolidated
Year: 2002

		Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459
1120 - U.S. CORPORATION INCOME TAX RETURN						
TOTAL ASSETS		16,330,543	2,378,689	18,206,359	18,193,284	57,407
1A GROSS RECEIPTS OR SALES	1A	2,152,434	3,185,296	20,221,599	9,995,200	0
B LESS RETURNS AND ALLOWANCES	1B	28,841	45,871	78,901	0	0
BALANCE	>1C	2,123,593	3,139,425	20,142,698	9,995,200	0
2 COST OF GOODS SOLD (SCHEDULE A)	2	971,385	1,445,938	14,123,191	6,728,795	0
3 GROSS PROFIT (LINE 1(C) LESS LINE 2)	3	1,152,208	1,693,487	6,019,507	3,266,405	0
4 DIVIDENDS (SCHEDULE C)	4	0	0	0	0	0
5 INTEREST	5	107	0	1,244	3,161	0
6 GROSS RENTS	6	0	0	0	42,457	0
7 GROSS ROYALTIES	7	0	0	5,291	116,049	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D)	8	0	0	0	0	0
9 NET GAIN (LOSS) FROM FORM 4797	9	0	0	0	(8,762)	0
10 OTHER INCOME (ATTACH SCHEDULE)	10	0	89,486	2,263,068	33,367	0
11 TOTAL INCOME (LINES 3 THROUGH 10)	>11	1,152,315	1,782,973	8,289,110	3,452,677	0
DEDUCTIONS						
12 COMPENSATION OF OFFICERS (SCHEDULE E)	12	0	0	0	0	0
13 SALARIES AND WAGES	13	0	770,142	2,005,572	1,405,884	0
14 REPAIRS	14	49,030	25,254	96,431	78,616	0
15 BAD DEBTS	15	0	0	38,999	0	0
16 RENTS	16	18,271	229,345	314,926	7,430	0
17 TAXES	17	46,748	74,857	328,922	135,065	0
18 INTEREST	18	0	0	0	161	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS)	19	400	0	375	2,622	0
20 DEPRECIATION (FORM 4562)	20	195,554	105,937	283,552	334,537	0
21A LESS DEPRECIATION IN SCH A & ELSEWHERE	21A	0	0	0	0	0
	21B	195,554	105,937	283,552	334,537	0
22 DEPLETION	22	0	0	0	0	0
23 ADVERTISING	23	6,382	0	11,940	24,813	0
24 PENSION, PROFIT SHARING, ETC. PLANS	24	13,397	25,521	113,669	36,846	0
25 EMPLOYEE BENEFIT PROGRAMS	25	5,032	230,049	574,219	154,628	0
26 OTHER DEDUCTIONS	26	914,426	467,966	2,131,207	798,017	0
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26)	>27	1,249,240	1,929,071	5,899,812	2,978,619	0
28 TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT.	28	(96,925)	(146,098)	2,389,298	474,058	0
29 LESS: A NET OPERATING LOSS DEDUCTION	29A	0	0	0	0	0
B SPECIAL DEDUCTIONS (SCHEDULE C)	29B	0	0	0	0	0
C TOTAL	29C	0	0	0	0	0
30 TAXABLE INCOME (LINE 28 LESS 29C)	30	(96,925)	(146,098)	2,389,298	474,058	0

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
1120 - U.S. CORPORATION INCOME TAX RETURN					
TOTAL ASSETS	149,000	2,293,323	38,230,739	390,440	140,389,032
1A GROSS RECEIPTS OR SALES. 1A	0	0	16,186,060	0	2,790,000
B LESS RETURNS AND ALLOWANCES. 1B	0	0	431,232	0	0
BALANCE >1C	0	0	15,754,828	0	2,790,000
2 COST OF GOODS SOLD (SCHEDULE A) 2	0	0	8,368,116	0	2,412,000
3 GROSS PROFIT (LINE 1(C) LESS LINE 2). 3	0	0	7,386,712	0	378,000
4 DIVIDENDS (SCHEDULE C). 4	0	347	0	0	0
5 INTEREST. 5	0	0	7,546	0	2,000
6 GROSS RENTS 6	0	0	0	0	0
7 GROSS ROYALTIES 7	0	0	0	0	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D). 8	0	(58,571)	0	0	2,000
9 NET GAIN (LOSS) FROM FORM 4797. 9	0	0	0	0	12,000
10 OTHER INCOME (ATTACH SCHEDULE). 10	706,000	(88,926)	406	0	105,906,796
11 TOTAL INCOME (LINES 3 THROUGH 10). . . .>11	706,000	(147,150)	7,394,664	0	106,300,796
DEDUCTIONS					
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0	0	0
13 SALARIES AND WAGES. 13	228,000	0	2,917,296	0	487,000
14 REPAIRS 14	1,000	0	188,080	0	27,000
15 BAD DEBTS 15	0	0	5,336	0	0
16 RENTS 16	61,000	0	140,832	0	109,000
17 TAXES 17	86,287	0	248,425	0	252,339
18 INTEREST. 18	0	0	0	0	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS). 19	0	0	760	0	0
20 DEPRECIATION (FORM 4562). 20	23,000	0	308,189	0	21,000
21A LESS DEPRECIATION IN SCH A & ELSEWHERE . . .21A	0	0	0	0	0
21B	23,000	0	308,189	0	21,000
22 DEPLETION 22	0	0	0	0	0
23 ADVERTISING 23	0	0	4,767	0	4,000
24 PENSION, PROFIT SHARING, ETC. PLANS 24	0	0	108,941	0	12,000
25 EMPLOYEE BENEFIT PROGRAMS 25	13,000	0	420,806	0	30,000
26 OTHER DEDUCTIONS. 26	306,213	0	2,125,225	0	98,634,715
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26). .>27	718,500	0	6,468,657	0	99,587,054
28 TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. . 28	(12,500)	(147,150)	926,007	0	6,713,742
29 LESS: A NET OPERATING LOSS DEDUCTION 29A	0	0	0	0	0
B SPECIAL DEDUCTIONS (SCHEDULE C). . .29B	0	243	0	0	0
C TOTAL. 29C	0	243	0	0	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	(12,500)	(147,393)	926,007	0	6,713,742

LZ Consolidated
Year: 2002

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
*** 1120 - U.S. CORPORATION INCOME TAX RETURN ***			
TOTAL ASSETS	773,043,163	14,246,575	10,656,461
1A GROSS RECEIPTS OR SALES. 1A	0	8,348,495	0
B LESS RETURNS AND ALLOWANCES. 1B	0	895,420	0
BALANCE >1C	0	7,453,075	0
2 COST OF GOODS SOLD (SCHEDULE A) 2	0	4,116,707	0
3 GROSS PROFIT (LINE 1(C) LESS LINE 2). 3	0	3,336,368	0
4 DIVIDENDS (SCHEDULE C). 4	27,636,195	0	0
5 INTEREST. 5	245,307	916	0
6 GROSS RENTS 6	0	30,687	0
7 GROSS ROYALTIES 7	0	0	0
8 CAPITAL GAIN NET INCOME (SCHEDULE D). 8	0	0	0
9 NET GAIN (LOSS) FROM FORM 4797. 9	0	0	0
10 OTHER INCOME (ATTACH SCHEDULE). 10	2,386,331	17,762	1,123,562
11 TOTAL INCOME (LINES 3 THROUGH 10). . . .>11	30,267,833	3,385,733	1,123,562
DEDUCTIONS			
12 COMPENSATION OF OFFICERS (SCHEDULE E) 12	0	0	0
13 SALARIES AND WAGES. 13	1,064,000	1,964,118	0
14 REPAIRS 14	9,000	22,101	0
15 BAD DEBTS 15	0	(405)	0
16 RENTS 16	70,000	23,995	0
17 TAXES 17	552,788	292,508	81,603
18 INTEREST. 18	770,004	0	0
19 CONTRIBUTIONS (SEE INSTRUCTIONS). 19	2,000	50	0
20 DEPRECIATION (FORM 4562). 20	0	303,431	0
21A LESS DEPRECIATION IN SCH A & ELSEWHERE . . .21A	0	0	0
21B	0	303,431	0
22 DEPLETION 22	0	0	0
23 ADVERTISING 23	4,000	34,898	0
24 PENSION, PROFIT SHARING, ETC. PLANS 24	73,000	73,417	0
25 EMPLOYEE BENEFIT PROGRAMS 25	29,000	373,826	0
26 OTHER DEDUCTIONS. 26	461,758	684,401	171,920
27 TOTAL DEDUCTIONS (LINES 12 THROUGH 26). .>27	3,035,550	3,772,340	253,523
28 TAXABLE INCOME BEFORE NOL & SPECIAL DEDUCT. . 28	27,232,283	(386,607)	870,039
29 LESS: A NET OPERATING LOSS DEDUCTION 29A	0	0	0
B SPECIAL DEDUCTIONS (SCHEDULE C). . .29B	17,095,459	0	0
C TOTAL. 29C	17,095,459	0	0
30 TAXABLE INCOME (LINE 28 LESS 29C) 30	10,136,824	(386,607)	870,039

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Elis 22-3838065
STATEMENT 1 - FORM 1120, PG 1, LN 10					
10 OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	1,094,927	0	1,094,927	751,504	0
OTHER MISCELLANEOUS	2,886,274	(176,523)	3,062,797	1,516,527	0
REIMB FOR ADMIN-TESTING-RESRCH SVCS	126,176,659	0	126,176,659	42,450,649	0
PROFIT OR LOSS ON INCIDENTAL SALES	(925,559)	0	(925,559)	(925,559)	0
PURCHASE DISCOUNTS	468,895	0	468,895	468,895	0
COMMISSION INCOME	27,826,769	0	27,826,769	0	0
TOTAL	157,527,965	(176,523)	157,704,488	44,262,216	0
STATEMENT 2 - FORM 1120, PG 1, LN 17					
17 TAXES					
REAL PROPERTY TAXES	4,916,110	0	4,916,110	4,536,982	0
STATE TAXES BASED ON INCOME	2,147,158	0	2,147,158	1,596,257	0
STATE TAXES BASED ON NET WORTH	269,950	0	269,950	269,950	0
OTHER TAXES	15,722,778	0	15,722,778	13,622,420	0
FOREIGN TAXES	0	(3,737,030)	3,737,030	2,954,616	0
PERSONAL PROPERTY TAXES	2,907,617	0	2,907,617	2,586,003	0
TOTAL	25,963,613	(3,737,030)	29,700,643	25,566,228	0
STATEMENT 3 - FORM 1120, PG 1, LN 26					
26 OTHER DEDUCTIONS					
OTHER DEDUCTIONS	2,533,091	0	2,533,091	0	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	(1,261,039)	0	(1,261,039)	(1,435,439)	0
ADMIN CHARGES-PENSION/PROFIT SHARING	1,947,979	0	1,947,979	679,283	0
ELECTRICAL SUPPLIES	754,152	0	754,152	754,152	0
PIPE & FITTINGS	1,428,941	0	1,428,941	1,428,941	0
JANITOR SERVICES	1,321,338	0	1,321,338	1,228,060	0
NITROGEN FOR PRODUCTION PROCESSING	2,107,753	0	2,107,753	2,107,753	0
TELEPHONE EXPENSE	2,111,645	0	2,111,645	1,284,655	0
DRUMS & CONTAINERS	583,050	0	583,050	583,050	0
PROCESSING SUPPLIES	873,441	0	873,441	773,056	0
ENGINE FUEL	1,173,044	0	1,173,044	1,154,049	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	2,173,696	0	2,173,696	1,891,808	0
LAUNDRY & DRY CLEANING SERVICES	753,109	0	753,109	669,045	0
COMMEMORATIVE CELEBRATIONS	135	0	135	135	0
ALL OTHER MAINTENANCE SUPPLIES	653,532	0	653,532	627,582	0
ALL OTHER OPERATING SUPPLIES	4,874,780	0	4,874,780	3,405,918	0
ROYALTY EXPENSE	162,477	0	162,477	0	0
COMMISSIONS EXPENSE	22,769,536	0	22,769,536	4,743,215	0
OUTSIDE TESTING SERVICE	67,127,920	0	67,127,920	42,017,789	0
UTILITIES EXPENSE	25,402,363	0	25,402,363	25,211,463	0
INSURANCE EXPENSE	5,435,343	0	5,435,343	4,229,398	0
TRAVEL & ENTERTAINMENT EXPENSE	10,088,743	0	10,088,743	8,401,470	0
MATLS FOR EXPERIMENTAL PRODUCTION	881,907	0	881,907	881,907	0
ENGINE TEST PARTS/SUPPLIES	4,715,670	0	4,715,670	4,715,670	0
DATA PROC/PRINTING/OFFICE SUPPLIES	2,343,998	0	2,343,998	1,837,583	0
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	1,255,116	0	1,255,116	1,077,559	0
LUMBER/PAINT/PERISHABLE TOOLS	501,022	0	501,022	488,649	0

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	ARC 84-0844576	BROSE 82-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280
STATEMENT 1 - FORM 1120, PG 1, LN 10					
10 OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	0	0	0	0	0
OTHER MISCELLANEOUS	0	0	237,156	567,645	199,619
REIMB FOR ADMIN-TESTING-RESRCH SVCS	0	0	0	0	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
COMMISSION INCOME	0	0	0	0	0
TOTAL	0	0	237,156	567,645	199,619
STATEMENT 2 - FORM 1120, PG 1, LN 17					
17 TAXES					
REAL PROPERTY TAXES	0	0	0	167,907	0
STATE TAXES BASED ON INCOME	0	0	271,445	9,100	108,474
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	0	0	383,993	417,691	415,210
FOREIGN TAXES	0	0	0	0	0
PERSONAL PROPERTY TAXES	0	0	130,411	0	130,642
TOTAL	0	0	785,849	594,698	654,326
STATEMENT 3 - FORM 1120, PG 1, LN 26					
26 OTHER DEDUCTIONS					
OTHER DEDUCTIONS	0	0	196,261	1,097,209	589,861
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0	0	0	0
ADMIN CHARGES-PENSION/PROFIT SHARING	0	0	298,386	0	299,907
ELECTRICAL SUPPLIES	0	0	0	0	0
PIPE & FITTINGS	0	0	0	0	0
JANITOR SERVICES	0	0	0	46,407	0
NITROGEN FOR PRODUCTION PROCESSING	0	0	0	0	0
TELEPHONE EXPENSE	0	0	154,703	145,477	113,940
DRUMS & CONTAINERS	0	0	0	0	0
PROCESSING SUPPLIES	0	0	0	0	0
ENGINE FUEL	0	0	0	0	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	0	0	73,651	0	165,815
LAUNDRY & DRY CLEANING SERVICES	0	0	22,843	30,778	0
COMMEMORATIVE CELEBRATIONS	0	0	0	0	0
ALL OTHER MAINTENANCE SUPPLIES	0	0	0	0	0
ALL OTHER OPERATING SUPPLIES	0	0	139,551	649,097	825
ROYALTY EXPENSE	0	0	0	0	0
COMMISSIONS EXPENSE	0	0	0	135,110	0
OUTSIDE TESTING SERVICE	0	0	5,426	0	0
UTILITIES EXPENSE	0	0	0	0	1,455
INSURANCE EXPENSE	0	0	27,430	876,891	130,078
TRAVEL & ENTERTAINMENT EXPENSE	0	0	329,087	76,919	14,485
MATLS FOR EXPERIMENTAL PRODUCTION	0	0	0	0	0
ENGINE TEST PARTS/SUPPLIES	0	0	0	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	0	0	67,842	140,919	110,403
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	0	0	11,510	36,639	113,531
LUMBER/PAINT/PERISHABLE TOOLS	0	0	0	895	0

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459
STATEMENT 1 - FORM 1120, PG 1, LN 10					
10 OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	0	0	0	0	0
OTHER MISCELLANEOUS	0	89,486	198,280	18,813	0
REIMB FOR ADMIN-TESTING-RESRCH SVCS	0	0	2,064,788	14,554	0
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
COMMISSION INCOME	0	0	0	0	0
TOTAL	0	89,486	2,263,068	33,367	0
STATEMENT 2 - FORM 1120, PG 1, LN 17					
17 TAXES					
REAL PROPERTY TAXES	6,430	0	0	41,988	0
STATE TAXES BASED ON INCOME	5,222	147	102,744	0	0
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	35,096	68,770	226,178	93,077	0
FOREIGN TAXES	0	0	0	0	0
PERSONAL PROPERTY TAXES	0	5,940	0	0	0
TOTAL	46,748	74,857	328,922	135,065	0
STATEMENT 3 - FORM 1120, PG 1, LN 26					
26 OTHER DEDUCTIONS					
OTHER DEDUCTIONS	25,344	33,266	174,938	151,422	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0	0	0	0
ADMIN CHARGES-PENSION/PROFIT SHARING	66,184	63,960	219,387	182,469	0
ELECTRICAL SUPPLIES	0	0	0	0	0
PIPE & FITTINGS	0	0	0	0	0
JANITOR SERVICES	0	1,721	0	17,745	0
NITROGEN FOR PRODUCTION PROCESSING	0	0	0	0	0
TELEPHONE EXPENSE	5,302	16,932	65,810	62,665	0
DRUMS & CONTAINERS	0	0	0	0	0
PROCESSING SUPPLIES	0	35,359	0	0	0
ENGINE FUEL	0	0	5,450	0	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	3,290	0	132	0	0
LAUNDRY & DRY CLEANING SERVICES	7,069	0	0	0	0
COMMEMORATIVE CELEBRATIONS	0	0	0	0	0
ALL OTHER MAINTENANCE SUPPLIES	350	0	0	0	0
ALL OTHER OPERATING SUPPLIES	10,830	54,543	182,486	64,707	0
ROYALTY EXPENSE	0	0	46,428	0	0
COMMISSIONS EXPENSE	0	0	0	0	0
OUTSIDE TESTING SERVICE	0	0	90	0	0
UTILITIES EXPENSE	12,844	0	0	0	0
INSURANCE EXPENSE	129,957	4,738	0	8,224	0
TRAVEL & ENTERTAINMENT EXPENSE	34,748	13,159	304,856	123,473	0
MATLS FOR EXPERIMENTAL PRODUCTION	0	0	0	0	0
ENGINE TEST PARTS/SUPPLIES	0	0	0	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	0	9,877	0	32,403	0
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	0	802	0	829	0
LUMBER/PAINT/PERISHABLE TOOLS	0	0	11,478	0	0

LZ Consolidated
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	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
STATEMENT 1 - FORM 1120, PG 1, LN 10					
10 OTHER INCOME					
LABOR & SVCS BILLED TO OTHERS	0	0	0	0	0
OTHER MISCELLANEOUS	0	(88,926)	406	0	31,698
REIMB FOR ADMIN-TESTING-RESRCH SVCS	0	0	0	0	79,473,329
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0	0	0
PURCHASE DISCOUNTS	0	0	0	0	0
COMMISSION INCOME	706,000	0	0	0	26,401,769
TOTAL	706,000	(88,926)	406	0	105,906,796
STATEMENT 2 - FORM 1120, PG 1, LN 17					
17 TAXES					
REAL PROPERTY TAXES	0	0	0	0	0
STATE TAXES BASED ON INCOME	0	0	2,193	0	0
STATE TAXES BASED ON NET WORTH	0	0	0	0	0
OTHER TAXES	0	0	203,788	0	5,000
FOREIGN TAXES	86,287	0	0	0	247,339
PERSONAL PROPERTY TAXES	0	0	42,444	0	0
TOTAL	86,287	0	248,425	0	252,339
STATEMENT 3 - FORM 1120, PG 1, LN 26					
26 OTHER DEDUCTIONS					
OTHER DEDUCTIONS	91,415	0	115,891	0	57,484
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0	0	0	174,400
ADMIN CHARGES-PENSION/PROFIT SHARING	0	0	138,403	0	0
ELECTRICAL SUPPLIES	0	0	0	0	0
PIPE & FITTINGS	0	0	0	0	0
JANITOR SERVICES	0	0	27,405	0	0
NITROGEN FOR PRODUCTION PROCESSING	0	0	0	0	0
TELEPHONE EXPENSE	41,000	0	86,598	0	60,000
DRUMS & CONTAINERS	0	0	0	0	0
PROCESSING SUPPLIES	0	0	0	0	0
ENGINE FUEL	3,000	0	0	0	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	0	0	0	0	0
LAUNDRY & DRY CLEANING SERVICES	0	0	23,374	0	0
COMMEMORATIVE CELEBRATIONS	0	0	0	0	0
ALL OTHER MAINTENANCE SUPPLIES	0	0	0	0	0
ALL OTHER OPERATING SUPPLIES	0	0	254,997	0	32,968
ROYALTY EXPENSE	0	0	116,049	0	0
COMMISSIONS EXPENSE	0	0	0	0	17,812,223
OUTSIDE TESTING SERVICE	0	0	0	0	25,076,056
UTILITIES EXPENSE	0	0	92,619	0	10,000
INSURANCE EXPENSE	0	0	6,000	0	0
TRAVEL & ENTERTAINMENT EXPENSE	8,798	0	364,764	0	58,757
MATLS FOR EXPERIMENTAL PRODUCTION	0	0	0	0	0
ENGINE TEST PARTS/SUPPLIES	0	0	0	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	12,000	0	39,998	0	4,000
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	0	0	10,254	0	0
LUMBER/PAINT/PERISHABLE TOOLS	0	0	0	0	0

LZ Consolidated
Year: 2002

	LCTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
STATEMENT 1 - FORM 1120, PG 1, LN 10			
10 OTHER INCOME			
LABOR & SVCS BILLED TO OTHERS	0	0	343,423
OTHER MISCELLANEOUS	274,331	17,762	0
REIMB FOR ADMIN-TESTING-RESRCH SVCS	1,393,000	0	780,139
PROFIT OR LOSS ON INCIDENTAL SALES	0	0	0
PURCHASE DISCOUNTS	0	0	0
COMMISSION INCOME	719,000	0	0
TOTAL	2,386,331	17,762	1,123,562
STATEMENT 2 - FORM 1120, PG 1, LN 17			
17 TAXES			
REAL PROPERTY TAXES	0	120,000	42,803
STATE TAXES BASED ON INCOME	0	12,776	38,800
STATE TAXES BASED ON NET WORTH	0	0	0
OTHER TAXES	92,000	159,555	0
FOREIGN TAXES	448,788	0	0
PERSONAL PROPERTY TAXES	12,000	177	0
TOTAL	552,788	292,508	81,603
STATEMENT 3 - FORM 1120, PG 1, LN 26			
26 OTHER DEDUCTIONS			
OTHER DEDUCTIONS	0	0	0
REIMBURSEMENT OF EXPATRIATE EXPENSES	0	0	0
ADMIN CHARGES-PENSION/PROFIT SHARING	0	0	0
ELECTRICAL SUPPLIES	0	0	0
PIPE & FITTINGS	0	0	0
JANITOR SERVICES	0	0	0
NITROGEN FOR PRODUCTION PROCESSING	0	0	0
TELEPHONE EXPENSE	35,000	37,563	0
DRUMS & CONTAINERS	0	0	0
PROCESSING SUPPLIES	0	65,025	0
ENGINE FUEL	0	10,535	0
GLASSWARE/LAB CHEMICALS/SUPPLIES	39,000	0	0
LAUNDRY & DRY CLEANING SERVICES	0	0	0
COMMEMORATIVE CELEBRATIONS	0	0	0
ALL OTHER MAINTENANCE SUPPLIES	0	25,600	0
ALL OTHER OPERATING SUPPLIES	0	20,033	58,825
ROYALTY EXPENSE	0	0	0
COMMISSIONS EXPENSE	0	78,988	0
OUTSIDE TESTING SERVICE	0	28,559	0
UTILITIES EXPENSE	21,000	52,982	0
INSURANCE EXPENSE	4,000	18,627	0
TRAVEL & ENTERTAINMENT EXPENSE	239,474	118,753	0
MATLS FOR EXPERIMENTAL PRODUCTION	0	0	0
ENGINE TEST PARTS/SUPPLIES	0	0	0
DATA PROC/PRINTING/OFFICE SUPPLIES	2,000	86,973	0
FIRST AID/FIREFIGHTING/SAFETY SUPPLY	3,000	992	0
LUMBER/PAINT/PERISHABLE TOOLS	0	0	0

LZ Consolidated
Year: 2002

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
REPAIR PARTS AND SUPPLIES	6,959,922	0	6,959,922	6,956,551	0
CONSULTING EXPENSE	12,049,612	0	12,049,612	11,520,837	0
PATENT EXPENSE	2,891,202	0	2,891,202	2,891,202	0
MAINTENANCE EXPENSE	2,794,580	0	2,794,580	2,794,580	0
WASTE PRODUCT DISPOSAL EXPENSES	5,769,619	0	5,769,619	5,304,844	0
FREIGHT/EXPRESS/PARCEL POST	2,223,159	0	2,223,159	1,730,360	0
STOCKHOLDER/PUBLIC RELATIONS	726,038	0	726,038	725,706	0
DUES AND SUBSCRIPTIONS	2,135,441	0	2,135,441	2,028,228	0
ALL OTHER OUTSIDE SERVICES	117,829,538	0	117,829,538	59,554,678	4
OTHER OPERATING/NONOPERATING	16,076,396	0	16,076,396	14,025,930	0
LEGAL SETTLEMENT	8,579,889	0	8,579,889	8,579,889	0
AMORTIZATION	14,610,290	0	14,610,290	10,227,206	0
EXTRATERRITORIAL INCOME EXCLUSION	11,026,450	0	11,026,450	11,026,450	0
TOTAL	366,384,878	0	366,384,878	246,123,212	4

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	ARC 84-0844576	BROSE 82-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280
REPAIR PARTS AND SUPPLIES	0	0	0	0	0
CONSULTING EXPENSE	0	0	36,483	33,995	22,763
PATENT EXPENSE	0	0	0	0	0
MAINTENANCE EXPENSE	0	0	0	0	0
WASTE PRODUCT DISPOSAL EXPENSES	0	0	4,580	0	138,914
FREIGHT/EXPRESS/PARCEL POST	0	0	10,519	45,345	80,315
STOCKHOLDER/PUBLIC RELATIONS	0	0	332	0	0
DUES AND SUBSCRIPTIONS	0	0	19,069	18,926	25,171
ALL OTHER OUTSIDE SERVICES	0	0	174,009	673,844	328,927
OTHER OPERATING/NONOPERATING	0	0	434,230	219,044	972,436
LEGAL SETTLEMENT	0	0	0	0	0
AMORTIZATION	0	0	217,090	2,198,066	1,798,423
EXTRATERRITORIAL INCOME EXCLUSION	0	0	0	0	0
TOTAL	0	0	2,223,002	6,425,561	4,907,251

	Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459
REPAIR PARTS AND SUPPLIES	0	0	0	0	0
CONSULTING EXPENSE	11,698	12,639	17,578	14,910	0
PATENT EXPENSE	0	0	0	0	0
MAINTENANCE EXPENSE	0	0	0	0	0
WASTE PRODUCT DISPOSAL EXPENSES	29,417	2,357	0	10,329	0
FREIGHT/EXPRESS/PARCEL POST	47,652	164,228	45,383	12,974	0
STOCKHOLDER/PUBLIC RELATIONS	0	0	0	0	0
DUES AND SUBSCRIPTIONS	4,972	2,972	6,123	14,373	0
ALL OTHER OUTSIDE SERVICES	476,838	49,051	931,611	4,869	0
OTHER OPERATING/NONOPERATING	13,593	2,362	89,420	43,005	0
LEGAL SETTLEMENT	0	0	0	0	0
AMORTIZATION	34,338	0	30,027	53,620	0
EXTRATERRITORIAL INCOME EXCLUSION	0	0	0	0	0
TOTAL	914,426	467,966	2,131,207	798,017	0

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
REPAIR PARTS AND SUPPLIES	0	0	0	0	0
CONSULTING EXPENSE	2,000	0	146,739	0	164,523
PATENT EXPENSE	0	0	0	0	0
MAINTENANCE EXPENSE	0	0	0	0	0
WASTE PRODUCT DISPOSAL EXPENSES	0	0	278,830	0	0
FREIGHT/EXPRESS/PARCEL POST	3,000	0	10,660	0	4,000
STOCKHOLDER/PUBLIC RELATIONS	0	0	0	0	0
DUES AND SUBSCRIPTIONS	0	0	8,628	0	2,000
ALL OTHER OUTSIDE SERVICES	131,000	0	231,092	0	55,173,001
OTHER OPERATING/NONOPERATING	14,000	0	122,380	0	15,303
LEGAL SETTLEMENT	0	0	0	0	0
AMORTIZATION	0	0	48,544	0	0
EXTRATERRITORIAL INCOME EXCLUSION	0	0	0	0	0
TOTAL	306,213	0	2,125,225	0	98,644,715

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
REPAIR PARTS AND SUPPLIES	0	3,371	0
CONSULTING EXPENSE	55,000	10,447	0
PATENT EXPENSE	0	0	0
MAINTENANCE EXPENSE	0	0	0
WASTE PRODUCT DISPOSAL EXPENSES	0	348	0
FREIGHT/EXPRESS/PARCEL POST	20,000	48,723	0
STOCKHOLDER/PUBLIC RELATIONS	0	0	0
DUES AND SUBSCRIPTIONS	0	4,979	0
ALL OTHER OUTSIDE SERVICES	23,283	77,331	0
OTHER OPERATING/NONOPERATING	20,001	(8,405)	113,095
LEGAL SETTLEMENT	0	0	0
AMORTIZATION	0	2,976	0
EXTRATERRITORIAL INCOME EXCLUSION	0	0	0
TOTAL	461,758	684,401	171,920

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Elizabeth 22-3638065
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR. 1	98,929,344	(2,857,999)	101,787,343	75,899,855	0
2 PURCHASES 2	675,528,690	2,857,999	672,670,691	551,762,331	0
3 COST OF LABOR 3	3,000,520	0	3,000,520	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	45,166	0	45,166	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	777,503,720	0	777,503,720	627,662,196	0
7 INVENTORY AT END OF YEAR. 7	115,186,337	0	115,186,337	81,543,875	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	662,317,383	0	662,317,383	546,118,321	0

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LZ Consolidated
Year: 2002

	ARC 84-0844576	BROSE 62-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR. 1	0	0	6,236,174	8,159,859	0
2 PURCHASES 2	0	0	29,842,792	22,122,468	32,871,074
3 COST OF LABOR 3	0	0	0	2,621,595	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	0	0	36,078,966	32,903,922	32,871,074
7 INVENTORY AT END OF YEAR. 7	0	0	7,239,866	9,805,564	6,775,602
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	0	0	28,839,100	23,098,358	26,095,472

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		Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459
SCHEDULE A - COST OF GOODS SOLD						
1 INVENTORY AT BEGINNING OF YEAR	1	2,308,177	1,474,485	2,558,195	549,822	0
2 PURCHASES	2	1,097,629	1,504,903	11,140,905	6,178,973	0
3 COST OF LABOR	3	0	0	378,925	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE)	4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE)	5	0	0	45,166	0	0
6 TOTAL - ADD LINES 1 THROUGH 5	6	3,405,806	2,979,388	14,123,191	6,728,795	0
7 INVENTORY AT END OF YEAR	7	2,434,421	1,533,450	0	0	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1)	8	971,385	1,445,938	14,123,191	6,728,795	0

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
SCHEDULE A - COST OF GOODS SOLD					
1 INVENTORY AT BEGINNING OF YEAR. 1	0	0	1,954,424	0	0
2 PURCHASES 2	0	0	9,957,546	0	2,429,000
3 COST OF LABOR 3	0	0	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	0	0	11,911,970	0	2,429,000
7 INVENTORY AT END OF YEAR. 7	0	0	3,543,854	0	17,000
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	0	0	8,368,116	0	2,412,000

LZ Consolidated
Year: 2002

	LOTC 51-5146748	LPS 58-0678914	MPP Pipeline 76-0412052
SCHEDULE A - COST OF GOODS SOLD			
1 INVENTORY AT BEGINNING OF YEAR. 1	0	2,646,342	0
2 PURCHASES 2	0	3,763,070	0
3 COST OF LABOR 3	0	0	0
4 ADDITIONAL SECTION 263A COSTS (SCHEDULE). . . 4	0	0	0
5 OTHER COSTS (ATTACH SCHEDULE) 5	0	0	0
6 TOTAL - ADD LINES 1 THROUGH 5 6	0	6,409,412	0
7 INVENTORY AT END OF YEAR. 7	0	2,292,705	0
8 COST OF GOODS SOLD (ENTER ON LINE 2, PAGE 1). 8	0	4,116,707	0

LZ Consolidated
Year: 2002

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 5
OTHER COSTS

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
5 OTHER COSTS OPERATION SUPPLIES	45,166	0	45,166	0	0

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	ARC 84-0844576	BROSE 82-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 5
OTHER COSTS

5 OTHER COSTS OPERATION SUPPLIES	0	0	0	0	0

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 5
OTHER COSTS

5 OTHER COSTS OPERATION SUPPLIES	0	0	45,166	0	0

LZ Consolidated
Year: 2002

2002 CONS. FEDERAL 1120 TAX RETURN

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 5
OTHER COSTS

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
5 OTHER COSTS					
OPERATION SUPPLIES	0	0	0	0	0

LZ Consolidated
Year: 2002

	LOTC	LPS	MPP Pipeline
	51-6146748	58-0678914	76-0412052

STATEMENT 4 - FORM 1120, PG 2, SCH A, LN 5
OTHER COSTS

5 OTHER COSTS			
OPERATION SUPPLIES	0	0	0

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3839065
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	91,428,318	0	91,428,318	87,140,028	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	141,150,291	0	141,150,291	122,861,823	0
(B) LESS ALLOWANCE FOR BAD DEBTS	5,387,717	0	5,387,717	5,064,472	0
NET TRADE RECEIVABLES	135,762,574	0	135,762,574	117,797,351	0
3 INVENTORIES	98,929,344	0	98,929,344	75,899,865	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	5,441,355	0	5,441,355	5,350,339	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	101,754,018	(939,375,923)	1,041,129,941	349,197,754	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	1,066,404,943	0	1,066,404,943	1,035,096,163	0
(B) LESS ACCUMULATED DEPRECIATION	647,811,920	0	647,811,920	639,867,630	0
NET DEPRECIABLE ASSETS	418,593,023	0	418,593,023	395,228,533	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	8,958,814	0	8,958,814	7,481,136	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	234,727,111	0	234,727,111	147,431,916	0
(B) LESS ACCUMULATED AMORTIZATION	77,705,413	0	77,705,413	50,929,940	0
NET INTANGIBLE ASSETS	157,021,698	0	157,021,698	96,501,976	0
14 OTHER ASSETS (ATTACH SCHEDULE)	135,244,400	(1,342,046,831)	1,477,291,231	694,776,261	0
15 TOTAL ASSETS	1,153,133,544	(2,281,422,754)	3,434,556,298	1,829,373,263	0
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	76,329,567	0	76,329,567	69,446,213	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	101,948,798	(1,200,235)	103,149,033	90,416,256	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	378,460,680	0	378,460,680	378,460,680	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	179,163,810	(1,340,846,591)	1,520,010,401	1,373,409,690	0
22 CAPITAL STOCK: A PREFERRED	0	(500,000)	500,000	0	0
B COMMON	102,643,950	(55,584,041)	158,227,991	102,643,950	0
TOTAL CAPITAL STOCK	102,643,950	(56,084,041)	158,727,991	102,643,950	0
23 PAID-IN OR CAPITAL SURPLUS	45,143,449	(878,422,087)	923,565,536	45,143,449	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	486,798,304	(4,869,800)	491,668,104	(12,793,963)	0
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	217,355,014	0	217,355,014	217,355,014	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,153,133,544	(2,281,422,754)	3,434,556,298	1,829,373,263	0

LZ Consolidated
Year: 2002

	ARC 84-0844576	EROSE 82-0406703	CPI 38-2050864	Carroll Scient 34-1868205	Chemron 34-1938280
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	0	0	990,688	464,843	0
2(A)TRADE NOTES AND ACCOUNTS RECEIVABLE	0	0	7,182,340	5,889,327	0
(B) LESS ALLOWANCE FOR BAD DEBTS	0	0	43,020	225,000	0
NET TRADE RECEIVABLES	0	0	7,139,320	5,664,327	0
3 INVENTORIES	0	0	6,236,174	8,159,859	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	0	(62,107)	158,994	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	0	0	0
10(A)BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	0	7,005,817	10,832,335	0
(B) LESS ACCUMULATED DEPRECIATION	0	0	1,519,780	1,766,345	0
NET DEPRECIABLE ASSETS	0	0	5,486,037	9,065,990	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	0	323,993	458,059	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	0	19,847,959	32,733,960	0
(B) LESS ACCUMULATED AMORTIZATION	0	0	7,865,900	7,876,587	0
NET INTANGIBLE ASSETS	0	0	11,982,059	24,855,373	0
14 OTHER ASSETS (ATTACH SCHEDULE)	13,318,520	0	577,046,941	(1)	0
15 TOTAL ASSETS	13,318,520	0	609,143,105	48,827,444	0
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	0	1,764,761	1,621,939	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	269,501	0	8,679,981	699,990	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	0	0	184,324	44,682,115	0
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	15,100	0	24,463,356	10,000	0
TOTAL CAPITAL STOCK	15,100	0	24,463,356	10,000	0
23 PAID-IN OR CAPITAL SURPLUS	5,556,019	0	568,588,025	0	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	7,477,900	0	5,462,658	1,813,400	0
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	13,318,520	0	609,143,105	48,827,444	0

LZ Consolidated
Year: 2002

	Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	0	353,932	519,127	0	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	288,563	2,529,484	0	0
(B) LESS ALLOWANCE FOR BAD DEBTS	0	5,000	10,000	0	0
NET TRADE RECEIVABLES	0	283,563	2,519,484	0	0
3 INVENTORIES	0	1,474,485	2,558,195	0	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	1,750	22,457	0	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	0	0	57,407
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	1,263,573	2,442,635	0	0
(B) LESS ACCUMULATED DEPRECIATION	0	841,867	577,296	0	0
NET DEPRECIABLE ASSETS	0	421,706	1,865,339	0	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	0	49,613	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	1,510,392	12,151,327	0	0
(B) LESS ACCUMULATED AMORTIZATION	0	302,078	2,908,656	0	0
NET INTANGIBLE ASSETS	0	1,208,314	9,242,671	0	0
14 OTHER ASSETS (ATTACH SCHEDULE)	0	17,977	1,417,744	0	0
15 TOTAL ASSETS	0	3,761,727	18,194,630	0	57,407
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	118,637	1,229,661	0	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	0	1,215,448	999,225	0	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	0	272,528	(8,348)	0	0
22 CAPITAL STOCK: A PREFERRED	0	0	500,000	0	0
B COMMON	0	2,389,970	107,000	0	1,000
TOTAL CAPITAL STOCK	0	2,389,970	607,000	0	1,000
23 PAID-IN OR CAPITAL SURPLUS	0	0	12,962,043	0	56,407
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	0	(234,856)	2,405,049	0	0
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	0	3,761,727	18,194,630	0	57,407

LZ Consolidated
Year: 2002

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR					
ASSETS					
1 CASH	193,000	149	77,792	0	177,000
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	0	1,038,879	0	150,000
(B) LESS ALLOWANCE FOR BAD DEBTS	0	0	11,000	0	0
NET TRADE RECEIVABLES	0	0	1,027,879	0	150,000
3 INVENTORIES	0	0	1,954,424	0	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	0	3,850	0	2,000
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	842,633	0	60,676	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	313,000	0	2,121,579	0	298,000
(B) LESS ACCUMULATED DEPRECIATION	241,000	0	152,949	0	225,000
NET DEPRECIABLE ASSETS	72,000	0	1,968,630	0	73,000
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	0	80,000	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	0	11,372,044	0	0
(B) LESS ACCUMULATED AMORTIZATION	0	0	766,844	0	0
NET INTANGIBLE ASSETS	0	0	10,605,200	0	0
14 OTHER ASSETS (ATTACH SCHEDULE)	5,230,000	1,449,959	71,486	148,929	100,563,516
15 TOTAL ASSETS	5,495,000	2,292,741	15,789,261	209,605	100,965,516
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	12,000	0	472,783	0	1,176,068
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	0	(101,715)	304,111	(180,835)	2,174,028
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	5,381,000	(7,073)	577,978	0	78,925,294
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	1,000	25,799,780	79,835	1,000	100,000
TOTAL CAPITAL STOCK	1,000	25,799,780	79,835	1,000	100,000
23 PAID-IN OR CAPITAL SURPLUS	0	0	15,220,165	1,000,000	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	101,000	(23,398,251)	(865,611)	(610,560)	18,590,131
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	5,495,000	2,292,741	15,789,261	209,605	100,965,516

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
SCHEDULE L - BALANCE SHEET, BEGINNING OF YEAR			
ASSETS			
1 CASH	1,324,100	187,659	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	26,000	1,183,875	0
(B) LESS ALLOWANCE FOR BAD DEBTS	0	29,225	0
NET TRADE RECEIVABLES	26,000	1,154,650	0
3 INVENTORIES	0	2,646,342	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	(35,928)	0	0
7 LOANS TO STOCKHOLDERS	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	690,971,471	0	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	4,457,841	2,574,000
(B) LESS ACCUMULATED DEPRECIATION	0	1,719,153	900,900
NET DEPRECIABLE ASSETS	0	2,738,688	1,673,100
11(A) DEPLETABLE ASSETS	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0
NET DEPLETABLE ASSETS	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	566,013	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	1,716,000	7,963,513	0
(B) LESS ACCUMULATED AMORTIZATION	0	7,053,408	0
NET INTANGIBLE ASSETS	1,716,000	910,105	0
14 OTHER ASSETS (ATTACH SCHEDULE)	69,411,382	5,882,801	7,955,696
15 TOTAL ASSETS	763,413,025	14,086,258	9,628,796
LIABILITIES AND STOCKHOLDERS' EQUITY			
16 ACCOUNTS PAYABLE	255,000	209,849	20,661
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	(1,139,950)	(634,060)	447,051
19 LOANS FROM STOCKHOLDERS	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	13,530,197	117,093	2,945,603
22 CAPITAL STOCK: A PREFERRED	0	0	0
B COMMON	2,500	39,500	2,574,000
TOTAL CAPITAL STOCK	2,500	39,500	2,574,000
23 PAID-IN OR CAPITAL SURPLUS	266,064,816	8,974,612	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	484,700,462	5,379,264	3,641,481
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	763,413,025	14,086,258	9,628,796

LZ Consolidated
Year: 2002

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Elic 22-3838065
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	116,767,698	(449)	116,768,147	115,619,777	449
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	137,211,706	0	137,211,706	107,305,565	0
(B) LESS ALLOWANCE FOR BAD DEBTS	3,665,070	0	3,665,070	3,309,371	0
NET TRADE RECEIVABLES	133,546,636	0	133,546,636	103,996,194	0
3 INVENTORIES	115,186,337	0	115,186,337	81,543,875	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	10,194,493	0	10,194,493	9,564,496	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	101,112,819	(962,327,221)	1,063,440,040	363,235,280	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	1,117,539,061	0	1,117,539,061	1,057,466,866	0
(B) LESS ACCUMULATED DEPRECIATION	686,694,933	0	686,694,933	676,024,233	0
NET DEPRECIABLE ASSETS	430,844,128	0	430,844,128	381,442,633	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	10,175,028	0	10,175,028	7,481,136	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	283,404,275	0	283,404,275	147,814,964	0
(B) LESS ACCUMULATED AMORTIZATION	87,508,644	0	87,508,644	58,864,070	0
NET INTANGIBLE ASSETS	195,895,631	0	195,895,631	88,950,894	0
14 OTHER ASSETS (ATTACH SCHEDULE)	122,056,065	(1,490,863,176)	1,612,919,241	769,387,261	10,000
15 TOTAL ASSETS	1,235,778,835	(2,453,190,846)	3,688,969,681	1,921,222,546	10,449
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	72,524,726	0	72,524,726	57,577,157	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	115,765,372	39,898	115,725,474	99,917,069	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	384,719,550	0	384,719,550	384,537,085	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	186,396,928	(1,490,903,519)	1,677,300,447	1,423,135,361	449
22 CAPITAL STOCK: A PREFERRED	0	(500,000)	500,000	0	0
B COMMON	111,605,011	(55,586,041)	167,191,052	111,605,011	1,000
TOTAL CAPITAL STOCK	111,605,011	(56,086,041)	167,691,052	111,605,011	1,000
23 PAID-IN OR CAPITAL SURPLUS	45,143,449	(901,371,384)	946,514,833	45,143,449	9,000
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	536,646,666	(4,869,800)	541,516,466	16,330,281	0
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	217,022,867	0	217,022,867	217,022,867	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,235,778,835	(2,453,190,846)	3,688,969,681	1,921,222,546	10,449

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	ARC 84-0844576	BROSE 82-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	0	0	295,117	0	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	0	7,494,141	5,854,761	7,616,580
(B) LESS ALLOWANCE FOR BAD DEBTS	0	0	20,733	100,000	150,000
NET TRADE RECEIVABLES	0	0	7,473,408	5,754,761	7,466,580
3 INVENTORIES	0	0	7,239,866	9,805,564	6,775,602
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	0	(69,907)	198,705	219,336
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	0	0	0	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	0	9,416,246	12,844,985	7,598,515
(B) LESS ACCUMULATED DEPRECIATION	0	0	1,964,282	2,641,166	468,956
NET DEPRECIABLE ASSETS	0	0	7,451,964	10,203,819	7,129,559
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	0	323,993	458,059	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	0	19,881,785	32,733,960	35,929,107
(B) LESS ACCUMULATED AMORTIZATION	0	0	7,898,479	7,948,903	1,026,773
NET INTANGIBLE ASSETS	0	0	11,983,306	24,785,057	34,902,334
14 OTHER ASSETS (ATTACH SCHEDULE)	13,819,023	0	576,356,535	(4)	598,994
15 TOTAL ASSETS	13,819,023	0	611,054,282	51,205,961	57,092,405
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	0	0	1,849,454	2,233,967	4,889,593
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	269,501	0	7,657,509	571,695	2,127,059
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0	0	139,105
21 OTHER LIABILITIES (ATTACH SCHEDULE)	0	0	309,688	44,799,469	47,418,623
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	15,100	0	24,463,356	10,000	1,000
TOTAL CAPITAL STOCK	15,100	0	24,463,356	10,000	1,000
23 PAID-IN OR CAPITAL SURPLUS	5,556,019	0	568,588,025	0	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	7,978,403	0	8,186,250	3,590,830	2,517,025
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	13,819,023	0	611,054,282	51,205,961	57,092,405

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	553,027	200	0	0	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	1,670,565	432,382	0	0	0
(B) LESS ALLOWANCE FOR BAD DEBTS	36,741	8,000	0	0	0
NET TRADE RECEIVABLES	1,633,824	424,382	0	0	0
3 INVENTORIES	2,434,421	1,533,450	0	0	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	124,302	2,800	5,509	100,882	0
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	10,000	0	0	0	57,407
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	7,730,725	1,328,768	1,515,868	7,755,434	0
(B) LESS ACCUMULATED DEPRECIATION	82,017	928,886	555,657	199,257	0
NET DEPRECIABLE ASSETS	7,648,708	399,882	960,211	7,556,177	0
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	707,000	0	49,613	509,214	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	3,097,948	0	12,151,327	10,106,839	0
(B) LESS ACCUMULATED AMORTIZATION	10,823	0	2,938,683	99,000	0
NET INTANGIBLE ASSETS	3,087,125	0	9,212,644	10,007,839	0
14 OTHER ASSETS (ATTACH SCHEDULE)	132,136	17,975	7,978,382	19,172	0
15 TOTAL ASSETS	16,330,543	2,378,689	18,206,359	18,193,284	57,407
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	1,325,150	200,746	0	288,376	0
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	106,670	14,660	930,376	163,503	0
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	16,083	0	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	341,943	1,304,646	(80,027)	9,293,317	0
22 CAPITAL STOCK: A PREFERRED	0	0	500,000	0	0
B COMMON	0	2,389,970	107,000	0	1,000
TOTAL CAPITAL STOCK	0	2,389,970	607,000	0	1,000
23 PAID-IN OR CAPITAL SURPLUS	14,535,906	0	12,962,043	8,404,391	56,407
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	4,791	(1,531,333)	3,786,967	43,697	0
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	16,330,543	2,378,689	18,206,359	18,193,284	57,407

LZ Consolidated
Year: 2002

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
SCHEDULE L - BALANCE SHEET, END OF YEAR					
ASSETS					
1 CASH	31,000	149	3,328	0	265,000
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	0	0	5,031,777	0	216,000
(B) LESS ALLOWANCE FOR BAD DEBTS	0	0	11,000	0	0
NET TRADE RECEIVABLES	0	0	5,020,777	0	216,000
3 INVENTORIES	0	0	3,543,854	0	17,000
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	0	16,800	0	8,000
7 LOANS TO STOCKHOLDERS	0	0	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	0	704,814	8,404,392	60,676	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	327,000	0	4,199,547	0	367,000
(B) LESS ACCUMULATED DEPRECIATION	263,000	0	390,396	0	211,000
NET DEPRECIABLE ASSETS	64,000	0	3,809,151	0	156,000
11(A) DEPLETABLE ASSETS	0	0	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0	0	0
NET DEPLETABLE ASSETS	0	0	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	0	80,000	0	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	0	0	11,830,832	0	0
(B) LESS ACCUMULATED AMORTIZATION	0	0	769,696	0	0
NET INTANGIBLE ASSETS	0	0	11,061,136	0	0
14 OTHER ASSETS (ATTACH SCHEDULE)	54,000	1,588,360	6,291,301	329,764	139,727,032
15 TOTAL ASSETS	149,000	2,293,323	38,230,739	390,440	140,389,032
LIABILITIES AND STOCKHOLDERS' EQUITY					
16 ACCOUNTS PAYABLE	17,000	0	2,299,628	0	1,456,541
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	0	0	1,103,166	0	2,570,360
19 LOANS FROM STOCKHOLDERS	0	0	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	27,277	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	57,000	(24,007)	19,706,772	0	112,997,714
22 CAPITAL STOCK: A PREFERRED	0	0	0	0	0
B COMMON	1,000	25,799,780	79,835	1,000	100,000
TOTAL CAPITAL STOCK	1,000	25,799,780	79,835	1,000	100,000
23 PAID-IN OR CAPITAL SURPLUS	0	0	15,220,165	1,000,000	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	74,000	(23,482,450)	(206,104)	(610,560)	23,262,417
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	149,000	2,293,323	38,230,739	390,440	140,389,032

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LZ Consolidated
Year: 2002

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
SCHEDULE L - BALANCE SHEET, END OF YEAR			
ASSETS			
1 CASH	100	0	0
2(A) TRADE NOTES AND ACCOUNTS RECEIVABLE	11,641	1,578,294	0
(B) LESS ALLOWANCE FOR BAD DEBTS	0	29,225	0
NET TRADE RECEIVABLES	11,641	1,549,069	0
3 INVENTORIES	0	2,292,705	0
4 U.S. GOVERNMENT OBLIGATIONS	0	0	0
5 TAX-EXEMPT SECURITIES (SEE INSTRUCTIONS)	0	0	0
6 OTHER CURRENT ASSETS (ATTACH SCHEDULE)	0	23,570	0
7 LOANS TO STOCKHOLDERS	0	0	0
8 MORTGAGE & REAL ESTATE LOANS	0	0	0
9 OTHER INVESTMENTS (ATTACH SCHEDULE)	690,966,471	0	0
10(A) BUILDINGS AND OTHER DEPRECIABLE ASSETS	0	4,414,107	2,574,000
(B) LESS ACCUMULATED DEPRECIATION	0	1,936,483	1,029,600
NET DEPRECIABLE ASSETS	0	2,477,624	1,544,400
11(A) DEPLETABLE ASSETS	0	0	0
(B) LESS ACCUMULATED DEPLETION	0	0	0
NET DEPLETABLE ASSETS	0	0	0
12 LAND (NET OF ANY AMORTIZATION)	0	566,013	0
13(A) INTANGIBLE ASSETS (AMORTIZABLE ONLY)	1,894,000	7,963,513	0
(B) LESS ACCUMULATED AMORTIZATION	0	7,952,217	0
NET INTANGIBLE ASSETS	1,894,000	11,296	0
14 OTHER ASSETS (ATTACH SCHEDULE)	80,170,951	7,326,298	9,112,061
15 TOTAL ASSETS	773,043,163	14,246,575	10,656,461
LIABILITIES AND STOCKHOLDERS' EQUITY			
16 ACCOUNTS PAYABLE	42,000	323,114	20,000
17 MORTGAGES, NOTES, BONDS PAYABLE UNDER 1 YEAR	0	0	0
18 OTHER CURRENT LIABILITIES (ATTACH SCHEDULE)	(274,428)	180,134	388,200
19 LOANS FROM STOCKHOLDERS	0	0	0
20 MORTGAGES, NOTES, BONDS PAYABLE OVER 1 YEAR	0	0	0
21 OTHER LIABILITIES (ATTACH SCHEDULE)	14,350,031	138,557	3,550,911
22 CAPITAL STOCK: A PREFERRED	0	0	0
B COMMON	2,500	39,500	2,574,000
TOTAL CAPITAL STOCK	2,500	39,500	2,574,000
23 PAID-IN OR CAPITAL SURPLUS	266,064,816	8,974,612	0
24 RETAINED EARNINGS-APPROPRIATED (ATTACH SCHEDULE)	0	0	0
25 RETAINED EARNINGS-UNAPPROPRIATED	492,858,244	4,590,658	4,123,350
26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY (ATTACH SCH)	0	0	0
27 LESS COST OF TREASURY STOCK	0	0	0
28 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	773,043,163	14,246,575	10,656,461

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET					
STATEMENT 5 - SCH L, OTHER CURRENT ASSETS					
6 OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	66,420	0	66,420	0	0
DEFERRED FIT - CURRENT	5,224,935	0	5,224,935	5,200,339	0
ADVANCES FOR TEST WORK	150,000	0	150,000	150,000	0
TOTAL	5,441,355	0	5,441,355	5,350,339	0
STATEMENT 6 - SCH L, OTHER INVESTMENTS					
9 OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	(100,000)	100,000	100,000	0
INVEST IN LZ OVERSEAS TRADING CORP	0	(266,067,315)	266,067,315	266,067,315	0
INVEST IN GATE CITY	0	(11,385,021)	11,385,021	11,385,021	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	(25,799,780)	25,799,780	25,799,780	0
INVEST IN LZ SERVICIOS TECNICOS	76,000	0	76,000	76,000	0
INVEST IN LUBRICANT INVESTMENTS	0	(57,407)	57,407	57,407	0
INVEST IN MPP PIPELINE CORP	0	(2,574,000)	2,574,000	2,574,000	0
INVEST IN LANGER & CO G.M.B.H.	553	0	553	0	0
INVEST IN LZ FOREIGN SALES CORP	5,000	0	5,000	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	(13,569,043)	13,569,043	13,569,043	0
INVEST IN AGC HOLDINGS, INC.	0	(8,070,006)	8,070,006	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	28,965,340	0	28,965,340	0	0
INVEST IN LUBRIZOL CANADA	6,454,433	0	6,454,433	0	0
INVEST IN LUBRIZOL CHINA	0	(1,000)	1,000	0	0
INVEST IN LUBRIZOL GESMBH	26,900	0	26,900	0	0
INVEST IN LZ DE MEXICO COMERCIAL	6,754	0	6,754	0	0
INVEST IN LUBRIZOL JAPAN	10,207,912	0	10,207,912	0	0
INVEST IN CPI ENGINEERING SERVICES	0	(593,051,381)	593,051,381	0	0
INVEST IN LZ DO BRASIL ADITIVOS	10,425,015	0	10,425,015	0	0
INVEST IN EUROPE B.V.	33,557,177	0	33,557,177	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	(10,000)	10,000	10,000	0
INVEST IN LZ INDIA LTD.	6,000,380	0	6,000,380	6,000,380	0
INVEST IN INDUSTRIAS LUBRIZOL	656,897	0	656,897	656,897	0
INVEST IN LZ TRANSARABIA	4,210,941	0	4,210,941	4,210,941	0
INVEST IN SHANGHAI LZ INT'L	200,000	0	200,000	0	0
INVEST IN LZ VENEZUELA	57,407	0	57,407	0	0
INVEST IN EX AIR	0	(2,389,970)	2,389,970	2,389,970	0
INVEST IN LZ INTERAMERICAS CORP	0	(1,001,000)	1,001,000	1,001,000	0
INVEST IN ROSS CHEMICAL	0	(15,300,000)	15,300,000	15,300,000	0
INVEST IN CHEMCONNECT	60,676	0	60,676	0	0
OTHER INVEST-ORIEN II	126,806	0	126,806	0	0
OTHER INVEST-VISTA	1,274	0	1,274	0	0
OTHER INVEST-AMT VENTURE	247,558	0	247,558	0	0
OTHER INVEST-AMT II	452,995	0	452,995	0	0
OTHER INVEST-MATERIA VENTURE	14,000	0	14,000	0	0
TOTAL	101,754,018	(939,375,923)	1,041,129,941	349,197,754	0

LZ Consolidated
Year: 2002

	ARC 84-0844576	BROSE 82-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1936280
SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET					
STATEMENT 5 - SCH L, OTHER CURRENT ASSETS					
6 OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	0	64,420	0
DEFERRED FIT - CURRENT	0	0	(62,107)	94,574	0
ADVANCES FOR TEST WORK	0	0	0	0	0
TOTAL	0	0	(62,107)	158,994	0
STATEMENT 6 - SCH L, OTHER INVESTMENTS					
9 OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN LANGER & CO G.M.B.H.	0	0	0	0	0
INVEST IN LZ FOREIGN SALES CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-VISTA	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
OTHER INVEST-MATERIA VENTURE	0	0	0	0	0
TOTAL	0	0	0	0	0

	Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459

SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET

STATEMENT 5 - SCH L, OTHER CURRENT ASSETS

6 OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	0	0	0
DEFERRED FIT - CURRENT	0	1,750	22,457	0	0
ADVANCES FOR TEST WORK	0	0	0	0	0
TOTAL	0	1,750	22,457	0	0

STATEMENT 6 - SCH L, OTHER INVESTMENTS

9 OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN LANGER & CO G.M.B.H.	0	0	0	0	0
INVEST IN LZ FOREIGN SALES CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	57,407
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-VISTA	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
OTHER INVEST-MATERIA VENTURE	0	0	0	0	0
TOTAL	0	0	0	0	57,407

LZ Consolidated
Year: 2002

2002 CONS. FEDERAL 1120 TAX RETURN

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089

SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET

STATEMENT 5 - SCH L, OTHER CURRENT ASSETS

6 OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	0	0	2,000
DEFERRED FIT - CURRENT	0	0	3,850	0	0
ADVANCES FOR TEST WORK	0	0	0	0	0
TOTAL	0	0	3,850	0	2,000

STATEMENT 6 - SCH L, OTHER INVESTMENTS

9 OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN LANGER & CO G.M.B.H.	0	0	0	0	0
INVEST IN LZ FOREIGN SALES CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	60,676	0
OTHER INVEST-ORIEN II	0	126,806	0	0	0
OTHER INVEST-VISTA	0	1,274	0	0	0
OTHER INVEST-AMT VENTURE	0	247,558	0	0	0
OTHER INVEST-AMT II	0	452,995	0	0	0
OTHER INVEST-MATERIA VENTURE	0	14,000	0	0	0
TOTAL	0	842,633	0	60,676	0

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LOTC 51-6146748	LPS 56-0678914	MPP Pipeline 76-0412052

SUPPORT SCHEDULE FOR BEGINNING-YEAR BALANCE SHEET

STATEMENT 5 - SCH L, OTHER CURRENT ASSETS

6 OTHER CURRENT ASSETS			
OTHER CURRENT ASSETS	0	0	0
DEFERRED FIT - CURRENT	(35,928)	0	0
ADVANCES FOR TEST WORK	0	0	0
TOTAL	(35,928)	0	0

STATEMENT 6 - SCH L, OTHER INVESTMENTS

9 OTHER INVESTMENTS			
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0
INVEST IN GATE CITY	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0
INVEST IN LANGER & CO G.M.B.H.	553	0	0
INVEST IN LZ FOREIGN SALES CORP	5,000	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0
INVEST IN AGC HOLDINGS, INC.	8,070,006	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	28,965,340	0	0
INVEST IN LUBRIZOL CANADA	6,454,433	0	0
INVEST IN LUBRIZOL CHINA	1,000	0	0
INVEST IN LUBRIZOL GESMBH	26,900	0	0
INVEST IN LZ DE MEXICO COMERCIAL	6,754	0	0
INVEST IN LUBRIZOL JAPAN	10,207,912	0	0
INVEST IN CPI ENGINEERING SERVICES	593,051,381	0	0
INVEST IN LZ DO BRASIL ADITIVOS	10,425,015	0	0
INVEST IN EUROPE B.V.	33,557,177	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0
INVEST IN SHANGHAI LZ INT'L	200,000	0	0
INVEST IN LZ VENEZUELA	0	0	0
INVEST IN EX AIR	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0
INVEST IN CHEMCONNECT	0	0	0
OTHER INVEST-ORIEN II	0	0	0
OTHER INVEST-VISTA	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0
OTHER INVEST-AMT II	0	0	0
OTHER INVEST-MATERIA VENTURE	0	0	0
TOTAL	690,971,471	0	0

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
STATEMENT 7 - SCH L, OTHER ASSETS					
14 OTHER ASSETS					
TRAVEL ADVANCES	(137,724)	0	(137,724)	(141,024)	0
INTERCOMPANY ACCOUNT	(4,432)	0	(4,432)	(4,432)	0
DEPOSITS AND PREPAID EXPENSES	16,789,749	0	16,789,749	16,612,753	0
DEFERRED PENSION COSTS	976,578	0	976,578	976,578	0
NONCURRENT DEPOSITS	10,749,223	0	10,749,223	10,314,675	0
PREPAID INSURANCE	3,016,377	0	3,016,377	2,996,354	0
DEFERRED OHIO PERSONAL PROPERTY TAX	2,700,000	0	2,700,000	2,700,000	0
MARKETABLE EQUITY SECURITIES	1,251,514	0	1,251,514	1,251,514	0
PATENTS & TRADEMARKS	1	0	1	1	0
DEFERRED INCOME TAXES-NONCURRENT	167,362	0	167,362	0	0
PREPAID PENSION	12,759,213	0	12,759,213	12,759,213	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	66,645,620	(616,579,633)	683,225,253	70,479,148	0
AFFILIATE NOTES & ACCTS RECEIVABLE	5,469,224	0	5,469,224	5,469,224	0
INTERCO A/R - OTHER	14,861,695	(725,467,198)	740,328,893	571,362,277	0
TOTAL	135,244,400	(1,342,046,831)	1,477,291,231	694,776,281	0
STATEMENT 8 - SCH L, OTHER CURR LIAB					
18 OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	4,918	0	4,918	0	0
ACCRUED SALARIES AND WAGES	27,147,654	0	27,147,654	26,132,987	0
ACCRUED PAYROLL TAXES	6,068	0	6,068	6,068	0
ACCRUED STATE AND OTHER TAXES	12,394,769	0	12,394,769	11,959,929	0
ACCRUED COMMISSIONS AND DISCOUNTS	10,042,305	0	10,042,305	10,027,305	0
ACCRUED FEDERAL INCOME TAX	26,644,273	0	26,644,273	16,640,142	0
ACCRUED INTEREST	2,137,027	0	2,137,027	2,137,027	0
DIVIDENDS	13,328,308	0	13,328,308	13,328,308	0
CONTRIB TO PROFIT SHARING TRUST	4,213,840	0	4,213,840	3,508,687	0
PENSION CONTRIBUTION-NONQUALIFIED	264,802	0	264,802	0	0
PERSONAL PROPERTY	(5,593)	0	(5,593)	0	0
ACCRUED EXPENSES-OPEB	3,854,805	0	3,854,805	3,854,805	0
WORKMAN'S COMPENSATION CLAIMS	597,633	0	597,633	582,633	0
ENVIRONMENTAL-CURRENT	500,000	0	500,000	500,000	0
OTHER ACCRUED EXPENSES	5,011,121	(1,200,235)	6,211,356	4,409,541	0
FORWARD EXCHANGE CONTRACTS	150,893	0	150,893	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	(1,538,662)	0	(1,538,662)	0	0
FEDERAL INCOME TAX W/H ON INTEREST	(36,795)	0	(36,795)	(4,422)	0
FEDERAL INCOME TAX W/H ON ROYALTIES	(2,768,568)	0	(2,768,568)	(2,666,752)	0
TOTAL	101,946,798	(1,200,235)	103,149,033	90,416,258	0

	ARC 84-0844576	BROSE 82-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280
STATEMENT 7 - SCH L, OTHER ASSETS					
14 OTHER ASSETS					
TRAVEL ADVANCES	0	0	0	0	0
INTERCOMPANY ACCOUNT	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	0	(1)	(1)	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	0	0
PREPAID INSURANCE	0	0	20,023	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
MARKETABLE EQUITY SECURITIES	0	0	0	0	0
PATENTS & TRADEMARKS	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	13,318,520	0	577,026,919	0	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	13,318,520	0	577,046,941	(1)	0
STATEMENT 8 - SCH L, OTHER CURR LIAB					
18 OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	0	0
ACCRUED SALARIES AND WAGES	0	0	47,178	425,129	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	0	140,003	106,134	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	269,501	0	7,874,154	(108,141)	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	0	354,844	134,250	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	263,802	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	15,000	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	0	127,618	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	0
TOTAL	269,501	0	8,679,981	699,990	0

	Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459
STATEMENT 7 - SCH L, OTHER ASSETS					
14 OTHER ASSETS					
TRAVEL ADVANCES	0	0	0	0	0
INTERCOMPANY ACCOUNT	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	17,977	58,024	0	0
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	0	0
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
MARKETABLE EQUITY SECURITIES	0	0	0	0	0
PATENTS & TRADEMARKS	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	0	1,359,720	0	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	0	17,977	1,417,744	0	0

STATEMENT 8 - SCH L, OTHER CURR LIAB					
18 OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	761	0	0	0
ACCRUED SALARIES AND WAGES	0	5,669	293,894	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	413	4,696	0	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	15,000	0	0
ACCRUED FEDERAL INCOME TAX	0	(18,850)	625,635	0	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	12,500	60,000	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	1,214,955	0	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	0
TOTAL	0	1,215,448	999,225	0	0

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1358171	LIMC 34-1323089
STATEMENT 7 - SCH L, OTHER ASSETS					
14 OTHER ASSETS					
TRAVEL ADVANCES	0	0	3,300	0	0
INTERCOMPANY ACCOUNT	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	33,000	0	4,501	0	63,499
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	63,685	0	309,863
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
MARKETABLE EQUITY SECURITIES	0	0	0	0	0
PATENTS & TRADEMARKS	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	5,197,000	0	0	0	1,676,000
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	1,449,959	0	148,929	98,514,154
TOTAL	5,230,000	1,449,959	71,486	148,929	100,563,516

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1358171	LIMC 34-1323089
STATEMENT 8 - SCH L, OTHER CURR LIAB					
18 OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	4,157	0	0
ACCRUED SALARIES AND WAGES	0	0	125,801	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	0	63,581	0	12,000
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	0	(101,715)	(67,045)	(180,835)	2,245,844
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	0	101,574	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	1,000
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	75,043	0	16,000
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	(101,816)
TOTAL	0	(101,715)	304,111	(180,835)	2,174,028

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
STATEMENT 7 - SCH L, OTHER ASSETS			
14 OTHER ASSETS			
TRAVEL ADVANCES	0	0	0
INTERCOMPANY ACCOUNT	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	(3)	0
DEFERRED PENSION COSTS	0	0	0
NONCURRENT DEPOSITS	61,000	0	0
PREPAID INSURANCE	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0
MARKETABLE EQUITY SECURITIES	0	0	0
PATENTS & TRADEMARKS	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	167,362	0
PREPAID PENSION	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	8,452,504	5,715,442	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0
INTERCO A/R - OTHER	60,897,878	0	7,955,696
TOTAL	69,411,382	5,882,801	7,955,696
STATEMENT 8 - SCH L, OTHER CURR LIAB			
18 OTHER CURRENT LIABILITIES			
OTHER CURRENT LIABILITIES	0	0	0
ACCRUED SALARIES AND WAGES	0	115,996	0
ACCRUED PAYROLL TAXES	0	0	0
ACCRUED STATE AND OTHER TAXES	0	13,753	93,260
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0
ACCRUED FEDERAL INCOME TAX	(56,808)	(831,400)	353,791
ACCRUED INTEREST	0	0	0
DIVIDENDS	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	41,985	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0
PERSONAL PROPERTY	0	(5,593)	0
ACCRUED EXPENSES-OPEB	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0
OTHER ACCRUED EXPENSES	337,000	31,199	0
FORWARD EXCHANGE CONTRACTS	150,893	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	(1,538,662)	0	0
FEDERAL INCOME TAX W/H ON INTEREST	(32,373)	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0
TOTAL	(1,139,950)	(634,060)	447,051

LZ Consolidated
Year: 2002

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
STATEMENT 9 - SCH L, OTHER LIABILITIES					
21 OTHER LIABILITIES					
OTHER LIABILITIES	23,993	0	23,993	0	0
DEFERRED COMP PAYMENTS	4,020,038	0	4,020,038	4,020,038	0
OTHER ENVIRONMENTAL	9,025,539	0	9,025,539	9,025,539	0
CONTRIB TO PENSIONS - NONCURRENT	6,944,406	0	6,944,406	6,944,406	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	9,228,000	0	9,228,000	9,228,000	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	93,991,699	0	93,991,699	93,991,699	0
OTHER	2,412,628	(169,052)	2,581,680	2,579,877	0
DEFERRED STATE INCOME TAXES	1,616,810	0	1,616,810	1,616,810	0
SALARIES & WAGES-BANKED VACATION	52,833	0	52,833	52,833	0
SALARY PROTECTION PLAN	6,692	0	6,692	6,692	0
INTEREST SWAP	3,886,745	0	3,886,745	3,886,745	0
DEFERRED INCOME TAXES-NONCURRENT	28,496,425	0	28,496,425	26,525,459	0
INTERCOMPANY ACCOUNT	0	(10,716)	10,716	0	0
INTERCO ACCOUNTS PAYABLE	7,220,157	(670,889,061)	678,109,218	628,045,165	0
AFFILIATE ACCONTS PAYABLE	92,681	0	92,681	92,681	0
INTERCO A/P - OTHER	12,145,164	(669,777,762)	681,922,926	587,393,746	0
TOTAL	179,163,810	(1,340,846,591)	1,520,010,401	1,373,409,690	0

STATEMENT 9 - SCH L, OTHER LIABILITIES

	ARC 84-0844576	BROSE 82-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280
21 OTHER LIABILITIES					
OTHER LIABILITIES	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH ENFITS ACCRL	0	0	0	0	0
OTHER	0	0	(5)	0	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
SALARY PROTECTION PLAN	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	0	184,329	695,376	0
INTERCOMPANY ACCOUNT	0	0	0	0	0
INTERCO ACCOUNTS PAYABLE	0	0	0	43,986,739	0
AFFILIATE ACCONTS PAYABLE	0	0	0	0	0
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	0	0	184,324	44,682,115	0

LZ Consolidated
Year: 2002

	Dock Resins 22-1454795	ECS 86-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459
STATEMENT 9 - SCH L, OTHER LIABILITIES					
21 OTHER LIABILITIES					
OTHER LIABILITIES	0	23,993	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	(2)	0	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
SALARY PROTECTION PLAN	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	0	(8,346)	0	0
INTERCOMPANY ACCOUNT	0	10,716	0	0	0
INTERCO ACCOUNTS PAYABLE	0	237,819	0	0	0
AFFILIATE ACCONTS PAYABLE	0	0	0	0	0
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	0	272,528	(8,348)	0	0

STATEMENT 9 - SCH L, OTHER LIABILITIES

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
21 OTHER LIABILITIES					
OTHER LIABILITIES	0	0	0	0	0
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	(1)	(1)	0	1,099
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
SALARY PROTECTION PLAN	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	(7,072)	218,484	0	8,553
INTERCOMPANY ACCOUNT	0	0	0	0	0
INTERCO ACCOUNTS PAYABLE	5,381,000	0	359,495	0	65,000
AFFILIATE ACCONTS PAYABLE	0	0	0	0	0
INTERCO A/P - OTHER	0	0	0	0	78,850,642
TOTAL	5,381,000	(7,073)	577,978	0	78,925,294

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
STATEMENT 9 - SCH L, OTHER LIABILITIES			
21 OTHER LIABILITIES			
OTHER LIABILITIES	0	0	0
DEFERRED COMP PAYMENTS	0	0	0
OTHER ENVIRONMENTAL	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0
OTHER	714	0	(1)
DEFERRED STATE INCOME TAXES	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0
SALARY PROTECTION PLAN	0	0	0
INTEREST SWAP	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	176,963	117,093	585,586
INTERCOMPANY ACCOUNT	0	0	0
INTERCO ACCOUNTS PAYABLE	34,000	0	0
AFFILIATE ACCONTS PAYABLE	0	0	0
INTERCO A/P - OTHER	13,318,520	0	2,360,018
TOTAL	13,530,197	117,093	2,945,603

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET					
STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 6, END					
6 OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	4,547,711	0	4,547,711	4,159,988	0
DEFERRED FIT - CURRENT	5,646,782	0	5,646,782	5,404,508	0
TOTAL	10,194,493	0	10,194,493	9,564,496	0
STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 9, END					
9 OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	(100,000)	100,000	100,000	0
INVEST IN LZ OVERSEAS TRADING CORP	0	(266,067,315)	266,067,315	266,067,315	0
INVEST IN GATE CITY	0	(11,385,021)	11,385,021	11,385,021	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	(25,799,780)	25,799,780	25,799,780	0
INVEST IN LZ SERVICIOS TECNICOS	76,000	0	76,000	76,000	0
INVEST IN LUBRICANT INVESTMENTS	0	(57,407)	57,407	57,407	0
INVEST IN MPP PIPELINE CORP	0	(2,574,000)	2,574,000	2,574,000	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	(13,569,043)	13,569,043	13,569,043	0
INVEST IN AGC HOLDINGS, INC.	0	(8,070,006)	8,070,006	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	28,965,340	0	28,965,340	0	0
INVEST IN LUBRIZOL CANADA	6,454,433	0	6,454,433	0	0
INVEST IN LUBRIZOL CHINA	0	(1,000)	1,000	0	0
INVEST IN LUBRIZOL GESMBH	26,900	0	26,900	0	0
INVEST IN LZ DE MEXICO COMERCIAL	6,754	0	6,754	0	0
INVEST IN LUBRIZOL JAPAN	10,207,912	0	10,207,912	0	0
INVEST IN CPI ENGINEERING SERVICES	0	(593,051,381)	593,051,381	0	0
INVEST IN LZ DO BRASIL ADITIVOS	10,425,015	0	10,425,015	0	0
INVEST IN EUROPE B.V.	33,557,730	0	33,557,730	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	(10,000)	10,000	10,000	0
INVEST IN LZ INDIA LTD.	5,502,000	0	5,502,000	5,502,000	0
INVEST IN INDUSTRIAS LUBRIZOL	656,897	0	656,897	656,897	0
INVEST IN LZ TRANSARABIA	4,210,941	0	4,210,941	4,210,941	0
INVEST IN SHANGHAI LZ INT'L	200,000	0	200,000	0	0
INVEST IN LZ VENEZUELA	57,407	0	57,407	0	0
INVEST IN EX AIR	0	(2,389,970)	2,389,970	2,389,970	0
INVEST IN LZ INTERAMERICAS CORP	0	(1,001,000)	1,001,000	1,001,000	0
INVEST IN ROSS CHEMICAL	0	(15,300,000)	15,300,000	15,300,000	0
INVEST IN CHEMCONNECT	60,676	0	60,676	0	0
INVEST IN CHEMRON	0	(1,000)	1,000	1,000	0
INVEST IN DOCK RESINS	0	(14,535,906)	14,535,906	14,535,906	0
INVEST IN KABO	0	(8,404,392)	8,404,392	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	(10,000)	10,000	0	0
OTHER INVEST-ORIEN II	44,402	0	44,402	0	0
OTHER INVEST-AMT VENTURE	213,444	0	213,444	0	0
OTHER INVEST-AMT II	441,552	0	441,552	0	0
OTHER INVEST-MATERIA VENTURE	5,416	0	5,416	0	0
TOTAL	101,112,819	(962,327,221)	1,063,440,040	363,236,280	0

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	ARC 84-0844576	BROSE 82-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280

SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 6, END

6 OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	0	61,451	200,636
DEFERRED FIT - CURRENT	0	0	(69,907)	137,254	18,700
TOTAL	0	0	(69,907)	198,705	219,336

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 9, END

9 OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN KABO	0	0	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
OTHER INVEST-MATERIA VENTURE	0	0	0	0	0
TOTAL	0	0	0	0	0

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459

SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 6, END

6 OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	117,636	0	0	0	0
DEFERRED FIT - CURRENT	6,666	2,800	5,509	100,882	0
TOTAL	124,302	2,800	5,509	100,882	0

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 9, END

9 OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	57,407
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	0	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN KABO	0	0	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	10,000	0	0	0	0
OTHER INVEST-ORIEN II	0	0	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0	0	0
OTHER INVEST-AMT II	0	0	0	0	0
OTHER INVEST-MATERIA VENTURE	0	0	0	0	0
TOTAL	10,000	0	0	0	57,407

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET					
STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 6, END					
6 OTHER CURRENT ASSETS					
OTHER CURRENT ASSETS	0	0	0	0	6,000
DEFERRED FIT - CURRENT	0	0	16,800	0	0
TOTAL	0	0	16,800	0	6,000
STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 9, END					
9 OTHER INVESTMENTS					
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0	0	0
INVEST IN GATE CITY	0	0	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0	0	0
INVEST IN AGC HOLDINGS, INC.	0	0	0	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	0	0	0	0	0
INVEST IN LUBRIZOL CANADA	0	0	0	0	0
INVEST IN LUBRIZOL CHINA	0	0	0	0	0
INVEST IN LUBRIZOL GESMBH	0	0	0	0	0
INVEST IN LZ DE MEXICO COMERCIAL	0	0	0	0	0
INVEST IN LUBRIZOL JAPAN	0	0	0	0	0
INVEST IN CPI ENGINEERING SERVICES	0	0	0	0	0
INVEST IN LZ DO BRASIL ADITIVOS	0	0	0	0	0
INVEST IN EUROPE B.V.	0	0	0	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0	0	0
INVEST IN SHANGHAI LZ INT'L	0	0	0	0	0
INVEST IN LZ VENEZUELA	0	0	0	0	0
INVEST IN EX AIR	0	0	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0	0	0
INVEST IN CHEMCONNECT	0	0	0	60,676	0
INVEST IN CHEMRON	0	0	0	0	0
INVEST IN DOCK RESINS	0	0	0	0	0
INVEST IN KABO	0	0	8,404,392	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0	0	0
OTHER INVEST-ORIEN II	0	44,402	0	0	0
OTHER INVEST-AMT VENTURE	0	213,444	0	0	0
OTHER INVEST-AMT II	0	441,552	0	0	0
OTHER INVEST-MATERIA VENTURE	0	5,416	0	0	0
TOTAL	0	704,814	8,404,392	60,676	0

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LOTC	LPS	MPP Pipeline
	51-6146748	58-0678914	76-0412052

SUPPORT SCHEDULE FOR ENDING-YEAR BALANCE SHEET

STATEMENT 10 - FORM 1120, PG 4, SCH L, LN 6, END

6 OTHER CURRENT ASSETS			
OTHER CURRENT ASSETS	0	0	0
DEFERRED FIT - CURRENT	0	23,570	0
TOTAL	0	23,570	0

STATEMENT 11 - FORM 1120, PG 4, SCH L, LN 9, END

9 OTHER INVESTMENTS			
INVEST IN LZ INTL MANAGEMENT CORP	0	0	0
INVEST IN LZ OVERSEAS TRADING CORP	0	0	0
INVEST IN GATE CITY	0	0	0
INVEST IN LUBRIZOL ENTERPRISES, INC.	0	0	0
INVEST IN LZ SERVICIOS TECNICOS	0	0	0
INVEST IN LUBRICANT INVESTMENTS	0	0	0
INVEST IN MPP PIPELINE CORP	0	0	0
INVEST IN GATEWAY ADDITIVE COMPANY	0	0	0
INVEST IN AGC HOLDINGS, INC.	8,070,006	0	0
INVEST IN LUBRIZOL INTERNATIONAL INC	28,965,340	0	0
INVEST IN LUBRIZOL CANADA	6,454,433	0	0
INVEST IN LUBRIZOL CHINA	1,000	0	0
INVEST IN LUBRIZOL GESMBH	26,900	0	0
INVEST IN LZ DE MEXICO COMERCIAL	6,754	0	0
INVEST IN LUBRIZOL JAPAN	10,207,912	0	0
INVEST IN CPI ENGINEERING SERVICES	593,051,381	0	0
INVEST IN LZ DO BRASIL ADITIVOS	10,425,015	0	0
INVEST IN EUROPE B.V.	33,557,739	0	0
INVEST IN CARROLL SCIENTIFIC INC.	0	0	0
INVEST IN LZ INDIA LTD.	0	0	0
INVEST IN INDUSTRIAS LUBRIZOL	0	0	0
INVEST IN LZ TRANSARABIA	0	0	0
INVEST IN SHANGHAI LZ INT'L	200,000	0	0
INVEST IN LZ VENEZUELA	0	0	0
INVEST IN EX AIR	0	0	0
INVEST IN LZ INTERAMERICAS CORP	0	0	0
INVEST IN ROSS CHEMICAL	0	0	0
INVEST IN CHEMCONNECT	0	0	0
INVEST IN CHEMRON	0	0	0
INVEST IN DOCK RESINS	0	0	0
INVEST IN KABO	0	0	0
INVEST IN 1500 WEST ELIZABETH AVE	0	0	0
OTHER INVEST-ORIEN II	0	0	0
OTHER INVEST-AMT VENTURE	0	0	0
OTHER INVEST-AMT II	0	0	0
OTHER INVEST-MATERIA VENTURE	0	0	0
TOTAL	690,966,471	0	0

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 14, END					
14 OTHER ASSETS					
OTHER ASSETS	512,988	0	512,988	0	0
TRAVEL ADVANCES	(95,295)	0	(95,295)	(120,875)	0
DEPOSITS AND PREPAID EXPENSES	10,719,542	0	10,719,542	10,411,323	10,000
DEFERRED PENSION COSTS	874,756	0	874,756	874,756	0
NONCURRENT DEPOSITS	11,481,584	0	11,481,584	10,994,748	0
PREPAID INSURANCE	2,855,867	0	2,855,867	2,699,085	0
DEFERRED OHIO PERSONAL PROPERTY TAX	2,700,000	0	2,700,000	2,700,000	0
PATENTS & TRADEMARKS	1	0	1	1	0
PREPAID PENSION	8,869,239	0	8,869,239	8,869,239	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	62,409,038	(657,191,872)	719,600,910	96,529,363	0
AFFILIATE NOTES & ACCTS RECEIVABLE	3,835,827	0	3,835,827	3,835,827	0
INTERCO A/R - OTHER	17,892,518	(833,671,304)	851,563,822	632,593,794	0
TOTAL	122,056,065	(1,490,863,176)	1,612,919,241	769,387,261	10,000
STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 18, END					
18 OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	4,859	0	4,859	0	0
ACCRUED SALARIES AND WAGES	39,762,031	0	39,762,031	37,822,209	0
ACCRUED PAYROLL TAXES	4,996	0	4,996	4,996	0
ACCRUED STATE AND OTHER TAXES	14,027,915	0	14,027,915	13,334,623	0
ACCRUED COMMISSIONS AND DISCOUNTS	6,121,689	0	6,121,689	6,106,689	0
ACCRUED FEDERAL INCOME TAX	23,144,160	0	23,144,160	11,370,765	0
ACCRUED INTEREST	2,312,952	0	2,312,952	2,312,952	0
DIVIDENDS	13,380,000	0	13,380,000	13,380,000	0
CONTRIB TO PROFIT SHARING TRUST	5,201,356	0	5,201,356	4,586,626	0
PENSION CONTRIBUTION-NONQUALIFIED	236,000	0	236,000	0	0
PERSONAL PROPERTY	39,445	0	39,445	0	0
ACCRUED EXPENSES-OPEB	5,186,665	0	5,186,665	5,186,665	0
MEDICAL & LIFE INSURANCE CLAIMS	2,182	0	2,182	0	0
WORKMAN'S COMPENSATION CLAIMS	1,111,205	0	1,111,205	1,081,205	0
ENVIRONMENTAL-CURRENT	1,051,000	0	1,051,000	1,051,000	0
OTHER ACCRUED EXPENSES	7,304,101	39,898	7,264,203	6,515,975	0
FORWARD EXCHANGE CONTRACTS	144,680	0	144,680	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	(390,692)	0	(390,692)	(59,175)	0
FEDERAL INCOME TAX W/H ON INTEREST	(21,571)	0	(21,571)	(4,157)	0
FEDERAL INCOME TAX W/H ON ROYALTIES	(2,857,601)	0	(2,857,601)	(2,773,304)	0
TOTAL	115,765,372	39,898	115,725,474	99,917,069	0

	ARC 84-0844576	BROSE 82-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1936280
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 14, END					
14 OTHER ASSETS					
OTHER ASSETS	0	0	0	0	493,817
TRAVEL ADVANCES	0	0	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	0	(3)	(4)	105,177
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	0	0	0
PREPAID INSURANCE	0	0	24,647	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PATENTS & TRADEMARKS	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	13,819,023	0	576,331,891	0	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	13,819,023	0	576,356,535	(4)	598,994
STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 18, END					
18 OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	0	167
ACCRUED SALARIES AND WAGES	0	0	116,821	439,493	408,973
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	0	210,522	111,207	185,690
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	10,000
ACCRUED FEDERAL INCOME TAX	269,501	0	6,740,166	(97,123)	1,064,062
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	0	355,000	110,000	50,399
PENSION CONTRIBUTION-NONQUALIFIED	0	0	235,000	0	0
PERSONAL PROPERTY	0	0	0	0	43,129
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	30,000
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	0	8,118	334,639
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	0
TOTAL	269,501	0	7,657,509	571,695	2,127,059

	Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 14, END					
14 OTHER ASSETS					
OTHER ASSETS	0	0	0	19,171	
TRAVEL ADVANCES	0	0	0	0	
DEPOSITS AND PREPAID EXPENSES	1	17,975	61,171	1	
DEFERRED PENSION COSTS	0	0	0	0	
NONCURRENT DEPOSITS	0	0	0	0	
PREPAID INSURANCE	132,135	0	0	0	
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	
PATENTS & TRADEMARKS	0	0	0	0	
PREPAID PENSION	0	0	0	0	
INTER-CO NOTES & ACCOUNTS RECEIVABLE	0	0	7,917,211	0	
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	0	0	0	0
TOTAL	132,136	17,975	7,978,382	19,172	0
STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 18, END					
18 OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	0	0	0
ACCRUED SALARIES AND WAGES	120,293	15,250	45,555	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	(51,718)	262	24,371	0	0
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	5,000	0	0
ACCRUED FEDERAL INCOME TAX	0	(42,910)	840,450	163,503	0
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	13,200	15,000	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	0
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	38,095	28,858	0	0	0
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	0
TOTAL	106,670	14,660	930,376	163,503	0

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323069
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 14, END					
14 OTHER ASSETS					
OTHER ASSETS	0	0	0	0	0
TRAVEL ADVANCES	0	0	25,580	0	0
DEPOSITS AND PREPAID EXPENSES	31,000	1	13,398	0	69,500
DEFERRED PENSION COSTS	0	0	0	0	0
NONCURRENT DEPOSITS	0	0	35,927	0	320,909
PREPAID INSURANCE	0	0	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0	0	0
PATENTS & TRADEMARKS	0	0	0	0	0
PREPAID PENSION	0	0	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	23,000	0	6,216,396	0	1,233,000
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0	0	0
INTERCO A/R - OTHER	0	1,588,359	0	329,764	138,103,623
TOTAL	54,000	1,588,360	6,291,301	329,764	139,727,032
STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 18, END					
18 OTHER CURRENT LIABILITIES					
OTHER CURRENT LIABILITIES	0	0	4,692	0	0
ACCRUED SALARIES AND WAGES	0	0	496,768	0	0
ACCRUED PAYROLL TAXES	0	0	0	0	0
ACCRUED STATE AND OTHER TAXES	0	0	88,617	0	15,000
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0	0	0
ACCRUED FEDERAL INCOME TAX	0	0	353,185	0	2,590,657
ACCRUED INTEREST	0	0	0	0	0
DIVIDENDS	0	0	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	0	60,934	0	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0	0	1,000
PERSONAL PROPERTY	0	0	0	0	0
ACCRUED EXPENSES-OPEB	0	0	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	2,182	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0	0	0
OTHER ACCRUED EXPENSES	0	0	96,788	0	46,000
FORWARD EXCHANGE CONTRACTS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	0	0	0	0	0
FEDERAL INCOME TAX W/H ON INTEREST	0	0	0	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0	0	(84,297)
TOTAL	0	0	1,103,166	0	2,570,360

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	LOTC 51-6145748	LPS 58-0678914	MPP Pipeline 76-0412052
STATEMENT 12 - FORM 1120, PG 4, SCH L, LN 14, END			
14 OTHER ASSETS			
OTHER ASSETS	0	0	0
TRAVEL ADVANCES	0	0	0
DEPOSITS AND PREPAID EXPENSES	0	2	0
DEFERRED PENSION COSTS	0	0	0
NONCURRENT DEPOSITS	130,000	0	0
PREPAID INSURANCE	0	0	0
DEFERRED OHIO PERSONAL PROPERTY TAX	0	0	0
PATENTS & TRADEMARKS	0	0	0
PREPAID PENSION	0	0	0
INTER-CO NOTES & ACCOUNTS RECEIVABLE	10,204,730	7,326,296	0
AFFILIATE NOTES & ACCTS RECEIVABLE	0	0	0
INTERCO A/R - OTHER	69,836,221	0	9,112,061
TOTAL	80,170,951	7,326,298	9,112,061
STATEMENT 13 - FORM 1120, PG 4, SCH L, LN 18, END			
18 OTHER CURRENT LIABILITIES			
OTHER CURRENT LIABILITIES	0	0	0
ACCRUED SALARIES AND WAGES	110,000	186,669	0
ACCRUED PAYROLL TAXES	0	0	0
ACCRUED STATE AND OTHER TAXES	0	25,655	83,686
ACCRUED COMMISSIONS AND DISCOUNTS	0	0	0
ACCRUED FEDERAL INCOME TAX	(294,177)	(118,433)	304,514
ACCRUED INTEREST	0	0	0
DIVIDENDS	0	0	0
CONTRIB TO PROFIT SHARING TRUST	0	10,197	0
PENSION CONTRIBUTION-NONQUALIFIED	0	0	0
PERSONAL PROPERTY	0	(3,684)	0
ACCRUED EXPENSES-OPEB	0	0	0
MEDICAL & LIFE INSURANCE CLAIMS	0	0	0
WORKMAN'S COMPENSATION CLAIMS	0	0	0
ENVIRONMENTAL-CURRENT	0	0	0
OTHER ACCRUED EXPENSES	114,000	79,730	0
FORWARD EXCHANGE CONTRACTS	144,680	0	0
FEDERAL INCOME TAX W/H ON DIVIDENDS	(331,517)	0	0
FEDERAL INCOME TAX W/H ON INTEREST	(17,414)	0	0
FEDERAL INCOME TAX W/H ON ROYALTIES	0	0	0
TOTAL	(274,428)	180,134	388,200

STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 21, END

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
21 OTHER LIABILITIES					
DEFERRED COMP PAYMENTS	4,363,093	0	4,363,093	4,363,093	0
OTHER ENVIRONMENTAL	8,803,591	0	8,803,591	8,803,591	0
CONTRIB TO PENSIONS - NONCURRENT	8,383,070	0	8,383,070	8,383,070	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	10,232,000	0	10,232,000	10,232,000	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	91,896,301	0	91,896,301	91,896,301	0
OTHER	1,499,719	(23,769)	1,523,488	1,500,004	0
DEFERRED STATE INCOME TAXES	2,067,723	0	2,067,723	2,067,723	0
SALARIES & WAGES-BANKED VACATION	52,833	0	52,833	52,833	0
INTEREST SWAP	6,029,820	0	6,029,820	6,029,820	0
DEFERRED INCOME TAXES-NONCURRENT	30,191,649	0	30,191,649	26,082,903	0
INTERCO ACCOUNTS PAYABLE	10,087,099	(299,956,225)	310,043,324	189,876,197	449
INTERCO A/P - OTHER	12,790,030	(1,190,923,525)	1,203,713,555	1,073,847,826	0
TOTAL	186,396,928	(1,490,903,519)	1,677,300,447	1,423,135,361	449

LZ Consolidated
Year: 2002

	ARC 84-0644576	BROSE 82-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1936280
STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 21, END					
21 OTHER LIABILITIES					
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	(2)	1	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	0	309,690	1,836,339	342,439
INTERCO ACCOUNTS PAYABLE	0	0	0	42,963,129	47,076,184
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	0	0	309,688	44,799,469	47,418,623

STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 21, END

	Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459
21 OTHER LIABILITIES					
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	(2)	0	(2)	24,999	0
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	69,785	23,993	(80,025)	210,536	0
INTERCO ACCOUNTS PAYABLE	272,160	1,280,653	0	9,057,782	0
INTERCO A/P - OTHER	0	0	0	0	0
TOTAL	341,943	1,304,646	(80,027)	9,293,317	0

STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 21, END

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0586272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
21 OTHER LIABILITIES					
DEFERRED COMP PAYMENTS	0	0	0	0	0
OTHER ENVIRONMENTAL	0	0	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0	0	0
OTHER	0	0	(1)	0	(1,501)
DEFERRED STATE INCOME TAXES	0	0	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0	0	0
INTEREST SWAP	0	0	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	0	(24,007)	255,003	0	(44,122)
INTERCO ACCOUNTS PAYABLE	57,000	0	19,451,770	0	7,000
INTERCO A/P - OTHER	0	0	0	0	113,036,337
TOTAL	57,000	(24,007)	19,706,772	0	112,997,714

LZ Consolidated
Year: 2002

STATEMENT 14 - FORM 1120, PG 4, SCH L, LN 21, END

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
21 OTHER LIABILITIES			
DEFERRED COMP PAYMENTS	0	0	0
OTHER ENVIRONMENTAL	0	0	0
CONTRIB TO PENSIONS - NONCURRENT	0	0	0
POST EMPLOYMNT HEALTH BENEFITS ACCRL	0	0	0
OTHER POST EMPLY HEALTH BNFITS ACCRL	0	0	0
OTHER	(9)	0	1
DEFERRED STATE INCOME TAXES	0	0	0
SALARIES & WAGES-BANKED VACATION	0	0	0
INTEREST SWAP	0	0	0
DEFERRED INCOME TAXES-NONCURRENT	530,017	138,557	540,541
INTERCO ACCOUNTS PAYABLE	1,000	0	0
INTERCO A/P - OTHER	13,819,023	0	3,010,369
TOTAL	14,350,031	138,557	3,550,911

Form **4562**

Department of the Treasury
Internal Revenue Service

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2002

Attachment Sequence No. 67

Name(s) shown on return	Business or activity to which this form relates	Identifying number
The Lubrizol Corporation and Subsidiaries	Mfg. and Sales	34-0367600

Part I Election To Expense Certain Tangible Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See page 2 of the instructions for a higher limit for certain businesses	1	$24,000
2	Total cost of section 179 property placed in service (see page 2 of the instructions)	2	0
3	Threshold cost of section 179 property before reduction in limitation	3	$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions	5	24,000

	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6		0	0
		0	0
7	Listed property. Enter the amount from line 29		0

8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	0
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	0
10	Carryover of disallowed deduction from line 13 of your 2001 Form 4562	10	0
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instr.)	11	24,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0
13	Carryover of disallowed deduction to 2003. Add lines 9 and 10, less line 12 ▶	13	0

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see page 3 of the instructions)	14	11,447,523
15	Property subject to section 168(f)(1) election (see page 4 of the instructions)	15	0
16	Other depreciation (including ACRS) (see page 4 of the instructions)	16	151,699

Part III MACRS Depreciation (Do not include listed property.) (See page 4 of the instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2002	17	33,840,902
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B-Assets Placed In Service During 2002 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only – see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		15,431				5,143
b 5-year property		29,088,416				5,872,771
c 7-year property		6,529,007				392,248
d 10-year property		0				0
e 15-year property		2,167,618				98,942
f 20-year property		0				0
g 25-year property		50,379	25 yrs.		S/L	1,008
h Residential rental property		0	27.5 yrs.	MM	S/L	0
		0	27.5 yrs.	MM	S/L	0
i Nonresidential real property		16,621,258	39 yrs.	MM	S/L	302,593
		2,734,132		MM	S/L	17,812

Section C-Assets Placed In Service During 2002 Tax Year Using the Alternative Depreciation System

20a Class life		118,000			S/L	11,800
b 12-year		0	12 yrs.		S/L	0
c 40-year		0	40 yrs.	MM	S/L	0

Part IV Summary (See page 6 of the instructions.)

21	Listed property. Enter amount from line 28	21	1,517
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations-see instr.	22	52,143,958
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	0

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Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A — Depreciation and Other Information (Caution: See page 8 of the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No 24b If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see page 7 of the instructions)						25	0	
26 Property used more than 50% in a qualified business use (see page 7 of the instructions):								
		%	0	0			0	0
		%	0	0			0	0
		%	0	0			0	0
27 Property used 50% or less in a qualified business use (See page 7 of the instructions):								
		%	0	0		S/L —	0	
		%	0	0		S/L —	0	
		%	0	0		S/L —	0	
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28	1,517	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	0

Section B — Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles — see page 2 of the instructions)	0		0		0		0		0		0	
31 Total commuting miles driven during the year	0		0		0		0		0		0	
32 Total other personal (noncommuting) miles driven	0		0		0		0		0		0	
33 Total miles driven during the year Add lines 30 through 32	0		0		0		0		0		0	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C — Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see page 8 of the instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 8 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See page 9 of the instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2002 tax year (see page 9 of the instructions):					
		0			0
		804,306			2,253,464
43 Amortization of costs that began before your 2002 tax year				43	12,356,826
44 **Total.** Add amounts in column (f). See page 9 of the instructions for where to report				44	14,610,290

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	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
*** FORM 4562 - DEPRECIATION AND AMORTIZATION ***					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION	24,000				
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY	200,000				
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)	0				
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)	24,000				
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8	0				
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5	24,000				
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9-10 OR 11	0				
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR	0				
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	11,447,523	0	11,447,523	10,506,152	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	151,699	0	151,699	151,699	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2002	32,840,902	0	33,840,902	31,101,628	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	15,431	0	15,431	0	0
B 5-YEAR PROPERTY	29,088,416	0	29,088,416	23,311,594	0
C 7-YEAR PROPERTY	6,529,007	0	6,529,007	184,318	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	2,167,618	0	2,167,618	1,018,442	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	50,379	0	50,379	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	16,621,258	0	16,621,258	3,125,004	0
I NONRESIDENTIAL REAL PROPERTY	2,734,132	0	2,734,132	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	5,143	0	5,143	0	0
B 5-YEAR PROPERTY	5,872,771	0	5,872,771	4,742,319	0
C 7-YEAR PROPERTY	392,248	0	392,248	26,339	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	98,942	0	98,942	50,922	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	1,008	0	1,008	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	302,593	0	302,593	50,399	0
I NONRESIDENTIAL REAL PROPERTY	17,812	0	17,812	0	0

2002 CONS. FEDERAL 1120 TAX RETURN

LZ Consolidated
Year: 2002

	ARC 84-0844576	BROSE 82-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280
*** FORM 4562 - DEPRECIATION AND AMORTIZATION ***					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	261,104	433,644	123,783
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0	0	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2002	0	0	371,110	1,423,686	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	0	15,431	0	0
B 5-YEAR PROPERTY	0	0	431,942	45,258	5,025,502
C 7-YEAR PROPERTY	0	0	210,817	966,577	47,554
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	50,379	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0	464,380	2,932,374
I NONRESIDENTIAL REAL PROPERTY	0	0	2,612,037	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	0	5,143	0	0
B 5-YEAR PROPERTY	0	0	86,388	9,052	962,412
C 7-YEAR PROPERTY	0	0	30,126	138,124	6,796
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	1,008	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0	1,108	48,102
I NONRESIDENTIAL REAL PROPERTY	0	0	17,714	0	0

	Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459
FORM 4562 - DEPRECIATION AND AMORTIZATION					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	19,559	17,944	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0	0	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2002	0	79,611	257,406	99,451	0
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	14,843	4,305	37,143	0	0
C 7-YEAR PROPERTY	5,044,970	41,331	4,721	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	1,135,027	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	2,455,466	0	0	7,642,343	0
I NONRESIDENTIAL REAL PROPERTY	0	0	13,172	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	742	861	7,429	0	0
C 7-YEAR PROPERTY	180,178	5,906	675	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	0	47,293	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	13,117	0	0	187,793	0
I NONRESIDENTIAL REAL PROPERTY	0	0	98	0	0

LZ Consolidated
Year: 2002

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1368171	LIMC 34-1323089
********** FORM 4562 - DEPRECIATION AND AMORTIZATION **********					
PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.					
1 MAXIMUM DOLLAR LIMITATION					
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY					
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)					
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)					
6 COLUMN (B) COST	0	0	0	0	0
COLUMN (B) COST	0	0	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0	0	0
COLUMN (C) ELECTED COST	0	0	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8					
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5					
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9+10 OR 11					
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR					
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION					
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	0	55,254	0	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0	0	0
PART III MACRS DEPRECIATION					
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2002	21,600	0	226,208	0	10,600
19 GENERAL DEPRECIATION SYSTEM (GDS)					
COLUMN C: BASIS FOR DEPRECIATION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	0	0	99,302	0	0
C 7-YEAR PROPERTY	0	0	28,719	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	14,149	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	108,923	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A 3-YEAR PROPERTY	0	0	0	0	0
B 5-YEAR PROPERTY	0	0	19,860	0	0
C 7-YEAR PROPERTY	0	0	4,104	0	0
D 10-YEAR PROPERTY	0	0	0	0	0
E 15-YEAR PROPERTY	0	0	727	0	0
F 20-YEAR PROPERTY	0	0	0	0	0
G 25-YEAR PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	0	2,036	0	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0	0	0

LZ Consolidated
Year: 2002

	LCTC	LPS	MPP Pipeline
	51-6146748	58-0678914	76-0412052

FORM 4562 - DEPRECIATION AND AMORTIZATION

PART I - ELECTION TO EXPENSE CERTAIN TANGIBLE PROP.			
1 MAXIMUM DOLLAR LIMITATION			
2 TOTAL COST OF SEC 179 PROPERTY PLACED IN SERVICE	0	0	0
3 THRESHOLD COST OF SECTION 179 PROPERTY			
4 REDUCTION IN LIMITATION (LINE 2 LESS LINE 3)			
5 DOLLAR LIMITATION FOR TAX YEAR (LINE 1 LESS 4)			
6 COLUMN (B) COST	0	0	0
COLUMN (B) COST	0	0	0
6 COLUMN (C) ELECTED COST	0	0	0
COLUMN (C) ELECTED COST	0	0	0
7 LISTED PROPERTY - ENTER AMOUNT FROM LINE 29	0	0	0
8 TOTAL ELECTED COST OF SEC 179 PROP. COL C LN 6&7	0	0	0
9 TENTATIVE DEDUCTION, ENTER LESSOR OF LINE 5 OR 8			
10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR	0	0	0
11 TAXABLE INCOME LIMITATION-LESSOR OF T/I OR LN 5			
12 SECTION 179 EXPENSE DEDUCTION - LESSOR 9-10 OR 11			
13 CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR			
PART II SPECIAL DEPRECIATION ALLOWANCE AND OTHER DEPRECIATION			
14 SPECIAL DEPRE ALLOWANCE FOR QUALIFIED PROPERTY PLACED IN SERVICE DURING THE TAX YEAR	0	30,083	0
15 PROPERTY SUBJECT TO SECTION 168(F)(1) ELECTION	0	0	0
16 ACRS AND OTHER DEPRECIATION (SEE INSTRUCTIONS)	0	0	0
PART III MACRS DEPRECIATION			
17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE IN TAX YEARS BEGINNING BEFORE 2002	0	249,602	0
19 GENERAL DEPRECIATION SYSTEM (GDS)			
COLUMN C: BASIS FOR DEPRECIATION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	0	118,527	0
C 7-YEAR PROPERTY	0	0	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	1,691	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A 3-YEAR PROPERTY	0	0	0
B 5-YEAR PROPERTY	0	23,708	0
C 7-YEAR PROPERTY	0	0	0
D 10-YEAR PROPERTY	0	0	0
E 15-YEAR PROPERTY	0	0	0
F 20-YEAR PROPERTY	0	0	0
G 25-YEAR PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
H RESIDENTIAL RENTAL PROPERTY	0	0	0
I NONRESIDENTIAL REAL PROPERTY - 39 YEARS	0	38	0
I NONRESIDENTIAL REAL PROPERTY	0	0	0

	LZ Consol 34-0367600	Consol Elims N/A	Subtotal	Lubrizol 34-0367600	1500 W Eliz 22-3838065
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	118,000	0	118,000	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	11,800	0	11,800	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	1,517	0	1,517	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	52,143,958	0	52,143,958	46,629,456	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	804,306	0	804,306	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	2,253,464	0	2,253,464	320,966	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	12,356,826	0	12,356,826	9,906,240	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	14,610,290	0	14,610,290	10,227,206	0

	ARC 84-0844576	BROSE 62-0406703	CPI 38-2050864	Carroll Scient 34-1868206	Chemron 34-1938280
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	0	772,593	2,005,614	1,161,093
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	1,798,423
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	0	217,090	2,198,066	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	0	217,090	2,198,066	1,798,423

	Dock Resins 22-1454795	ECS 88-0191671	Gateway 31-1590777	KABO 89-0300803	Lubricant Inve 34-1563459
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	0	0	0	0	0
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	1,517	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	195,554	105,937	283,552	334,537	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	804,306	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	34,338	0	0	53,620	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	0	30,027	0	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	34,338	0	30,027	53,620	0

	LZ China 34-1792061	LZ Enterprises 34-1502387	LFCA 57-0686272	LZ Int Am Corp 34-1366171	LIMC 34-1323089
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)					
COLUMN B: BASIS FOR DEPRECIATION					
A CLASS LIFE	14,000	0	0	0	104,000
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
COLUMN G: DEPRECIATION DEDUCTION					
A CLASS LIFE	1,400	0	0	0	10,400
B 12-YEAR	0	0	0	0	0
C 40-YEAR	0	0	0	0	0
PART IV SUMMARY					
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	23,000	0	308,189	0	21,000
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0	0	0
PART VI - AMORTIZATION					
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR					
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	46,117	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	0	2,427	0	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	0	48,544	0	0

LZ Consolidated
Year: 2002

	LOTC 51-6146748	LPS 58-0678914	MPP Pipeline 76-0412052
20 ALTERNATIVE DEPRECIATION SYSTEM (ADS)			
COLUMN B: BASIS FOR DEPRECIATION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
COLUMN G: DEPRECIATION DEDUCTION			
A CLASS LIFE	0	0	0
B 12-YEAR	0	0	0
C 40-YEAR	0	0	0
PART IV SUMMARY			
21 LISTED PROPERTY - AMOUNT FROM LINE 28	0	0	0
22 TOTAL (ADD LN 12, 14-17, COL. G OF 19,20 & LN 21)	0	303,431	0
23 FOR ASSETS PLACED IN SERVICE THIS YEAR, ENTER PORTION OF BASIS ATTRIBUTABLE TO 263A COSTS.	0	0	0
PART VI - AMORTIZATION			
42 AMORTIZATION OF COSTS THAT BEGAN DURING TAX YEAR			
(C) AMORTIZABLE AMOUNT	0	0	0
(C) AMORTIZABLE AMOUNT	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
(F) AMORTIZATION FOR THIS YEAR	0	0	0
43 AMORTIZATION OF COSTS THAT BEGAN BEFORE TAX YEAR	0	2,976	0
44 TOTAL. ENTER HERE AND ON OTHER DEDUCTIONS.	0	2,976	0

Appendix D

Corporate Information

Exhibit A

AMENDED ARTICLES OF INCORPORATION
OF
THE LUBRIZOL CORPORATION

FIRST: The name of the Corporation is The Lubrizol Corporation.

SECOND: The place in the State of Ohio where its principal office is located is Wickliffe, Lake County.

THIRD: The purposes of the Corporation are as follows:

To manufacture, produce, process, buy, sell, develop, acquire, distribute and otherwise deal in chemicals, chemical products and compositions, including lubricants, fuels and additives for lubricants and fuels, and to do all things necessary or incidental thereto.

To invest in high technology companies and in companies with substantial growth possibilities and to acquire such companies.

To engage in any other lawful act or activity for which corporations may be formed under Section 1701.01 to 1701.98, inclusive, of the Revised Code of Ohio, as now in effect or hereafter amended.

FOURTH: The authorized number of shares of the Corporation is 147,000,000, consisting of 2,000,000 shares of serial preferred stock without par value designated Serial Preferred Stock ("Serial Preferred Stock"); 25,000,000 shares of serial preferred stock without par value designated Serial Preference Shares ("Serial Preference Shares"); and 120,000,000 common shares without par value ("Common Shares").

No holder of any class of shares of the Corporation shall, as such holder, have any preemptive or preferential right to purchase or subscribe to any shares of any class of stock of the Corporation, whether now or hereafter authorized, whether unissued or in treasury, or to purchase any obligations convertible into shares of any class of stock of the Corporation, which at any time may be proposed to be issued by the Corporation or subjected to rights or options to purchase granted by the Corporation.

No holder of shares of the Corporation shall be entitled to vote cumulatively in the election of Directors of the Corporation.

The shares of such classes shall have the following express terms:

DIVISION A
EXPRESS TERMS OF THE SERIAL PREFERRED STOCK

Section 1. The Serial Preferred Stock may be issued from time to time in one or more series. All shares of Serial Preferred Stock shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of each series shall be identical with all other shares of such series, except as to the date from which dividends are cumulative. Subject to the provisions of Sections 2 to 8, both inclusive, of this Division, which provisions shall apply to all Serial Preferred Stock, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series and with respect to each such series prior to the issuance thereof to fix:

(a) The designation of the series, which may be by distinguishing number, letter or title;

(b) The number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease (but not below the number of shares thereof then outstanding);

(c) The annual dividend rate of the series;

(d) The dates at which dividends, if declared, shall be payable, and the dates from which dividends shall be cumulative;

(e) The redemption rights and price or prices, if any, for shares of the series;

(f) The terms and amount of any sinking fund provided for the purchase or redemption of shares of the series;

(g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution, or winding up of the affairs of the Corporation;

(h) Whether the shares of the series shall be convertible into Common Shares, and, if so, the conversion price or prices, any adjustments thereof, and all other terms and conditions upon which such conversion may be made; and

(i) Restrictions (in addition to those set forth in Sections 6(b) and 6(c) of this Division) on the issuance of shares of the same series or of any other class or series;

provided, however, that the aggregate amount which the holders of Serial Preferred Stock at any time outstanding shall be entitled to receive upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation shall not exceed $50,000,000, plus accrued and unpaid dividends.

The Board of Directors is authorized to adopt from time to time amendments to the Articles of Incorporation fixing, with respect to each such series, the matters described in clauses (a) to (i), both inclusive, of this Section 1.

Section 2. The holders of Serial Preferred Stock of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Serial Preferred Stock, shall be entitled to receive out of any funds legally available and when and as declared by the Board of Directors, dividends in cash at the rate for such series fixed in accordance with the provisions of Section 1 of this Division, and no more, payable quarterly on the dates fixed for such series. Such dividends shall be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends may be paid upon or declared or set apart for any of the Serial Preferred Stock for any quarterly dividend period unless at the same time a like proportionate dividend for the same quarterly dividend period, ratably in proportion to the respective annual dividend rates fixed therefor, shall be paid upon or declared or set apart for all Serial Preferred Stock of all series then issued and outstanding and entitled to receive such dividend.

Section 3. In no event so long as any Serial Preferred Stock shall be outstanding shall any dividends, except a dividend payable in Common Shares or other shares ranking junior to the Serial Preferred Stock, be paid or declared or any distribution be made except as aforesaid on the Common Shares or any other shares ranking junior to the Serial Preferred Stock, nor shall any Common Shares or any other shares ranking junior to the Serial Preferred Stock be purchased, retired or otherwise acquired by the Corporation(except out of the proceeds of the sale of Common Shares or other shares ranking junior to the Serial Preferred Stock received by the Corporation subsequent to January 1, 1969):

(a) Unless all accrued and unpaid dividends on Serial Preferred Stock, including the full dividends for the current quarterly dividend period, shall have been declared and paid or a sum sufficient for payment thereof set apart; and

(b) Unless there shall be no arrearages with respect to the redemption of Serial Preferred Stock of any series from any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of this Division.

Section 4.

(a) Subject to the express terms of each series and to the provisions of Section 6(b)(iii) of this Division A, the Corporation may from time to time redeem all or any part of the Serial Preferred Stock of any series at the time outstanding, (i) at the option of the Board of Directors at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of this Division, or (ii) in fulfillment of the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price, fixed in accordance with the provisions of Section 1 of this Division, together in each case with accrued and unpaid dividends to the redemption date.

(b) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Serial Preferred Stock to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for such redemption. At any time after notice has been given as above provided, the Corporation may deposit the aggregate redemption price of the shares of Serial Preferred Stock to be redeemed with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of not less than Twenty-Five Million Dollars ($25,000,000), named in such notice, directed to be paid to the respective holders of the shares of Serial Preferred Stock so to be redeemed in amounts equal to the redemption price of all shares of Serial Preferred Stock so to be redeemed, on surrender of the stock certificate or certificates held by such holders, and upon the making of such deposit such holders shall cease to be shareholders with respect to such shares, and after such notice shall have been given and such deposit shall have been made such holders shall have no interest in or claim against the Corporation with respect to such shares except only to receive such money from such bank or trust company without interest or the right to exercise, before the redemption date, any unexpired privileges of conversion. In case less than all of the outstanding shares of Serial Preferred Stock are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by its Board of Directors.

If the holders of shares of Serial Preferred Stock which have been called for redemption shall not within ten years after such deposit, claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any shares of Serial Preferred Stock which are redeemed by the Corporation pursuant to the provisions of this Section 4 and any shares of Serial Preferred Stock which are purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series and any shares of Serial Preferred Stock which are converted in accordance with the express terms thereof, shall be cancelled, and not reissued. Any shares of Serial Preferred Stock otherwise acquired by the Corporation shall resume the status of authorized and unissued shares of Serial Preferred Stock without serial designation.

Section 5.

(a) The holders of Serial Preferred Stock of any series shall, in case of voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of the Common Shares or any other shares ranking junior to the Serial Preferred Stock, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Division plus an amount equal to all dividends accrued and

unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation, in case the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding shares of Serial Preferred Stock of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon outstanding shares of Serial Preferred Stock in proportion to the full preferential amount to which each such share is entitled.

After payment to holders of Serial Preferred Stock of the full preferential amounts as aforesaid, holders of Serial Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other corporation, or the merger of any other corporation into it, or the sale, lease or conveyance of all or substantially all the property or business of the Corporation, shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section 5.

Section 6.

(a) The holders of Serial Preferred Stock shall be entitled to one vote for each share of such stock upon all matters presented to the shareholders; and, except as otherwise provided herein or required by law, the holders of Serial Preferred Stock and the holders of Common Shares shall vote together as one class on all matters.

If, and so often as, the Corporation shall be in default in the payment of six (6) full quarterly dividends (whether or not consecutive) on any series of Serial Preferred Stock at the time outstanding, whether or not earned or declared, the holders of Serial Preferred Stock of all series, voting separately as a class and in addition to all other rights to vote for directors, shall be entitled to elect as herein provided, two members of the Board of Directors of the Corporation; provided, however, that the holders of shares of Serial Preferred Stock shall not have or exercise such special class voting rights except at meetings of the shareholders for the election of directors at which the holders of not less than thirty-five percent (35%) of the outstanding shares of Serial Preferred Stock of all series then outstanding are present in person or by proxy; and provided further that the special class voting rights provided for herein when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on the Serial Preferred Stock of all series then outstanding shall have been paid, whereupon the holders of Serial Preferred Stock shall be divested of their special class voting rights in respect of subsequent elections of directors, subject to the revesting of such special class voting rights in the event hereinabove specified in this paragraph.

In the event of default entitling the holders of Serial Preferred Stock to elect two directors as above specified, a special meeting of the shareholders for the purpose of electing such directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least ten percent (10%) of the shares of Serial Preferred Stock of all series at the time outstanding, and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be held within one hundred twenty (120) days after the date of receipt of the foregoing written request from the holders of Serial Preferred Stock. At any meeting at which the holders of Serial Preferred Stock shall be entitled to elect directors, the holders of thirty-five percent (35%) of the then outstanding shares of Serial Preferred Stock of all series present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be such a quorum shall be sufficient to elect the members of the Board of Directors which the holders of Serial Preferred Stock are entitled to elect as hereinabove provided. The two directors who may be elected by the holders of Serial Preferred Stock pursuant to the foregoing provisions shall be in addition to any other directors then in office or proposed to be elected otherwise then pursuant to such provisions, and nothing

in such provisions shall prevent any change otherwise permitted in the total number of directors of the Corporation or require the resignation of any director elected otherwise than pursuant to such provisions. Notwithstanding any classification of the other directors of the Corporation, the two directors elected by the holders of Serial Preferred Stock shall be elected annually for terms expiring at the next succeeding annual meeting of shareholders.

(b) The affirmative vote of the holders of at least two-thirds of the shares of Serial Preferred Stock at the time outstanding, given in person or by proxy at a meeting called for the purpose at which the holders of Serial Preferred Stock shall vote separately as a class shall be necessary to effect any one or more of the following (but so far as the holders of Serial Preferred Stock are concerned, such action may be effected with such vote):

(i) Any amendment, alteration or repeal of any of the provisions of the Articles of Incorporation or of the Regulations of the Corporation which affects adversely the voting powers, rights or preferences of the holders of Serial Preferred Stock; provided, however, that, for the purpose of this clause (i) only, neither the amendment of the Articles of Incorporation so as to authorize or create, or to increase the authorized or outstanding amount of Serial Preferred Stock or of any shares of any class ranking on a parity with or junior to the Serial Preferred Stock, nor the amendment of the provisions of the Regulations so as to increase the number of directors of the Corporation shall be deemed to affect adversely the voting powers, rights or preferences of the holders of Serial Preferred Stock; and provided further, that if such amendment, alteration or repeal affects adversely the rights or preferences of one or more but not all series of Serial Preferred Stock at the time outstanding only the affirmative vote of the holders of at least two-thirds of the number of the shares at the time outstanding of the series so affected shall be required;

(ii) The authorization or creation of, or the increase in the authorized amount of, any shares of any class, or any security convertible into shares of any class, ranking prior to the Serial Preferred Stock; or

(iii) The purchase or redemption (for sinking fund purposes or otherwise) of less than all of the Serial Preferred Stock then outstanding except in accordance with a stock purchase offer made to all holders of record of Serial Preferred Stock, unless all dividends upon all Serial Preferred Stock then outstanding for all previous quarterly dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

(c) The affirmative vote of the holders of at least a majority of the shares of Serial Preferred Stock at the time outstanding, given in person or by proxy at a meeting called for the purpose at which the holders of Serial Preferred Stock shall vote separately as a class, shall be necessary to effect any one or more of the following (but so far as the holders of Serial Preferred Stock are concerned, such action may be effected with such vote):

(i) The sale, lease or conveyance by the Corporation of all or substantially all of its property or business, or its consolidation with or merger into any other corporation unless the corporation resulting from such consolidation or merger will have after such consolidation or merger no class of shares either authorized or outstanding ranking prior to or on a parity with the Serial Preferred Stock except the same number of shares ranking prior to or on a parity with the Serial Preferred Stock and having the same rights and preferences as the shares of the Corporation authorized and outstanding immediately preceding such consolidation or merger, and each holder of Serial Preferred Stock immediately preceding such consolidation or merger shall receive the same number of shares, with the same rights and preferences, of the resulting corporation; or

(ii) The authorization of any shares ranking on a parity with the Serial Preferred Stock or an increase in the authorized number of shares of Serial Preferred Stock.

Section 7. The holders of Serial Preferred Stock shall have no preemptive right to purchase or have offered to them for purchase any shares or other securities of the Corporation, whether now or hereafter authorized.

Section 8. For the purpose of this Division A:

Whenever reference is made to shares "ranking prior to the Serial Preferred Stock" or "on a parity with the Serial Preferred Stock," such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof as to the payment of dividends or as to distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, are given preference over, or rank on an equality with (as the case may be) the rights of the holders of Serial Preferred Stock; and whenever reference is made to shares "ranking junior to the Serial Preferred Stock," such reference shall mean and include all shares of the Corporation in respect of which the rights of holders thereof as to payment of dividends and as to distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, are junior and subordinate to the rights of the holders of Serial Preferred Stock.

DIVISION B
EXPRESS TERMS OF THE COMMON SHARES

The Common Shares shall be subject to the express terms of (i) the Serial Preferred Stock and any series thereof and (ii) the Serial Preference Shares and any series thereof. Each Common Share shall be equal to every other Common Share and the holders thereof shall be entitled to one vote for each share of such stock on all questions presented to the shareholders.

DIVISION C
EXPRESS TERMS OF THE SERIAL PREFERRED STOCK, SERIES A

Section 1. Designation and Amount. The shares of such series shall be designated as "Serial Preferred Stock, Series A" ("Series A Stock") and the number of shares constituting such series shall be 2,000,000. No shares of Series A Stock may be issued except upon the exercise of a Right, as defined in, and pursuant to the terms of, the Special Rights Agreement, dated as of October 31, 1988 (as from time to time amended or supplemented in accordance with the terms thereof, the "Rights Agreement"), between the Corporation and National City Bank.

Section 2. Dividends and Distributions.

(A) Except as provided in this Section 2, the holders of shares of Series A Stock shall not be entitled to receive dividends or other distributions with respect to any shares of Series A Stock.

(B) From and after the date on which shares of Series A Stock are issued and outstanding (the "Dividend Accrual Commencement Date"), the holders of issued and outstanding shares of Series A Stock, in preference to the holders of Common Shares and of any other capital stock of the Corporation which ranks junior to the Serial Preferred Stock in respect of dividends or distributions of assets on liquidation of the Corporation (all of which classes, other than the Serial Preferred Stock, are hereinafter embraced in the term "Junior Stock"), shall be entitled to receive as and when declared by the Directors out of the assets of the Corporation which are by law available for the payment of dividends, cumulative cash dividends, payable quarterly on the last days of March, June, September and December, and accruing from the applicable Dividend Accrual Commencement Date, at, but not exceeding, the rate per share per annum equal to the Dividend Rate (as hereinafter defined). For purposes of this Division C, the "Dividend Rate" shall be equal to 8% of the Cash Redemption Amount (as defined in Section 5(A) of this Division C) as of the last day of the calendar month immediately preceding the applicable dividend payment date.

Section 3. Redemption.

(A) From and after (but not before) the Earliest Redemption Date (as defined in Section 5(C) of this Division C), the Series A Stock may be redeemed in whole or in part, at any time or from time to time, at the option of the Corporation, for a cash redemption price per share equal to the sum of (x) the then- applicable Cash Redemption Amount plus $1 .00 and (y) an amount equal to the sum of all dividends accrued to the date fixed for redemption and remaining unpaid, whether or not declared, together with any applicable Deferred Payment Entitlement (as defined in Section 5(D) of this Division C).

(B) So long as any shares of Series A Stock shall be outstanding, but subject to Section 3(E) of this Division C, the Corporation shall, as a sinking fund applicable to the Series A Stock, commencing on the date two years after the first date on which any shares of Series A Stock are issued, and annually thereafter, redeem, for a cash redemption price per share equal to the sum of (x) the then-applicable Cash Redemption Amount plus $1.00 and (y) an amount equal to the sum of all dividends accrued to such date and remaining unpaid, whether or not declared, together with any applicable Deferred Payment Entitlement, a number of shares of Series A Stock equal to 25% of the greatest number of shares of Series A Stock at any time outstanding. The Corporation shall be permitted to satisfy in whole or in part the requirements of this Section 3(B) with respect to any year by applying in whole or in part as a credit in reduction of the obligation of the Corporation to make redemptions for the sinking fund in such year shares of Series A Stock purchased by the Corporation and shares of Series A Stock redeemed otherwise than for the sinking fund. Shares purchased by the Corporation for application as a credit as provided above may be purchased in such manner as the Directors may determine from time to time, subject to the restrictions on such purchases set forth elsewhere herein or arising under applicable law.

(C) On the date five years after the first date on which any shares of Series A Stock are issued, but subject to Section 3(E) of this Division C, the Corporation shall redeem all shares of Series A Stock remaining outstanding for a cash redemption price per share equal to the sum of (x) the then-applicable Cash Redemption Amount plus $1.00 and (y) an amount equal to the sum of all dividends accrued to such date and remaining unpaid, whether or not declared, together with any applicable Deferred Payment Entitlement.

(D) Notwithstanding anything contained in this Division C to the contrary, but subject to Section 3(E) of this Division C, at the option of any holder of Series A Stock, upon written notice given by such holder at any time during the 30-calendar day period following the date on which the last notice was mailed pursuant to the next sentence of this Section 3(D) the Corporation shall, prior to the filing of a certificate of dissolution or such other instrument as may then be prescribed by applicable law to effect the dissolution of the Corporation, redeem all shares of Series A Stock outstanding as to which such holder shall have made such election for a cash redemption price per share equal to the sum of (x) the then-applicable Cash Redemption Amount plus $1.00 and (y) an amount equal to the sum of all dividends accrued to such date and remaining unpaid, whether or not declared, together with any applicable Deferred Payment Entitlement. The Corporation shall give notice to all holders of Series A Stock no fewer than 45-calendar days prior to making any filing referred to in the immediately preceding sentence, which notice will be so given by first class United States mail and publication in The Wall Street Journal and any other nationally recognized publication the Corporation may elect, accompanied by an appropriate form of election and such other information as may be required to permit an informed election.

(E) In addition to the limitations that may apply under applicable Ohio law, the Corporation shall be required to redeem any shares of Series A Stock under Sections 3(B), 3(C) or 3(D) of this Division C only to the extent that, after giving effect to such redemption, the consolidated retained earnings of the Corporation and the corporations with which it is consolidated for financial reporting purposes are greater than zero. For purposes of the foregoing sentence, consolidated retained earnings shall mean the sum of (1) the consolidated retained earnings as of September 30, 1988 of the Corporation and the corporations with which it was then consolidated for financial reporting purposes and (2) the consolidated retained earnings accumulated subsequent to September 30, 1988 of the Corporation and the corporations with which it is consolidated for financial reporting purposes determined in accordance with generally accepted

accounting principles as in effect as of such date (except as otherwise provided in this sentence) and after giving effect to dividends or other distributions on, and redemptions and other purchases of, Serial Preferred Stock, but without giving effect to dividends or other distributions on, or redemptions or other purchases of, any Junior Stock, or to any transfers from retained earnings to additional capital or capital stock accounts, and including as a credit to retained earnings, in all events (and notwithstanding any contrary treatment for financial reporting purposes or otherwise), the amount of the Recovery then collected. If the Corporation is not required to redeem shares of Series A Stock in the manner otherwise provided herein by virtue of the first sentence of this Section 3(E), or if a legal or contractual restriction prevents the Corporation form effecting the redemption of any shares of Series A Stock then outstanding in the manner otherwise provided herein, then (x) to the extent required and not restricted, payment of redemption amounts shall be made daily on a pro rata basis or in such other manner as the Directors of the Corporation may determine in good faith to be fair to the holders of Series A Stock, (y) in the case of any such legal or contractual restriction, the Corporation shall use its best efforts to remove such restriction as soon as possible, and (z) the Corporation shall give notice to each holder of shares of Series A Stock of any such restriction and the efforts by the Corporation to remove it. Postponement of payment of redemption amounts shall not in any way diminish or restrict the right or the holders of shares of Series A Stock to have their shares redeemed as provided in this Section 3. If amounts payable to retire shares of Serial Preferred Stock are not paid in full in the case of all series for which a sinking fund has been fixed, the number of shares to be retired for the sinking fund of each such series shall be in proportion to the respective amounts that would be payable if all such amounts were paid in full.

Section 4. Liquidation Rights.

(A) The provisions of Section 7(F) of this Division C will apply to any voluntary to involuntary dissolution, liquidation or winding up of the affairs of the Corporation and will not be limited or otherwise affected by this Section 4.

(B) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation (all of which are hereinafter embraced in the word "liquidation") occurring on or after the Earliest Redemption Date, the holders of Series A Stock who do not exercise their rights pursuant to Section 3(D) of this Division C, shall be entitled to receive, subject to the limitations, if any, then applicable in such event pursuant to Division A, from the assets of the Corporation available for distribution to the shareholders, all amounts (including without limitation any Deferred Payment Entitlement) which they would be entitled to receive if on the date of such liquidation the shares of Series A Stock held by them had been redeemed at the option of the Corporation in accordance with the provisions of Section 3(A) of this Division C. In the event of any liquidation occurring prior to the Earliest Redemption Date, all rights of the Corporation in respect of the Covered Cases and any portion of the Recovery (as defined in Section 5(A) of this Division C) theretofore collected by the Corporation, and such additional funds or assets as may be required, shall be placed in trust for the benefit of the holders of the Series A Stock (and the holders of any other class of capital stock of the Corporation to the extent hereinafter provided) upon such terms so that (1) the holders of Series A Stock shall be entitled to receive, from the assets of the Corporation available for distribution to shareholders, units of beneficial interest in such trust which shall as nearly as practicable entitle them to receive, per share of Series A Stock held, a fractional undivided interest in the proceeds of the Recovery equal to the Per Share Allocation Factor, plus $1.00, and (2) the holders of the other classes of capital stock of the Corporation shall be entitled to receive out of such assets available for distribution units of beneficial interest in such trust which shall as nearly as practicable entitle them to receive any balance of the proceeds of the Recovery in accordance with their respective rights upon liquidation. In the event of any liquidation, the holders of the Serial Preferred Stock of the respective series shall be entitled to be paid in full the respective amounts fixed for such series before any distribution or payment or setting apart for payment shall be made to or for the holders of the Common Shares or any other Junior Stock. After such payments shall have been in full to the holders of the Serial Preferred Stock, the remaining assets and funds of the Corporation shall be distributed among the holders of the Junior Stock of the Corporation according to their respective rights. In the event that the assets of the Corporation are not sufficient to make the payments required to be made to the holders of the Serial Preferred Stock in full, such assets

shall be distributed to the holders of the Serial Preferred Stock of the respective series pro rata in proportion to the respective amounts fixed for such series.

Section 5. Amount Payable on Redemption or Liquidation.

(A) For purposes of this Division C, the following terms shall have the meanings indicated:

(1) "Adjusted Value" of any "Assigned Value Assets" shall mean, initially, the value assigned thereto as provided in Section 5(B) of this Division C, and, in the event any such Assigned Value Assets shall be sold for cash within two years of the Corporation's receipt thereof, shall mean, thereafter and in lieu of the value initially assigned, the cash proceeds of the sale, increased by the amount of any revenues derived by the Corporation from, and decreased by any costs and expenses incurred by the Corporation after receipt of such Assigned Value Assets in respect of, such Assigned Value Assets during the period prior to such sale.

(2) "Assigned Value Assets" shall mean any assets collected as a part of the Recovery to which a value has been assigned as provided in Section 5(B) of this Division C and shall also include the proceeds of any sale or other disposition thereof.

(3) "Cash Redemption Amount" shall mean, at anytime of determination on or after the Dividend Accrual Commencement Date, the product obtained by multiplying (a) the sum of (i) the amount of the Recovery which shall have been collected in the form of cash and (ii) the Adjusted Value of any Assigned Value Assets, less (iii) all amounts which shall have been paid by the Corporation as dividends on, in redemption of, or for the repurchase (in accordance with the provisions of Section 3(B) of this Division C) of, shares of Series A Stock, and all dividends which shall have accrued but not been paid (whether or not declared), on shares of Series A Stock by (b) the Per Share Allocation Factor.

(4) "Covered Cases" shall mean, collectively, the civil actions captioned The Lubrizol Corporation, an Ohio corporation vs. Exxon Corporation, a New Jersey corporation, in the United States District Court for the Southern District of Texas (Civil Action Nos. H-84-1627 and H-85-2450), and in the United States District Court for the Northern District of Ohio (Civil Action Nos. C84-1064 and C85-3135), and all civil actions, whether in or before a state, federal or foreign court or other authority, designated either specifically or generically, as Covered Cases by majority vote of the Directors of the Corporation prior to the first date on which shares of Series A Stock are issued, and all the right, title and interest of the Corporation in and under all such actions, and in and under all actions, suits or proceedings determined by majority vote of the Directors of the Corporation, prior to the first date on which shares of Series A Stock are issued, to be directly related thereto or to have arisen therefrom, and to all claims asserted therein (whether asserted in such actions or any action to enforce any judgment or order therein or otherwise).

(5) "Deferred Payment Entitlement" shall have the meaning referred to in Section 5(D) of this Division C.

(6) "Recovery" shall mean the collective total amount which the Corporation (or its successors and assigns to the extent permitted hereby) shall collect, whether in cash or other assets and whether collected in one of more payments or transactions, on account of favorable judgments in the Covered Cases or settlement in respect thereof, less the sum of (a) an amount equal the product of (i) such collective total amount and (ii) the Corporation's effective income tax rate disclosed by the Corporation in the notes to the financial statements of the Corporation last published and furnished to shareholders immediately prior to the first issuance of any shares of Series A Stock and (b) any amount which the Corporation (or its successors and assigns to the extent permitted hereby) shall collect in respect of any interest assigned by the Corporation as a Deferred Payment Entitlement.

(7) "Per Share Allocation Factor" shall mean, at any time of determination, the fraction which results from dividing 1 by the sum of (a) the total number of shares of Series A Stock then outstanding and (b) the total number of shares of Series A Stock then subject to issuance upon the proper exercise of outstanding Rights.

(B) If and whenever the Corporation shall receive any proceeds of the Recovery in a form other than cash, there shall be assigned to such assets an amount equal to the fair market value thereof as determined in good faith by the Directors, unless the Directors of the Corporation shall determine that it is not possible to assign a fair market value to such assets with a reasonable level of confidence. The Directors of the Corporation shall make such determination at the time such assets are collected or, if it is determined as aforesaid that it is not possible to assign a fair market value thereto with a reasonable level of confidence, at the first opportunity thereafter when it is possible to make such a determination in good faith. The assets to which a value has been assigned in accordance with this Section 5(B) are referred to therein as "Assigned Value Assets" and the value so assigned shall be the initial Adjusted Value of such assets. If a fair market value cannot reasonably be assigned to any assets, the Corporation shall use its best efforts to dispose of such assets as promptly as practicable, subject to the judgment of the Directors as to the best interests of the holders of Series A Stock. Pending such disposition the Corporation shall keep accurate records relating to such assets.

(C) The "Earliest Redemption Date" shall mean the first date on which the Corporation shall have collected, in respect of any of the Covered Cases, in the form of cash and/or assets constituting Assigned Value Assets, aggregate proceeds of the Recovery having a value (based on the amount of cash to received together with the Adjusted Value of any Assigned Value Assets) in excess of $50,000,000.

(D) Whenever the Corporation shall redeem any shares of Series A Stock when either (1) the prospect remains that additional amounts will be collected in respect of the Covered Cases or (2) any portion of the Recovery then collected consists of assets other than cash or Assigned Value Assets, the Corporation shall, in connection with such redemption, assign to the holder of each share of Series A Stock then being redeemed an undivided fractional interest equal to the Per Share Allocation Factor then in effect in all the Corporation's right, title and interest in (x) such additional amounts as may be collected in respect of the Covered Cases as provided in the foregoing clause (1) and/or the proceeds thereof and (y) the proceeds of the sale or other disposition of any assets other than cash or Assigned Value Assets plus the revenues derived by the Corporation therefrom. The form and manner of assignment shall be as determined by the Directors of the Corporation so as to best convey to the holders of the shares of Series A Stock being redeemed the benefits contemplated hereby; provided, however, that such holders shall not by reason of the assignment of the Corporation's interest in the foregoing proceeds have any right to control the prosecution of the Covered Cases, the collection of any amounts recoverable thereunder of the operation or disposition of the aforesaid assets, and provided, further, that the Corporation may provide that the interests as assigned shall be non-transferable. The interest assigned in accordance with this Section 5(D) in respect of any share of Series A Stock being redeemed is referred to herein as a "Deferred Payment Entitlement" in respect of such share.

Section 6. Voting Rights. The voting rights relating to the Serial Preferred Stock set forth in Section 6 of Division A of Article Fourth are applicable to the Series A Stock. Except as so provided, and except as required by applicable law, the holders of shares of Series A Stock shall have no voting rights with respect to any action by the Corporation or its shareholders by virtue of being a holder of shares of Series A Stock.

Section 7. Limitations.

(A) So long as any shares of Series A Stock are outstanding, no shares of any series of Serial Preferred Stock or other capital stock of the Corporation other than Common Shares having the express terms applicable to Common Shares on the Share Acquisition Date (as defined in Section 8(B) of this Division C) or the Series A Stock, and no shares of Series A Stock not issuable pursuant to and in accordance with the Rights Agreement, may be issued by the Corporation.

(B) So long as any shares of Series A Stock are outstanding, the Corporation shall not invest any portion of the proceeds of the Recovery (other than any non-cash assets collected as a part thereof) in other than "Permitted Investments." For purposes of this Section 7(C), "Permitted Investments" shall include the following obligations and securities:

(a) United States Treasury bonds, notes and bills;

(b) certificates of deposit issued by major commercial banks;

(c) Eurodollar time deposits placed with major commercial banks;

(d) corporate bonds, debentures and notes (none of which shall be convertible into any equity security) rated A or better by Moody's Investors Services and by Standard & Poor's Corporation;

(e) non-convertible preferred stock rated A or better by Moody's Investors Services and by Standard & Poor's Corporation; and

(f) commercial paper rated Prime-2 or better by Moody's Investors Services and A-1 or better by Standard & Poor's Corporation.

In no event shall any portion of the proceeds of the Recovery be invested in any obligation or other security of a Prohibited Transferee.

(C) So long as any shares of Series A Stock are outstanding, the Corporation shall not settle or otherwise compromise the Covered Cases, direct counsel to make any change in the strategy for conducting the Covered Cases, fail to pay any costs or expenses of conducting the Covered Cases which might diminish the likelihood of a favorable result therein or otherwise adversely affect the conduct of the Covered Cases, except, in each case, with the approval of the Directors of the Corporation.

(D) So long as any shares of Series A Stock are outstanding, the Corporation shall not sell, assign or otherwise transfer the Covered Cases or any interest therein unless the Directors of the Corporation shall have previously determined in good faith that the proceeds to be realized thereby are fair to the holders of the Series A Stock.

(E) So long as any shares of Series A Stock are outstanding, the Corporation shall not (i) consolidate with, (ii) merge with or into, (iii) sell or transfer to, in one or more transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its subsidiaries, taken as a whole, any Prohibited Transferee or any Affiliate or Associate thereof (as such terms are defined in Section 8(B) of this Division C), or (iv) liquidate, dissolve or otherwise wind-up the affairs of the Corporation, if at the time of, after or as a result of such consolidation, merger, sale, liquidation, dissolution or winding up there would be any charter or regulation provisions, including without limitation any provisions of the Corporation's Amended Articles of Incorporation or Regulations, as from time to time amended, of any rights, options, warrants or other instruments or securities outstanding or agreements in effect or any other actions taken, which would eliminate or otherwise diminish the benefits intended to be afforded by the Rights of the Series A Stock, without proper provision being made for the redemption of the Series A Stock in accordance with Section 7(E) of this Division C.

Section 8. Contributions and Transfer.

(A) The Series A Stock shall not be transferable to or by a Prohibited Transferee and any attempt to transfer shares of Series A Stock to or by a Prohibited Transferee shall be null and void. The Corporation reserves the right to require (or to cause any transfer agent of the Corporation to require) any Person who submits a share of Series A Stock for transfer on the transfer books of the Corporation or for redemption pursuant to Section 3 hereof to establish to the satisfaction of the Corporation that such Person did not acquire such shares of Series A Stock while or from a Prohibited Transferee.

(B) As used in this Division C, the term "Prohibited Transferee" shall mean, at the time any determination is to be made, (1) any Person other than the Corporation or any Related Person (as such terms are hereinafter defined), who or which, together with all Affiliates and Associates (as such terms are defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, and in effect on the date of first issuance of any shares of Series a Stock (the "Exchange Act")) of such Person, shall be the beneficial owner of 20% or more of the Common Shares then outstanding or (2) any Person (other than the Corporation or any Related Person) who or which, together with all Affiliates or Associates of such Person (A) commences or announces its intention to commence a tender or exchange offer the consummation of which would result in beneficial ownership by such Person of 20% or more of the Common Shares then outstanding, or announces its intention otherwise to purchase or acquire (b) 20% or more of the Common Shares then outstanding. The term "Person" shall mean any individual, firm, corporation, partnership or other entity, and shall include any successor (by merger or otherwise) of such entity. The term "Related Person" shall mean (x) any subsidiary of the Corporation, (y) any employee benefit or stock ownership plan of the Corporation or any entity holding Common Shares for or pursuant to the terms of any such plan, or (z) any Person who acquires Common Shares from the Corporation or any other Related Person in one or a series of related transactions, each of which is approved by a majority of the Directors of the Corporation; provided, however, that if any Person who becomes a Related Person solely by virtue of subsection (z) above, or any Affiliate or Associate of such Person, subsequently becomes the beneficial owner of any additional Common Shares in a transaction or transactions not approved by a majority of the Directors of the Corporation, such Person shall no longer be deemed a "Related Person" with respect to all Common Shares of which it, or any of its Affiliates or Associates, is the beneficial owner. The term "Distribution Date" shall mean the close of business on the fifteenth calendar day (or such other date as any be specified by a majority vote of the Directors then in office) after the Share Acquisition Date. The term "Share Acquisition Date" shall mean the first date of public announcement by the Corporation or a Prohibited Transferee (by press release, filing made with the Securities and Exchange Commission or otherwise) that a Prohibited Transferee has become such. For the purposes of this Division C, a Person shall be deemed the "Beneficial Owner" of and shall be deemed "beneficially to own" any securities: (i) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time or the occurrence or nonoccurrence of an event) pursuant to any agreement, arrangement or understanding (whether or not in writing), or upon the exercise of conversion rights, exchange rights, other rights (other than the Other Rights), warrants, options or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or beneficially to own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or (ii) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right or power to vote or dispose of, or to direct the vote or disposition of, including pursuant to any agreement, arrangement or understanding (whether or not in writing); or (iii) which any other Person is the beneficial Owner if such other Person or any of the Affiliates or Associates of such other Person has any agreement, arrangement or understanding (whether or not in writing) with the first Person or the Affiliates or Associates of the first Person with respect to acquiring, holding, voting or disposing of any securities of the Company; provided, however, that a Person shall not be deemed the Beneficial Owner of, or beneficially to own, any security (A) if such Personal has a right to vote such security pursuant to an agreement, arrangement or understanding(whether or not in writing) which (i) arises solely from a revocable proxy given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations of the Exchange Act and (2) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report), or (B) if such beneficial ownership arises solely as a result of such Person's status as a "clearing agency," as defined in Section 3(a)(23) of the Exchange Act; and provided, further, however, that nothing in this paragraph shall cause a Person engaged in business as an underwriter of securities to be the Beneficial Owner of any securities acquired through such Person's participation in good faith in an underwriting syndicate pursuant to an agreement to which the Company is a party until the expiration of 40-calendar days after the date of such acquisition. The term "Rights" shall mean the rights to purchase shares of Series A Stock issued pursuant to the terms of the Rights Agreement. The term "Other Rights" shall mean the rights to purchase Common Shares of the

Corporation issued pursuant to the terms of the Rights Agreement, dated October 6, 1987, as from time to time amended or supplemented, between the Corporation and National City Bank.

DIVISION D
EXPRESS TERMS OF THE SERIAL PREFERENCE SHARES

Section 1. Serial Preference Shares may be issued from time to time in one or more series. Subject to the provisions of this Division D, which apply to all Serial Preference Shares, the Directors are hereby authorized to adopt amendments to the Articles of Incorporation in respect of any unissued or treasury Serial Preference Shares and thereby fix or change any or all of the express terms of such Serial Preference Shares as from time to time may be permitted or required by law, including without limitation the following:

(i) The division of such shares into series and the designation and authorized number of shares of each series;

(ii) The dividend or distribution rate;

(iii) The dates of payment of dividends or distributions and the dates from which they are cumulative;

(iv) Liquidation price;

(v) Redemption rights and price;

(vi) Sinking fund requirements;

(vii) Conversion rights; and

(viii) Restrictions on the issuance of shares of any class or series.

Section 2. The holders of Serial Preference Shares shall be entitled to one vote for each Serial Preference Share held by them upon all matters presented to the shareholders and, except as required by law, the holders of Serial Preference Shares and the holders of Common Shares (and the holders of all other shares of voting stock of the Corporation that vote together as a class with the holders of Common Shares) shall vote together as one class on all matters.

Section 3. (a) The holders of Serial Preference Shares shall be entitled to receive dividends, when and as declared by the Directors, out of the assets of the Corporation which are by law available for the payment of dividends at the rate per share per annum as shall have been fixed by the Directors pursuant to Section 1 of this Division D.

(b) No dividends (other than a dividend payable in Common Shares) or other distributions shall be paid or declared on any Common Shares or any other shares ranking junior to the Serial Preference Shares (such Common Shares and other shares ranking junior to the Serial Preference Shares being hereinafter referred to as "Junior Shares"), nor shall any Junior Shares be purchased, retired or otherwise acquired by the Corporation, unless:

(i) all accrued and unpaid dividends on all series of Serial Preference Shares, including the full dividends for the current period, shall have been declared and paid or provision shall have been made for such payment; and

(ii) there shall be no arrearages with respect to the redemption or sinking fund obligations, if any, of the Corporation for any series of Serial Preference Shares.

Section 4. In the event of a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, before any payment shall be made to the holders of Junior Shares, the holders of the Serial Preference Shares shall be entitled to be paid from the assets available therefor the liquidation price fixed by the Directors pursuant to Section 1 of this Division D and all accrued and unpaid dividends on the Serial Preference Shares.

Section 5. All Serial Preference Shares shall be shares "ranking junior to the Serial Preferred Stock" as such phrase is defined in Division A, Section 8 of the Articles of Incorporation.

FIFTH: Except as otherwise provided in these Articles of Incorporation or in the Regulations, the holders of a majority of the outstanding shares are authorized to take any action which, but for this provision, would require the vote or other action of the holders of more than a majority of such shares.

SIXTH: Except as otherwise provided in these Articles of Incorporation, the Corporation, by its Board of Directors, may purchase issued shares, to the extent permitted by law.

SEVENTH:

Section 1. In addition to any affirmative vote required by law or these Articles of Incorporation, any Related Party Transaction shall require the affirmative vote of not less than both a majority of the Corporation's outstanding Voting Stock and a majority of the portion of the Corporation's outstanding Voting Stock excluding the Voting Stock owned by the Related Party involved in the Related Party Transaction.

Section 2. The provisions of Section 1 of this Article Seventh shall not be applicable to Related Party Transactions in which (a) the aggregate amount of the cash and the fair market value of consideration other than cash received per share by holders of shares of each class or series of Voting Stock of the Corporation who receive cash or other consideration in the Related Party Transaction is not less than the highest per share price (with appropriate adjustments for recapitalizations and for stock splits, stock dividends, and like distributions) paid by the Related Party in acquiring any of its holdings of each class of series of such Voting Stock, and (b) the form of consideration received by holders of shares of each class or series of such Voting Stock is cash or the same form used by the Related Party to acquire the largest percentage of each class or series of such Voting Stock owned by the Related Party.

Section 3. The provisions of Section 1 of this Article Seventh shall not be applicable if the Continuing Directors of the Corporation by a majority vote have expressly approved the Related Party Transaction.

Section 4. For the purpose of this Article Seventh:

(a) The term "Related Party Transaction" shall mean (i) any merger or consolidation of the Corporation or a Subsidiary with a Related Party, irrespective of which party, if either, is the surviving party, (ii) any sale, purchase, lease, exchange, transfer, or other transaction (or series of transactions) between the Corporation or a Subsidiary and a Related Party involving the acquisition or disposition of assets for consideration of $10,000,000 or more in value (except for transactions in the ordinary course of business), (iii) the issuance or transfer of any securities of the Corporation or of a Subsidiary to a Related Party (other than an issuance or transfer of securities which is effected on a pro rata basis to all shareholders of the Corporation), (iv) any reclassification of securities of the Corporation (including any reverse stock split) or any recapitalization or other transaction involving the Corporation or its Subsidiaries that would have the effect of increasing the voting power of a Related Party, except for any mandatory redemption required by the terms of outstanding securities, and (v) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation in favor of which a Related Party votes its Voting Stock.

(b) The term "Related Party" shall mean (i) any individual, corporation, partnership, or other person, group or entity which, together with its Affiliates and Associates, is the beneficial owner of ten percent (10%) or more but less than ninety percent (90%) of the Voting Stock of the Corporation or (ii) any such Affiliate or Associate.

(c) A person shall be a "beneficial owner" of any shares of Voting Stock:

(i) Which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(ii) Which such person or any of its Affiliates or Associates has (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement or understanding; or

(iii) Which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

(d) The terms "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Act of 1934, as in effect on January 1, 1985 (or any subsequent provisions replacing such Act, Rules or Regulations).

(e) The term "consideration other than cash" as used in Section 2(a) of this Article Seventh shall include, without limitation, Voting Stock of the Corporation retained by its existing shareholders in the event of a merger or consolidation with a Related Party in which the Corporation is the surviving corporation.

(f) The term "Subsidiary" shall mean any Affiliate of the Corporation more than fifty percent (50%) of the outstanding securities of which representing the right, other than as affected by events of default, to vote for the election of directors is owned by the Corporation or by another Subsidiary (or both).

(g) The term "Voting Stock" shall mean all securities of the Corporation entitled to vote generally in the election of directors.

(h) The term "Continuing Director" shall mean a director who either (i) was a member of the Board of Directors of the Corporation immediately prior to the time that the Related Party involved in a Related Party Transaction became a Related Party, or (ii) was designated (before his or her initial election as a director) as a Continuing Director by a majority of the then Continuing Directors.

Section 5. A majority of the Continuing Directors shall have the power and duty to determine conclusively for the purposes of this Article Seventh, on the basis of information known to them, (a) whether a person is a Related Party, (b) whether a person is an Affiliate or Associate of another, (c) whether a transaction between the Corporation or a Subsidiary and a Related Party involves the acquisition or disposition of assets for consideration of $10,000,000 or more in value, (d) the fair market value of consideration other than cash received by holders of Voting Stock in a Related Party Transaction, and (e) such other matters with respect to which a determination or interpretation is required under this Article Seventh.

Section 6. Nothing contained in this Article Seventh shall be construed to relieve any related Party from any fiduciary obligation imposed by law.

Section 7. Notwithstanding any other provisions of these Articles of Incorporation or the Regulations of the Corporation or any provision of law which might otherwise permit a lesser vote, but in addition to any affirmative vote of the holders of any particular class or series of stock required by law or these Articles of Incorporation, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the Corporation's Voting Stock, voting as a single class, shall be required to alter, amend or adopt any provision inconsistent with or repeal this Article Seventh.

EIGHTH:

Section 1. Any direct or indirect purchase or other acquisition by the Corporation of any shares of Voting Stock from any Selling Shareholder who has beneficially owned any of such shares of Voting Stock for less than two years prior to the date of such purchase or other acquisition, or any agreement in respect thereof, shall, except as expressly provided in Section 2 of this Article Eighth, require the affirmative vote of the holders of not less than a majority of the shares of Voting Stock represented in person or by proxy at a meeting at which a quorum is present, excluding Voting Stock beneficially owned by such Selling Shareholder, voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified by law, or in any agreement with any national securities exchange or otherwise.

Section 2. The provisions of Section 1 of this Article Eighth shall not be applicable (a) to any purchase or other acquisition by the Corporation from a Selling Shareholder of shares of Voting Stock owned by said Selling Shareholder which purchase or acquisition is made as part of a tender or exchange offer by the Corporation to purchase Voting Stock of the same class or series made on the same terms to all holders of such Voting Stock and complying with the applicable requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations), or (b) to the purchase from any Selling Shareholder of shares of Voting Stock by the Corporation at a price not in excess of the Fair Value thereof, and any such purchase or acquisition shall require only such affirmative vote, if any, as is required by law and any other provisions of these Articles of Incorporation or otherwise.

Section 3. For the purpose of this Article Eighth:

(a) "Selling Shareholder" shall mean any individual, firm, partnership, corporation or other person, group or entity (other than the Corporation or any corporation of which a majority of its voting stock is owned, directly or indirectly, by the Corporation) who or which:

(i) is the beneficial owner of more than five percent (5%) of the class or series of Voting Stock to be acquired; or

(ii) is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner of more than five percent (5%) of the class or series of Voting Stock to be acquired; or

(iii) is an assignee or has otherwise succeeded to any shares of the class or series of Voting Stock to be acquired which were at any time within the two-year period immediately prior to the date in question beneficially owned by a Selling Shareholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(b) "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Act of 1934, as in effect on January 1, 1985 (or any subsequent provisions replacing such Act, Rules or Regulations).

(c) A person shall be a "beneficial owner" of any shares of Voting Stock:

(i) Which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(ii) Which such person or any of its Affiliates or Associates has (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement or understanding; or

(iii) Which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

(d) For the purpose of determining whether a person is a Selling Shareholder pursuant to paragraph (a) of this Section 3, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph (c) of this Section 3, but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(e) "Voting Stock" shall mean all securities of the Corporation entitled to vote generally in the election of directors.

(f) "Fair Value" shall mean the highest closing sale price of such Voting Stock during the thirty-day period immediately preceding the date in question, on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such Voting Stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such Voting Stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such Voting Stock is listed, or, if such Voting Stock is not listed on any such exchange, the highest closing bid quotation with respect to such Voting Stock, during the thirty- day period immediately preceding the date in question, on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the Fair Value on the date in question of such Voting Stock shall be as determined by a majority of the Board of Directors of the Corporation in good faith.

Section 4. A majority of the Board of Directors shall have the power and duty to determine conclusively for the purposes of this Article Eighth, on the basis of information known to them, (a) whether a person is a Selling Shareholder, (b) the Fair Value of Voting Stock owned by a Selling Shareholder, and (c) such other matters with respect to which a determination or interpretation is required under this Article Eighth.

NINTH: No person shall make a Control Share Acquisition without first obtaining the prior authorization of the Corporation's shareholders at a special meeting of shareholders called by the Board of Directors in accordance with this Article Ninth.

Section 1. PROCEDURE. Any Person who proposes to make a Control Share Acquisition shall deliver a notice ("Notice") to the Corporation at its principal place of business that sets forth all of the following information:

(A) The identity of the Person who is giving the Notice;

(B) A Statement that the Notice is given pursuant to this Article Ninth.

(C) The number and class of shares of the Corporation owned, directly or indirectly, by the Person who gives the Notice;

(D) The range of voting power (as specified in Section 6(B)(1)) under which the proposed Control Share Acquisition would, if consummated, fall;

(E) A description in reasonable detail of the terms of the proposed Control Share Acquisition; and

(F) Representatives, supported by reasonable information, that the proposed Control Share Acquisition would be consummated if shareholder approval is obtained and, if consummated, would not be contrary to law and that the Person who is giving the Notice has the financial capacity to make the proposed Control Share Acquisition.

Section 2. CALL OF SPECIAL MEETING OF SHAREHOLDERS. The Board of Directors of the Corporation shall, within ten (10) days after receipt by the Corporation of a Notice that complies with Section 1, call a special meeting of shareholders to be held not later than fifty (50) days after receipt of the Notice by the Corporation, unless the Person who delivered the Notice agrees to a later date, to consider the proposed Control Share Acquisition; provided that the Board of Directors shall have no obligation to call such a meeting if they make a determination with ten (10) days after receipt of the Notice that the proposed Control Share Acquisition could not be consummated for financial or legal reasons.

The Board of Directors may adjourn such special meeting of shareholders if prior to such meeting the Corporation has received a Notice from any other Person and the Board of Directors has determined that the Control Share Acquisition proposed by such other Person, or a merger, consolidation or sale of assets of the Corporation, should be presented to shareholders at an adjourned meeting or at a special meeting held at a later date.

For purposes of making a determination that a special meeting of shareholders should not be allowed pursuant to this Section 2, no such determination shall be deemed void or voidable with respect to the Corporation merely because one or more of its directors or officers who participated in deliberations regarding such determination may be deemed to be other than disinterested, if in any such case the material facts of the relationship giving rise to a basis for self-interest are known to the directors and the directors, in good faith reasonably justified by the facts, make such determination by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors constitute less than a quorum. For purposes of this paragraph, "disinterested directors" shall mean directors whose material contacts with the Corporation are limited principally to activities as a director or shareholder. Persons who have substantial, recurring business or professional contacts with the Corporation shall not be deemed to be "disinterested directors" for purposes of this provision. A director shall not be deemed to be other than a "disinterested director" merely because he would no longer be a director if the proposed Control Share Acquisition were approved and consummated.

Section 3. NOTICE OF SPECIAL MEETING. The Corporation shall, as promptly as practicable, give notice of the special meeting of shareholders called pursuant to Section 2 to all shareholders of record as of the record date set for such meeting. Such notice shall include or be accompanied by a copy of the Notice and by a statement of the Corporation, authorized by the Board of Directors, of its position or recommendation, or that it is taking no position or making no recommendation, with respect to the proposed Control Share Acquisition.

Section 4. REQUIREMENTS FOR APPROVAL The Person who delivered the Notice may make the proposed Control Share Acquisition if both of the following occur:

(A) The Shareholders of the Corporation authorize such acquisition at the special meeting of shareholders called pursuant to Section 2, at which meeting a quorum is present, by the affirmative vote of a majority of the Voting Stock represented at such meeting in person

or by proxy and by a majority of the portion of such Voting Stock represented at such meeting in person or by proxy excluding the votes of Interested Shares. A quorum shall be deemed to be present at such special meeting if at least a majority of the issued and outstanding Voting Stock, and a majority of such Voting Stock excluding Interested Shares, are represented at such meeting in person or by proxy.

(B) Such acquisition is consummated, in accordance with the terms so authorized, not later than three hundred sixty (360) days following shareholder authorization of the Control Share Acquisition.

Section 5. VIOLATIONS OF RESTRICTION. Any Voting Stock issued or transferred to any Person in violation of this Article Ninth shall hereinafter be called "Excess Shares." In the event that any Person acquires Excess Shares, then, in addition to any other remedies which the Corporation may have at law or in equity as a result of such acquisition, the Corporation shall have the right to redeem, or to deny voting rights or other shareholder rights appurtenant to such Excess Shares. The Corporation additionally shall have the right to regard the Person who holds Excess Shares as having acted as an agent on behalf of the Corporation in acquiring the Excess Shares and to hold such Excess Shares on behalf of the Corporation. As the equivalent of treasury securities for such purposes, the Excess Shares shall not be entitled to any voting rights, shall not be considered to be outstanding for quorum or voting purposes, and the Person who holds Excess Shares shall not be entitled to receive dividends, interest or any other distribution with respect to the Excess Shares. Any Person who receives dividends, interest or any other distribution with respect to Excess Shares shall hold the same as agent for the Corporation and, following a permitted transfer, for the transferee thereof. Notwithstanding the foregoing, any Person who holds Excess Shares may transfer the same (together with any distributions thereon) to any Person who, following such transfer, would not own shares in violation of this Article Ninth. Upon such permitted transfer, the Corporation shall pay or distribute to the transferee any distributions on the Excess Shares not previously paid or distributed.

Section 6. DEFINITIONS. As used in this Article Ninth:

(A) "Person" includes, without limitation, an individual, a corporation (whether nonprofit or for profit), a partnership, an unincorporated society or association, and two or more persons having a joint or common interest.

(B)(1) "Control Share Acquisition" means the acquisition, directly or indirectly, by any Person, of shares of the Corporation that, when added to all other shares of the Corporation in respect of which such Person, directly or indirectly, may exercise or direct the exercise of voting power as provided in this Section 6(B)(1), would entitle such Person, immediately after such acquisition, directly or indirectly, to exercise or direct the exercise of voting power of the Corporation in the election of directors within any of the following ranges of such voting power:

a) One-fifth or more but less than one-third of such voting power;

(b) One-third or more but less than a majority of such voting power; or

(c) A majority or more of such voting power.

A bank, broker, nominee, trustee, or other Person who acquires shares in the ordinary course of business for the benefit of others in good faith and not for the purpose of circumventing this Article Ninth shall, however, be deemed to have voting power only of shares in respect of which such Person would be able to exercise or direct the exercise of votes at a special meeting of shareholders called pursuant to Section 2 of this Article Ninth without further instruction from others. For purposes of this Article Ninth, the acquisition of securities immediately convertible into shares of the Corporation with voting power in the election of directors shall be treated as an acquisition of such shares.

(2) The acquisition of any shares of the Corporation does not constitute a Control Share Acquisition for the purposes of this Article Ninth if the acquisition is consummated in any of the following circumstances:

(a) By underwriters in good faith and not for the purpose of circumventing this Article Ninth in connection with an offering to the public of securities of the Corporation;

(b) By bequest or inheritance, by operation of law upon the death of any individual, or by any other transfer without valuable consideration, including a gift that is made in good faith and not for the purpose of circumventing this Article Ninth;

(c) Pursuant to the satisfaction of a pledge or other security interest created in good faith and not for the purpose of circumventing this Article Ninth;

(d) Pursuant to a merger, consolidation, combination or majority share acquisition adopted or authorized by shareholder vote in compliance with the provisions of Article Seventh of these Articles of Incorporation and Section 1701.78 or 1701.83 of the Ohio Revised Code if the Corporation is the surviving or new corporation in the merger or consolidation or is the acquiring corporation in the combination or majority share acquisition;

(e) Under such circumstances that the acquisition does not result in the Person acquiring shares of the Corporation being entitled, immediately thereafter and for the first time, directly or indirectly, to exercise or direct the exercise of voting power of the Corporation in the election of directors within the range of one-fifth or more but less than one-third of such voting power, or within any of the ranges of voting power specified in Section 6(B)(1)(a), (b) or (c) which is higher than the range of voting power applicable to such Person immediately prior to such acquisition;

(f) Prior to [of the Merger]; or

(g) Pursuant to a contract existing prior to [date of the Merger].

The acquisition by any Person of shares of the Corporation in a manner described under this Section 6(B)(2) shall be deemed to be a Control Share Acquisition authorized pursuant to this Article Ninth within the range of voting power specified in Section 6(B)(1)(a), (b) or (c) that such Person is entitled to exercise after such acquisition, provided that, in the case of an acquisition in a manner described under Section 6(B)(2)(b) or (c), the transferor of shares to such Person had previously obtained any authorization of shareholders required under this Article Ninth in connection with such transferor's acquisition of shares of the Corporation.

(3) The acquisition of shares of the Corporation in good faith and not for the purpose of circumventing this Article Ninth from any Person whose Control Share Acquisition had previously been authorized by shareholders in compliance with this Article Ninth, or from any Person whose previous acquisition of shares would have constituted a Control Share Acquisition but for Section 6(B)(2), does not constitute a Control Share Acquisition for the purpose of this Article Ninth unless such acquisition entitles any Person, directly or indirectly, alone or with others, to exercise or direct the exercise of voting power of the Corporation in the election of directors in excess of the range of such voting power authorized pursuant to this Article Ninth, or deemed to be so authorized under Section 6(B)(2).

(C) "Interested Shares" means Voting Stock with respect to which any of the following persons may exercise or direct the exercise of the voting power:

(1) any Person whose Notice prompted the calling of a special meeting of shareholders pursuant to Section 2;

(2) any officer of the Corporation elected or appointed by the directors of the Corporation; and

(3) any employee of the Corporation who is also a director of the Corporation.

(D) "Voting Stock" means all securities of the Corporation entitled to vote generally in the election of directors, and, for purposes of Section 5 of this Article Ninth, shall mean securities of the Corporation immediately convertible into securities entitled to vote generally in the election of directors.

Section 7. PROXIES. No proxy appointed for or in connection with the Shareholder authorization of a Control Share Acquisition pursuant to this Article Ninth is valid if it provides that it is irrevocable. No such proxy is valid unless it is sought, appointed, and received both:

(A) In accordance with all applicable requirements of law; and

(B) Separate and apart from the sale or purchase, contract or tender for sale or purchase, or request or invitation for tender for sale or purchase, of shares of the Corporation.

Section 8. REVOCABILITY OF PROXIES. Proxies appointed for or in connection with the shareholder authorization of a Control Share Acquisition pursuant to this Article Ninth shall be revocable at all times prior to the obtaining of such shareholder authorization, whether or not coupled with an interest.

Section 9. AMENDMENTS. Notwithstanding any other provisions of these Articles of Incorporation or the Regulations of the Corporation or any provision of law that might otherwise permit a lesser vote, but in addition to any affirmative vote of the holders of any particular class or series of stock required by law, the Articles of Incorporation or the Regulations of the Corporation, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the Voting Stock, voting as a single class, shall be required to alter, amend or repeal this Article Ninth or adopt any provisions in the Articles of Incorporation or Regulations of the Corporation which are inconsistent with the provisions of this Article Ninth.

Section 10. LEGEND ON SHARE CERTIFICATES. Each certificate representing shares of the Corporation's capital stock shall contain the following legend:

Transfer of the shares represented by this Certificate is subject to the provisions of Article Ninth of the Corporation's Articles of Incorporation as the same may be in effect from time to time. Upon written request delivered to the Secretary of the Corporation at its principal place of business, the Corporation will mail to the holder of this Certificate a copy of such provisions without charge within five (5) days after receipt of written request therefor. By accepting this Certificate the holder hereof acknowledges that it is accepting same subject to the provisions of said Article Ninth as the same may be in effect from time to time and covenants with the Corporation and each shareholder thereof from time to time to comply with the provisions of said Article Ninth as the same may be in effect from time to time.

TENTH: The provisions of Section 1701.831 of the Ohio Revised Code, as amended from time to time, or any successor provision or provisions to said Section, shall not apply with respect to any particular Control Share Acquisition, as such is defined in said Section, regarding this Corporation so long as Article Ninth of these Articles of Incorporation, as such Articles of Incorporation may be amended from time to time, remains an Article of these Articles of Incorporation and remains substantially in full force and effect, disregarding any renumbering of such Article Ninth resulting from any amendment of these Articles of Incorporation.

ELEVENTH: These Amended Articles of Incorporation supersede the existing Amended Articles of Incorporation of the Corporation.

12a

REGULATIONS
OF
THE LUBRIZOL CORPORATION

MEETINGS OF SHAREHOLDERS

Section 1. Annual Meeting.

The annual meeting of the shareholders of the Company shall be held at the principal office of the Company, or at such other place within or without the State of Ohio as the directors may determine, on the fourth Monday of April of each year, if not a legal holiday, or, if a legal holiday, then on the next succeeding business day. The directors shall be elected thereat and such other business transacted as may be specified in the notice of the meeting.

Section 2. Special Meetings.

Special meetings of the shareholders may be called at any time by the Chairman of the Board, the Vice Chairman of the Board, the President, or by a majority of the directors acting with or without a meeting, or by shareholders holding fifty percent (50%) or more of the outstanding shares entitled to vote thereat. Such meetings may be held within or without the State of Ohio at such time and place as may be specified in the notice thereof.

Section 3. Notice of Meetings.

Written or printed notice of every annual or special meeting of the shareholders stating the time and place and the purposes thereof shall be given to each shareholder entitled to vote thereat and to each shareholder entitled to notice as provided by law, by mailing the same to his last address appearing on the records of the Company at least seven days before any such meeting. Any shareholder may waive any notice required to be given by law or under these Regulations, and by attendance at any meeting, shall be deemed to have waived notice thereof.

Section 4. Persons Becoming Entitled by Operation of Law of Transfer.

Every person who, by operation of law, transfer, or any other means whatsoever, shall become entitled to any shares, shall be bound by every notice in respect of such share or shares which previously to the entering of his name and address on the records of the Company shall have been duly given to the person from whom he derives his title to such shares.

Section 5. Quorum and Adjournments.

Except as may be otherwise required by law or by the Articles of Incorporation, the holders of shares entitling them to exercise a majority of the voting power of the Company shall constitute a quorum to hold a shareholders meeting; provided, however, that at any meeting, whether a quorum is present or otherwise, the holders of a majority of the voting shares represented thereat may adjourn from time to time without notice other than by announcement at such meeting.

Section 6. Business to be Conducted at Meetings.

At any meeting of shareholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before a meeting of shareholders, business must be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Directors, otherwise properly brought before the meeting by or at the direction of the directors or otherwise properly brought before the meeting by a shareholder. For business to be properly brought before a meeting of shareholders by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Company. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the Company not less than sixty (60) days nor more than ninety (90) days prior to the meeting; provided, however, that in the event that less than seventy-five (75) days' notice or prior public disclosure of the date of the meeting is given or made to the shareholders, notice by the shareholder to be timely must be so received not later than the close of business on the fifteenth (15th) day following the earlier of the day on which such notice of the date of the meeting was mailed or such public disclosure was made. A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the meeting (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting; (ii) the name and record address of the shareholder proposing such business; (iii) the class and number of shares of the Company which are beneficially owned by such shareholder; and (iv) any material interest of such shareholder in such business.

Notwithstanding anything in the Regulations of the Company to the contrary, no business shall be conducted at a meeting of shareholders except in accordance with the procedures set forth in this Section 6.

The Chairman of the meeting of shareholders may, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 6, and if he should so determine, any such business shall not be transacted.

DIRECTORS

Section 7. Number.

The number of directors may be determined by the vote of the holders of a majority of the shares of the Company entitled to vote for the election of directors that are represented at any annual meeting or special meeting called for the purpose of electing directors or by resolution adopted by affirmative vote of a majority of the directors then in office, provided that the number of directors shall in no event be fewer than nine (9) nor more than thirteen (13). When so fixed, such number shall continue to be the authorized number of directors until changed by the shareholders or directors by vote as aforesaid.

Section 8. Nominations.

Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election as directors of the Company may be made at a meeting of shareholders by or at the direction of the directors, by any nominating committee or person appointed by the directors, or by any shareholder of the Company entitled to vote for the election of directors who complies with the notice procedures set forth in this Section 8. Nominations by shareholders shall be made pursuant to timely notice in writing to the Secretary of the Company. To be timely, a shareholder's notice shall be delivered to or mailed and received at the principal executive offices of the Company not less than sixty (60) days nor more than ninety (90) days prior to the meeting; provided, however, that in the event that less than seventy-five (75) days' notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder to be timely must be so received not later than the close of business on the fifteenth (15th) day following the earlier of the day on which such notice of the date of the meeting was mailed or such public disclosure was made. Such shareholder's notice shall set forth: (a) as to each person who is not an incumbent director whom the shareholder proposes to nominate for election as a director, (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of the Company which are beneficially owned by such person, and (iv) any other information relating to such person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934 (or any comparable successor rule or regulation under such Act); and (b) as to the shareholder giving the notice (i) the name and record address of such shareholder, and (ii) the class and number of shares of the Company which are beneficially owned by such shareholder. Such notice shall be accompanied by the written consent of each proposed nominee to serve as a director of the Company, if elected. No person shall be eligible for election as a director of the Company unless nominated in accordance with the procedures set forth in this Section 8.

The Chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the provisions of this Section 8, and if he should so determine, the defective nomination shall be disregarded.

Section 9. Classification, Election and Term of Office of Directors.

The directors shall be divided into three classes, as nearly equal in number as possible. At the 1985 Annual Meeting of Shareholders, one class of directors shall be elected for a one-year term, one class for a two-year term and one class for a three-year term. At each succeeding annual meeting of shareholders, successors to the class of directors whose term expires in that year will be elected for a three-year term. At such time as the shareholders or directors fix or change the total number of directors comprising the Board of directors, they shall also fix, or determine the adjustment to be made to, the number of directors comprising the three classes of directors, provided, however, that no reduction in the number of directors shall of itself result in the removal of or shorten the term of any incumbent director. In the case of any increase in the number of directors of any class, any additional directors elected to such class shall hold office for a term which shall coincide with the term of such class. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, or removal from office. Election of directors shall be by ballot whenever requested by any person entitled to vote at the meeting, but unless so requested, such election may be conducted in any way approved at such meeting.

Section 10. Removal.

Except as otherwise provided by law, all the directors, or all the directors of a particular class, or any individual director, may be removed from office without assigning any cause, by the affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of the shares of the Company present in person or represented by proxy and entitled to vote in respect thereof, at an annual meeting or at any special meeting duly called for such purpose.

Section 11. Vacancies.

Whenever any vacancy shall occur among the directors, the remaining directors shall constitute the directors of the Company until such vacancy is filled or until the number of directors is changed as above provided. The remaining directors; though less than a majority of the whole authorized number of directors, may, by a vote of a majority of their number, fill any vacancy for a term ending with the next annual meeting or until a successor is elected and qualified.

Section 12. Quorum.

A majority of the directors in office at the time shall constitute a quorum; provided that any meeting duly called, whether a quorum be present or otherwise, may, by note of a majority of the directors present, adjourn from time to time and place to place within or without the State of Ohio without notice other than by announcement at the meeting. At any meeting of the directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of not less than a majority of the directors present.

Section 13. Organization Meeting.

Immediately after each annual meeting of the shareholders at which directors are elected, or each special meeting held in lieu thereof, the newly elected directors, if a quorum thereof be present, shall hold an organization meeting at the same place or at such other time and place as may be fixed by the shareholders at such meeting, for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given. If for any reason such organization meeting is not held at such time, a special meeting for such purpose shall be held as soon thereafter as practicable.

Section 14. Regular Meetings.

Regular meetings of the directors maybe held at such times and places within or without the State of Ohio as may be provided for in by-laws or resolutions adopted by the directors and upon such notice, if any, shall be so provided for.

Section 15. Special Meetings.

Special meetings of the directors may be held at any time within or without the State of Ohio upon call by the Chairman of the Board, the Vice Chairman of the Board, the President, or any two directors. Notice of each such meeting shall be given to each director by letter or telegram or in person not less than forty-eight (48) hours prior to such meeting; provided, however, that such notice shall be deemed to have been waived by the directors attending such meeting, and may be waived in writing or by telegram by any director either before or after such meeting. Unless otherwise indicated in the notice thereof, any business may be transacted at any organization, regular or special meeting.

Section 16 Compensation.

The directors are authorized to fix a reasonable salary for directors or a reasonable fee for attendance at any meeting of the directors, the Executive Committee, or other committees elected under Section 18 hereof, or any combination of salary and attendance fee, provided that no compensation as director shall be paid to any director who is a full-time employee of the Company. In addition to such compensation provided for directors, they shall be reimbursed for any expenses incurred by them in traveling to and from such meetings.

EXECUTIVE COMMITTEE AND OTHER COMMITTEES

Section 17. Membership and Organization.

(a) The directors, at any time, may elect from their number an Executive Committee which shall consist of not less than three members, each of whom shall hold office during the pleasure of the directors and may be removed at any time, with or without cause, by note thereof.

(b) Vacancies occurring in the Committee may be filled by the directors.

(c) The Committee shall appoint one of its own number as Chairman who shall preside at all meetings and may also appoint a Secretary (who need not be a member of the Committee) who shall keep its records and who shall hold office during the pleasure of the Committee.

Section 18. Meetings.

(a) Meeting of the Committee may be held upon notice of the time and place thereof at any place within or without the State of Ohio and until otherwise ordered by the Committee shall be held at any time and place at the call of the Chairman or any two members thereof.

(b) A majority of the members of the Committee shall be necessary for the transaction of any business and at any meeting the Committee may exercise any or all of its powers and any business which shall come before any meeting may be transacted thereat, provided a majority of the Committee is present, but in every case the affirmative vote of a majority of all of the members of the Committee shall be necessary to any action by it taken.

Section 19. Powers.

Except as its powers, duties and functions may be limited or prescribed by the directors, during the intervals between the meetings of the directors, the Committee shall possess and may exercise all the powers of the directors in the management and control of the business of the Company; provided that the Committee shall not be empowered to declare dividends, elect officers, nor to fill vacancies among the directors of Executive Committee. All actions of the Committee shall be reported to the directors at their meeting next succeeding such action and shall be subject to revision or alteration by the directors, provided that no rights of any third person shall be affected thereby.

Section 20. Other Committees.

The directors may elect other committees from among the directors in addition to or in lieu of an Executive Committee and give to them any of the powers which under the foregoing provisions could be vested in an Executive Committee. Sections 15 and 16 shall be applicable to such other committees.

OFFICERS

Section 21. Officers Designated.

The directors at their organization meeting or at a special meeting held in lieu thereof, shall elect a President, a Secretary, a Treasurer and, in their discretion, a Chairman of the Board, a Vice Chairman of the Board, one or more Vice Presidents, an Assistant Secretary or Secretaries, an Assistant Treasurer or Treasurers, and such other officers as the directors may see fit. The President, the Chairman of the Board and the Vice Chairman of the Board shall be,

but the other officers may, but need not be, chosen from among the directors. Any two or more of such offices other than that of President and Vice President, or Secretary and Assistant Secretary or Treasurer and Assistant Treasurer, may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity.

Section 22. Tenure of Office.

The officers of the Company shall hold office until the next organization meeting of the directors and until their successors are chosen and qualified, except in case of resignation, death or removal. The directors may remove any officer at any time with or without cause by a majority vote of the directors in office at the time. A vacancy, however created, in any office may be filled by election by the directors.

Section 23. Chairman of the Board and President.

The Chairman of the Board shall preside at meetings of shareholders and at meetings of directors. The President shall, in the absence of the Chairman of the Board, preside at meetings of the shareholders and in the absence of the Chairman of the Board and of the Vice Chairman of the Board shall also preside at meetings of the directors. The directors shall designate either the Chairman of the Board or the President as chief executive officer of the Company. The chief executive officer of the Company shall have general supervision over its property, business and affairs, and perform all the duties usually incident to such office, subject to the directions of the directors. He may execute all authorized deeds, mortgages, bonds, contracts and other obligations, in the name of the Company, and shall have such other powers and duties as may be prescribed by the directors. During such time as the President or Chairman of the Board, as the case may be, is not the chief executive officer, he shall have such authority and perform such duties as the directors may determine. In case of the absence or disability of the chief executive officer or when circumstances prevent the chief executive officer from acting, the President (if the Chairman of the Board is the chief executive officer) or the Chairman of the Board (if the President is the chief executive officer) shall perform the duties of the chief executive officer.

Section 24. Vice Chairman of the Board.

The Vice Chairman of the Board, if any, shall, in the absence of the Chairman of the Board, preside at meetings of the directors and shall have such other powers and duties as may be prescribed by the directors.

Section 25. Vice Presidents.

The Vice Presidents shall have such powers and duties as may be prescribed by the directors or as may be delegated by the chief executive officer. In case of the absence or disability of the Chairman of the Board and the President or when circumstances prevent them from acting, the Vice Presidents, in the order

designated by the directors, shall perform the duties of the chief-executive officer, and in such case, the power of the Vice Presidents to execute all authorized deeds, mortgages, bonds, contracts and other obligations, in the name of the Company shall be coordinate with like powers of the chief executive officer and any such instrument so executed by such Vice Presidents shall be as valid and binding as though executed by the chief executive officer. In case the chief executive officer and such Vice Presidents are absent or unable to perform their duties, the directors may appoint a President pro tempore.

Section 26. Secretary.

The Secretary shall keep the minutes of all meetings of the shareholders and the directors. He shall keep such records as may be required by the directors, shall have charge of the seal of the Company and shall give all notices of shareholders and directors meetings required by law or by these Regulations, or otherwise, and shall have such other powers and duties as may be prescribed by the directors.

Section 27. Treasurer.

The Treasurer shall receive and have in charge all money, bills, notes, bonds, stocks in other corporations and similar property belonging to the Company, and shall do with the same as shall be ordered by the directors. He shall keep accurate financial accounts, and hold the same open for inspection and examination of the directors. On the expiration of this term of office, he shall turn over to his successor, or the directors, all property, books, papers and money of the Company in his hands. He shall have such other powers and duties as may be prescribed by the directors.

Section 28. Other Officers.

The Assistant Secretaries, Assistant Treasurers, if any, and any other officers that the directors may elect, shall have such powers and duties as the directors may prescribe.

Section 29. Delegation of Duties.

The directors are authorized to delegate the duties of any officers to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

Section 30. Compensation.

The directors are authorized to determine or to provide the method of determining the compensation of all officers.

Section 31. Bond.

Any officer or employee, if required by the directors, shall give bond in such sum and with such security as the directors may require for the faithful performance of his duties.

Section 32. Signing Checks and Other Instruments.

The directors are authorized to determine or provide the method of determining how checks, notes, bills of exchange and similar instruments shall be signed, countersigned or endorsed.

INDEMNIFICATION OF DIRECTORS. OFFICERS AND EMPLOYEES

Section 33. Indemnification.

The Company shall indemnify any director or officer and any former director or officer of the Company and any such director or officer who is or has served at the request of the Company as a director, officer or trustee of another corporation, partnership, joint venture, trust or other enterprise (and his heirs, executors and administrators) against expenses, including attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him by reason of the fact that he is or was such director, officer or trustee in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by applicable law. The indemnification provided for herein shall not be deemed to restrict the right of the Company (i) to indemnify employees, agents and others to the extent not prohibited by such law, (ii) to purchase and maintain insurance or furnish similar protection on behalf of or for any person who is or was a director, officer, employee or agent of the Company, or any person who is or was serving at the request of the Company as a director, officer, trustee, employee or agent of another corporation, joint venture, partnership, trust or other enterprise against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, and (iii) to enter into agreements with persons of the class identified in clause (ii) above indemnifying them against any and all liabilities (or such lesser indemnification as may be provided in such agreements) asserted against or incurred by them in such capacities.

CORPORATE SEAL

Section 34.

The corporate seal of this Company shall be circular in form and contain the name of the Company.

PROVISIONS IN ARTICLES OF INCORPORATION

Section 35.

These Regulations are at all times subject to the provisions of the Articles of Incorporation of the Company (including in such term whenever used in these Regulations, all amendments to the Articles of Incorporation in force at the time) and in case of any conflict, the provisions in the Articles of Incorporation shall govern.

AMENDMENTS

Section 36. Amendments.

(a) These Regulations may be altered, changed or amended in any respect or superseded by new Regulations, in whole or in part, by the affirmative vote of the holders of a majority of the shares of the Company present in person or by proxy and entitled to vote thereon, at an annual or special meeting duly called for such purpose.

(b) Notwithstanding the provisions of Section 36(a) hereof and notwithstanding the fact that a lesser percentage may be specified by law or in any agreement with any national securities exchange or any other provision of these Regulations, the amendment, alteration, change or repeal of, or adoption of any provisions inconsistent with, Sections 7, 9 or 10 of these Regulations shall require the affirmative vote, at an annual or special meeting duly called for such purpose, of the holders of shares representing at least sixty-six and two-thirds percent (66-2/3%) of the voting power of the Company, unless such amendment, alteration, change, repeal or adoption has been recommended by at least two-thirds of the Board of Directors of the Company then in office, in which event the provisions of Section 36(a) hereof shall apply.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
The Lubrizol Corporation:

We have audited the accompanying consolidated balance sheets of The Lubrizol Corporation and subsidiaries (the "Company") as of December 31, 2007 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Lubrizol Corporation and subsidiaries at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 2 and 12 to the consolidated financial statements, the Company changed its method of accounting for uncertain income tax positions with the adoption of Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" effective January 1, 2007. As discussed in Notes 2 and 16 to the consolidated financial statements, the Company changed its method of accounting for stock-based compensation with the adoption of Statement of Financial Accounting Standards ("SFAS") No. 123R, "Share-Based Payment" effective January 1, 2006. As discussed in Note 13 to the consolidated financial statements, the Company changed its method of accounting for defined pension and other postretirement plans with the adoption of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" effective December 31, 2006.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2008 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte + Touche LLP

Cleveland, Ohio
February 28, 2008

Deloitte.

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Suite 3300
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USA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
The Lubrizol Corporation:

We have audited the consolidated financial statements of The Lubrizol Corporation and subsidiaries (the "Company") as of December 31, 2007 and 2006, and for each of the three years in the period ended December 31, 2007, and the Company's internal control over financial reporting as of December 31, 2007, and have issued our reports thereon dated February 28, 2008 (which report relating to the consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph regarding the Company's adoption of new accounting standards in 2007 and 2006); such consolidated financial statements and reports are included in your 2007 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of the Company listed in Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

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The Lubrizol Corporation:

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We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2007 of the Company and our report dated February 28, 2008 expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the Company's adoption of new accounting standards.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Lubrizol Corporation and subsidiaries at December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

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We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that The Lubrizol Corporation and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

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A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

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In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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Deloitte + Touche LLP

Cleveland, Ohio
February 28, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 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 1-5263

THE LUBRIZOL CORPORATION

(Exact name of registrant as specified in its charter)

Ohio	34-0367600
(State or other jurisdiction of incorporation or organization)	(I.R.S.Employer Identification No.)

29400 Lakeland Boulevard
Wickliffe, Ohio 44092-2298
(Address of principal executive offices)
(Zip Code)

(440) 943-4200
(Registrant's telephone number, including area code)

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 ☑ No ☐

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

Number of the registrant's common shares, without par value, outstanding as of April 30, 2008: 68,128,411.

THE LUBRIZOL CORPORATION
Quarterly Report on Form 10-Q
Quarter Ended March 31, 2008

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

THE LUBRIZOL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(In Millions of Dollars Except Per Share Data)	Three Months Ended March 31, 2008	2007
Revenues	$ 1,227.3	$ 1,076.7
Cost of sales	934.5	798.3
Gross profit	292.8	278.4
Selling and administrative expenses	108.6	102.3
Research, testing and development expenses	54.1	51.7
Amortization of intangible assets	7.0	6.0
Restructuring and impairment charges (credits)	4.8	(2.4)
Other income – net	(2.5)	(5.7)
Interest income	(4.2)	(7.1)
Interest expense	17.9	24.2
Income before income taxes	107.1	109.4
Provision for income taxes	33.5	38.1
Net income	$ 73.6	$ 71.3
Net income per share, basic	$ 1.07	$ 1.03
Net income per share, diluted	$ 1.06	$ 1.02
Dividends per share	$ 0.30	$ 0.26

Amounts shown are unaudited.

See accompanying notes to the financial statements.

THE LUBRIZOL CORPORATION
CONSOLIDATED BALANCE SHEETS

(In Millions of Dollars Except Share Data)	March 31, 2008	December 31, 2007
ASSETS		
Cash and short-term investments	$ 459.2	$ 502.3
Receivables	747.1	665.9
Inventories	656.5	600.0
Other current assets	90.3	79.1
Total current assets	1,953.1	1,847.3
Property and equipment – at cost	2,866.0	2,763.2
Less accumulated depreciation	1,675.3	1,601.7
Property and equipment – net	1,190.7	1,161.5
Goodwill	1,198.6	1,170.8
Intangible assets – net	384.8	381.3
Investments in non-consolidated companies	7.2	8.3
Other assets	75.0	74.6
TOTAL	$ 4,809.4	$ 4,643.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term debt and current portion of long-term debt	$ 205.7	$ 204.9
Accounts payable	435.3	404.8
Accrued expenses and other current liabilities	259.2	275.0
Total current liabilities	900.2	884.7
Long-term debt	1,231.3	1,223.9
Pension obligations	201.1	195.2
Other postretirement benefit obligations	93.3	93.1
Noncurrent liabilities	151.7	147.7
Deferred income taxes	88.7	85.5
Total liabilities	2,666.3	2,630.1
Minority interest in consolidated companies	64.8	62.4
Preferred stock without par value – unissued		
Common shares without par value:		
Authorized – 120,000,000 shares		
Outstanding – 68,112,916 shares as of March 31, 2008 after deducting 18,082,978 treasury shares; 68,383,833 shares as of December 31, 2007 after deducting 17,812,061 treasury shares	760.6	763.6
Retained earnings	1,178.1	1,128.7
Accumulated other comprehensive income	139.6	59.0
Total shareholders' equity	2,078.3	1,951.3
TOTAL	$ 4,809.4	$ 4,643.8

Amounts shown are unaudited.

See accompanying notes to the financial statements.

THE LUBRIZOL CORORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of Dollars)	Three Months Ended March 31, 2008	2007
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Net income	$ 73.6	$ 71.3
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	41.4	39.2
Deferred income taxes	0.1	10.7
Deferred compensation	2.5	8.0
Restructuring and impairment charges	4.0	–
Gain from sales of property and equipment	(0.1)	(7.9)
Change in current assets and liabilities, net of acquisitions:		
Receivables	(66.9)	(46.3)
Inventories	(38.0)	18.8
Accounts payable, accrued expenses and other current liabilities	26.8	16.5
Other current assets	(8.0)	(1.1)
	(86.1)	(12.1)
Change in noncurrent liabilities	5.9	(8.5)
Other items – net	1.8	(2.7)
Total operating activities	43.1	98.0
INVESTING ACTIVITIES		
Capital expenditures	(51.5)	(31.9)
Acquisitions	0.9	(15.7)
Net proceeds from sales of property and equipment	0.3	11.4
Other items – net	(0.1)	(0.1)
Total investing activities	(50.4)	(36.3)
FINANCING ACTIVITIES		
Changes in short-term debt – net	0.2	2.4
Repayments of long-term debt	–	(32.5)
Dividends paid	(20.5)	(18.0)
Common shares purchased	(25.0)	(19.3)
Proceeds from the exercise of stock options	2.1	9.2
Tax benefit from the exercise of stock options and awards	1.7	2.5
Total financing activities	(41.5)	(55.7)
Effect of exchange rate changes on cash	5.7	1.1
Net (decrease) increase in cash and short-term investments	(43.1)	7.1
Cash and short-term investments at the beginning of period	502.3	575.7
Cash and short-term investments at the end of period	$ 459.2	$ 582.8

Amounts shown are unaudited.

See accompanying notes to the financial statements.

(In Millions of Dollars except Share and Per Share Data)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals unless otherwise noted) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

The balance sheet at December 31, 2007 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

2. Significant Accounting Policies

Net Income Per Share

Net income per share is computed by dividing net income by the weighted-average common shares outstanding during the period, including contingently issuable shares. Net income per diluted share includes the dilutive impact resulting from outstanding stock options and awards. Per share amounts are computed as follows:

	Three Months Ended March 31,	
	2008	2007
Numerator:		
Net income	$ 73.6	$ 71.3
Denominator:		
Weighted-average common shares outstanding	68.6	69.3
Dilutive effect of stock options and awards	0.7	0.8
Denominator for net income per share, diluted	69.3	70.1
Net income per share, basic	$ 1.07	$ 1.03
Net income per share, diluted	$ 1.06	$ 1.02

There were an insignificant amount of shares excluded from the diluted earnings per share calculations because they were antidilutive for the three months ended March 31, 2008 and 2007, respectively.

New Accounting Standards

In March 2008, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133." This statement amends the disclosure requirements for derivative instruments and hedging activities in SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 161 requires enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. At initial adoption, comparative disclosures for earlier periods is encouraged, but not required. The company currently is evaluating the impact of this recently issued standard on its consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Financial Statements – an amendment of ARB No. 51." This statement amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to establish accounting and reporting standards for noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement requires consolidated net income attributable to both the parent and the noncontrolling interest to be reported and disclosed in the consolidated financial statements. This statement also requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of a subsidiary. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008 and shall be applied prospectively as of the beginning of the fiscal year in which it is initially adopted, except for the presentation and disclosure requirements, which are applied retrospectively for all periods presented. Early adoption is prohibited. The company currently is evaluating the impact of this recently issued standard on its consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations." This statement replaces SFAS No. 141, "Business Combinations," and requires an acquirer to recognize the assets acquired, the liabilities assumed and any noncontrolling interests in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions. SFAS No. 141R requires costs incurred to effect the acquisition to be recognized separately from the acquisition as period costs. SFAS No. 141R also requires the acquirer to recognize restructuring costs that the acquirer expects to incur, but is not obligated to incur, separately from the business combination. In addition, this statement requires an acquirer to recognize assets and liabilities assumed arising from contractual contingencies as of the acquisition date, measured at their acquisition-date fair values. Other key provisions of this statement include the requirement to recognize the acquisition-date fair values of research and development assets separately from goodwill and the requirement to recognize changes in the amount of deferred tax benefits that are recognizable due to the business combination in either income from continuing operations in the period of the combination or directly in contributed capital, depending on the circumstances. At March 31, 2008, the company had amounts recorded in its financial statements for unrecognized tax benefits and deferred tax valuation allowances related to past acquisitions. Any reversal of these amounts prior to the adoption of SFAS No. 141R would affect goodwill. However, subsequent to the adoption of SFAS No. 141R, any reversals would affect the income tax provision in the period of reversal. With the exception of certain tax-related aspects described above, this statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period after December 15, 2008. The company currently is evaluating the impact of this recently issued standard on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to make an irrevocable election to measure many financial instruments and certain other items at fair value at specified election dates. The fair value option may be applied instrument by instrument and must be applied to entire instruments. Unrealized gains and losses on items for which the entity elects the fair value option are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of the fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157, "Fair Value Measurements." Entities are not permitted to apply this statement retrospectively to the fiscal years preceding the effective date unless the entity chooses early adoption. The company adopted this standard on January 1, 2008 and did not elect to measure any additional financial instruments or other items at fair value.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

3. Stock-Based Compensation

The company utilizes the 2005 Stock Incentive Plan (2005 Plan) and other deferred compensation plans to provide equity awards to its key employees. The 2005 Plan, approved by the company's shareholders on April 25, 2005, provides for the granting of stock appreciation rights, restricted and unrestricted shares, share units and options to buy common shares up to an amount equal to 4,000,000 common shares, of which no more than 2,000,000 can be settled as full-value awards. After the 2,000,000 limit has been reached, full-value awards are counted in a 3-to-1 ratio against the 4,000,000 limit. Options become exercisable 50% one year after date of grant, 75% after two years, 100% after three years and expire 10 years after grant. In addition, the 2005 Plan provides each nonemployee director of the company an automatic annual grant of restricted stock units worth approximately $0.1 million based on the fair market value of the company's common shares on the date of each Annual Meeting of Shareholders. These restricted stock units vest one year after the grant date. For all grants of share-based awards, fair market value is determined using the closing price of the company's common shares on the date of grant.

The fair value of share-based payment awards are estimated using the Black-Scholes option pricing model. There were 253,100 and 213,200 stock options granted during the three months ended March 31, 2008 and 2007, respectively. The weighted-average assumptions used to value the options granted were as follows:

	Three Months Ended March 31,	
	2008	2007
Risk-free interest rate	3.5%	4.8%
Dividend yield	2.1%	2.0%
Expected volatility	20.0%	17.8%
Expected life (years)	6.5	10.0
Weighted-average fair value per share of options granted during the period	$ 12.27	$ 14.68

The company issued 67,725 and 310,923 common shares from treasury upon exercise of employee stock options during the three months ended March 31, 2008 and 2007, respectively. Cash received from option exercises during the three months ended March 31, 2008 and 2007 was $2.1 million and $9.2 million, respectively. The company realized a reduction in its income tax payable of $1.7 million and $2.5 million for the three months ended March 31, 2008 and 2007, respectively, relating to the exercise of stock options and awards. When options are exercised, the company receives a tax deduction for the excess of the stock price over the exercise price of the options. In addition, when long-term incentive program (LTIP) stock awards are issued, the company receives a tax deduction equal to the fair market value of the company's stock at the date of issuance. For accounting purposes, these tax benefits were realized as increases in paid-in capital included in the common shares caption in shareholders' equity (see Note 11).

At March 31, 2008, there was $22.3 million of total pretax unrecognized compensation cost related to all stock-based awards that were not vested. That cost is expected to be recognized over a weighted-average period of 2.0 years. The company is using previously purchased treasury shares for all net shares issued for option exercises, long-term incentive plans and restricted share unit awards.

Under the company's LTIP, dollar-based target awards are determined by the organization and compensation committee of the board of directors for three-year performance periods. During the three months ended March 31, 2008, the award for the 2005-2007 performance period was distributed resulting in the issuance of 134,578 shares and the deferral of 96,969 shares into a deferred compensation plan. During the three months ended March 31, 2007, the award for the 2004-2006 performance period was distributed resulting in the issuance of 71,658 shares as well as a cash distribution and the deferral of 106,882 shares into a deferred compensation plan.

The following table identifies the number of shares expected to be issued based on current performance measures and the average stock price on the date of grant for the performance shares granted:

Award	Expected Number of Shares to be Issued	Average Stock Price on Date of Grant
2006-2008	288,652	$ 43.07
2007-2009	255,346	$ 53.07
2008-2010	116,990	$ 58.45

Performance-based stock awards at March 31, 2008 and changes during the three months ended March 31, 2008 were as follows:

	Share Units	Weighted-Average Grant Date Fair Value Per Share
Nonvested at January 1, 2008	543,998	$ 47.76
Granted	116,990	$ 58.45
Performance increase	–	$ –
Vested	–	$ –
Forfeited	–	$ –
Nonvested at March 31, 2008	660,988	$ 49.65

Total stock-based compensation expense recognized in the consolidated statements of income for the three months ended March 31, 2008 and 2007 was $4.2 million and $9.2 million, respectively. The related tax benefit for the three months ended March 31, 2008 and 2007 was $1.5 million and $3.2 million, respectively.

In prior years, certain international employees received stock-based awards that are similar to stock appreciation rights. These awards vested 50% one year after grant, 75% two years after grant and 100% three years after grant and have a 10-year exercise period from the date of grant. The value of these awards is based on Lubrizol common shares and is paid in cash upon employee exercise. The unexercised portion of these fully vested stock-based awards is accounted for as a liability award. Compensation expense recognized in the consolidated statements of income for the three months ended March 31, 2008 and 2007 was $0.2 million and $0.8 million, respectively. These amounts are included in the total stock-based compensation expense reported above.

4. Acquisitions

On November 1, 2007, the company completed the acquisition of the refrigeration lubricants business of Croda International Plc (Croda) for approximately $123.7 million in cash, net of a $0.9 million purchase price adjustment received in the first quarter of 2008. The acquisition primarily included lubricant technology, trade names, customer lists, manufacturing know-how and inventory. No manufacturing facilities were included in the transaction. The company began consolidating the results of the refrigeration lubricants business of Croda in the company's consolidated financial statements in November 2007. The preliminary purchase price allocation for this acquisition included goodwill of $51.2 million and intangible assets of $66.8 million.

On February 7, 2007, the company completed the acquisition of a broad line of additive products used in the metalworking markets worldwide from Lockhart Chemical Company (Lockhart) for approximately $15.7 million in cash. The company purchased Lockhart's entire metalworking product line, which included natural, synthetic and gelled sulfonates; emulsifier packages; corrosion inhibitors and lubricity agents; grease additives; oxidates; esters; soap; semi-finished coatings; and rust preventatives. The company began consolidating the results of the metalworking business of Lockhart in the company's consolidated financial statements in February 2007. The purchase price allocation for this acquisition included goodwill of $8.3 million and intangible assets of $7.6 million.

The pro forma impacts of acquisitions in 2007 were immaterial to the company's consolidated financial statements.

5. Inventories

The company's inventories were comprised of the following:

	March 31, 2008	December 31, 2007
Finished products	$ 361.9	$ 332.7
Products in process	115.9	105.0
Raw materials	146.5	132.2
Supplies and engine test parts	32.2	30.1
Total inventories	$ 656.5	$ 600.0

6. Goodwill and Intangible Assets

Goodwill is tested for impairment at the reporting unit level as of October 1 each year or if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The carrying amount of goodwill by reporting segment as of March 31, 2008 follows:

	Lubrizol Advanced Materials	Lubrizol Additives	Total
Balance, January 1, 2008	$ 1,010.9	$ 159.9	$ 1,170.8
Translation and other adjustments	25.2	2.6	27.8
Balance, March 31, 2008	$ 1,036.1	$ 162.5	$ 1,198.6

The following table shows the components of identifiable intangible assets:

	March 31, 2008		December 31, 2007	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Customer lists	$ 200.7	$ 38.3	$ 195.5	$ 34.6
Technology	155.4	58.0	155.1	55.1
Trademarks	25.3	8.1	23.6	7.2
Patents	15.3	6.2	14.4	5.7
Land-use rights	10.5	1.6	10.3	1.5
Non-compete agreements	2.1	1.1	2.6	1.0
Total amortized intangible assets	409.3	113.3	401.5	105.1
Non-amortized trademarks	88.8	–	84.9	–
Total	$ 498.1	$ 113.3	$ 486.4	$ 105.1

Definite-lived intangible assets are amortized over their useful lives, which range between 3 and 50 years. The company's indefinite-lived intangible assets consist of certain trademarks that are tested for impairment each year as of October 1 or more frequently if impairment indicators arise. Indefinite-lived trademarks are assessed for impairment separately from goodwill. Annual intangible amortization expense for the next five years will approximate $27.2 million in 2008, $25.5 million in 2009, $25.2 million in 2010 and 2011 and $24.8 million in 2012.

7. Comprehensive Income

Total comprehensive income was comprised of the following:

	Three Months Ended March 31,	
	2008	2007
Net income	$ 73.6	$ 71.3
Foreign currency translation adjustment	76.2	10.0
Pension and other postretirement benefit plans	0.5	–
Unrealized gain – natural gas hedges	2.8	1.5
Amortization of treasury rate locks	1.1	0.7
Total comprehensive income	$ 154.2	$ 83.5

The increase in foreign currency translation adjustment in the first quarter of 2008 compared with the first quarter of 2007 primarily reflected the continued weakening of the U.S. dollar against the euro.

8. Segment Reporting

The company is organized into two operating and reportable segments: Lubrizol Additives and Lubrizol Advanced Materials. The Lubrizol Additives segment represented 67% of the company's consolidated revenues for the three months ended March 31, 2008. The Lubrizol Advanced Materials segment represented 33% of the company's consolidated revenues for the three months ended March 31, 2008.

Lubrizol Additives consists of two product lines: (i) engine additives and (ii) driveline and industrial oil additives. Engine additives is comprised of additives for lubricating engine oils, such as for gasoline, diesel, marine and stationary gas engines and additive components, additives for fuel products and refinery and oil field chemicals, as well as outsourcing strategies for supply chain and knowledge center management. In addition, this product line sells additive components and viscosity improvers within its lubricant and fuel additives product areas. Driveline and industrial oil additives is comprised of additives for driveline oils, such as automatic transmission fluids, gear oils and tractor lubricants and industrial oil additives, such as additives for hydraulic, grease and metalworking fluids, as well as compressor lubricants. Lubrizol Additives product lines generally are produced in company-owned or shared manufacturing facilities and largely sold to a common customer base.

The Lubrizol Advanced Materials segment consists of three product lines: (i) engineered polymers, (ii) performance coatings and (iii) Noveon® consumer specialties. The engineered polymers product line is characterized by products such as TempRite® engineered polymers and Estane® thermoplastic polyurethane. Engineered polymers products are sold to a diverse customer base comprised of major manufacturers in the construction, automotive, telecommunications, electronics and recreation industries. The performance coatings product line includes high-performance polymers and additives for paints, coatings and adhesives, graphic arts, paper and textiles and plastics applications. The Noveon consumer specialties product line is characterized by global production of acrylic thickeners, specialty monomers, film formers, fixatives, emollients, silicones, surfactants and process chemicals. The company markets products in the Noveon consumer specialties product line to the personal care and pharmaceutical primary end-use industries. The Noveon consumer specialties products are sold to customers worldwide and these customers include major manufacturers of cosmetics, personal care products, water soluble polymers and household products.

The company primarily evaluates performance and allocates resources based on segment operating income, defined as revenues less expenses identifiable to the product lines included within each segment, as well as projected future returns. Segment operating income reconciles to consolidated income before income taxes by deducting corporate other income (expense) that are not attributed to the operating segments, restructuring and impairment charges (credits) and net interest expense.

THE LUBRIZOL CORPORATION
Notes to Consolidated Financial Statements
Three Months Ended March 31, 2008 and 2007
(Unaudited)

The following table presents a summary of the results of the company's reportable segments:

	Three Months Ended March 31,	
	2008	2007
Revenues from external customers:		
Lubrizol Additives	$ 826.2	$ 696.0
Lubrizol Advanced Materials	401.1	380.7
Total revenues	$1,227.3	$1,076.7
Segment operating income:		
Lubrizol Additives	$ 112.8	$ 100.9
Lubrizol Advanced Materials	30.8	45.4
Segment operating income	143.6	146.3
Corporate expenses	(21.2)	(21.7)
Corporate other income (expense) – net	3.2	(0.5)
Restructuring and impairment (charges) credits	(4.8)	2.4
Interest expense – net	(13.7)	(17.1)
Income before income taxes	$ 107.1	$ 109.4

The company's total assets by segment were as follows:

	March 31, 2008	December 31, 2007
Segment total assets:		
Lubrizol Additives	$ 1,799.1	$ 1,663.4
Lubrizol Advanced Materials	2,312.7	2,240.0
Total segment assets	4,111.8	3,903.4
Corporate assets	697.6	740.4
Total consolidated assets	$ 4,809.4	$ 4,643.8

9. Pension and Postretirement Benefits

The components of net periodic pension cost and net periodic non-pension postretirement benefit cost consisted of the following:

	Three Months Ended March 31,	
	2008	2007
Pension benefits:		
Service cost – benefits earned during period	$ 7.5	$ 7.5
Interest cost on projected benefit obligation	11.0	9.8
Expected return on plan assets	(9.8)	(8.6)
Amortization of prior service costs	0.7	0.7
Recognized net actuarial loss	0.7	1.2
Net periodic pension cost	$ 10.1	$ 10.6
Other postretirement benefits:		
Service cost – benefits earned during period	$ 0.5	$ 0.4
Interest cost on projected benefit obligation	1.5	1.4
Amortization of prior service costs	(1.7)	(1.6)
Amortization of initial net obligation	0.1	0.1
Recognized net actuarial loss	0.2	0.3
Settlement / curtailment gain	(1.1)	–
Net periodic non-pension postretirement benefit cost	$ (0.5)	$ 0.6

Expected employer contributions worldwide for pension benefits in 2008 approximate $30.8 million for the qualified plans, of which $5.4 million was contributed during the three months ended March 31, 2008. The portion of the 2008 total expected contributions attributable to the U.S. qualified pension plans is $15.0 million, of which $2.8 million was contributed during the three months ended March 31, 2008. The non-qualified pension plans and other postretirement benefit plans are unfunded. As a result, the 2008 expected contributions to these plans of $1.6 million and $5.1 million, respectively, represent actuarial estimates of future assumed payments based on historic retirement and payment patterns as well as medical trend rates and historical claim information, as appropriate.

10. Restructuring and Impairment Charges (Credits)

During the three months ended March 31, 2008 and 2007, the company recorded aggregate restructuring and impairment charges (credits) of $4.8 million and ($2.4) million, respectively. The restructuring and impairment charges during the first quarter of 2008 primarily related to business improvement initiatives in the performance coatings product line of the Lubrizol Advanced Materials segment. In an effort to realign the company's manufacturing assets with its new business needs, the company completed the disposition of a textile compounding plant and recognized an asset impairment for a textile coatings production line in the first quarter of 2008. The net restructuring and impairment credit during the first quarter of 2007 primarily related to a pretax gain of $2.8 million recorded on the sale of the Lubrizol Additives manufacturing facility located in Bromborough, United Kingdom in January 2007 for net cash proceeds of $5.9 million.

The following table shows the reconciliation of the restructuring liability since January 1, 2008 by major restructuring activity:

	Liability January 1, 2008	Restructuring and Impairment Charges	Cash Paid	Non-cash Adjustments	Liability March 31, 2008
Bromborough, U.K. plant closure and sale	$ 0.1	$ –	$ –	$ (0.1)	$ –
Lubrizol Advanced Materials plant closures and sale, production line impairments and workforce reductions	0.4	–	(0.2)	–	0.2
Performance Coatings 2008 business improvement initiatives	–	4.8	–	(4.0)	0.8
Noveon International restructuring liabilities assumed	0.5	–	–	0.1	0.6
	$ 1.0	$ 4.8	$ (0.2)	$ (4.0)	$ 1.6

11. Shareholders' Equity

The following table summarizes the changes in shareholders' equity since January 1, 2008:

		Shareholders' Equity			
	Number of Shares Outstanding	Common Shares	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2008	68.4	$ 763.6	$ 1,128.7	$ 59.0	$ 1,951.3
Comprehensive income:					
Net income		–	73.6	–	73.6
Other comprehensive income		–	–	80.6	80.6
Total comprehensive income					154.2
Deferred stock compensation		(6.0)	–	–	(6.0)
Common shares – treasury:					
Common shares purchased	(0.4)	(0.8)	(24.2)	–	(25.0)
Shares issued upon exercise of stock options and awards	0.1	3.8	–	–	3.8
Balance, March 31, 2008	68.1	$ 760.6	$ 1,178.1	$ 139.6	$ 2,078.3

12. Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair value measurements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but simplifies and codifies related guidance within U.S. GAAP. This statement defines fair value as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 classifies the inputs used to measure fair value into three tiers. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those years. SFAS No. 157 requires adoption prospectively as of the beginning of the fiscal year in which this statement initially is applied, with the exception of certain financial instruments, in which adoption is applied retrospectively as of the beginning of the fiscal year in which this statement initially is applied.

In February 2008, the FASB issued FASB Staff Position (FSP) 157-1 "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13" and FSP 157-2 "Effective Date of Statement 157." FSP 157-1 removed leasing transactions accounted for under Statement 13 and related guidance from the scope of SFAS No. 157. FSP 157-2 deferred the effective date of SFAS No. 157 for all nonfinancial assets and liabilities to fiscal years beginning after November 15, 2008. The company adopted the required provisions of SFAS No. 157 for financial assets and liabilities on January 1, 2008. The company's adoption of this standard did not have a material impact on its consolidated financial statements.

The company estimates the fair value of financial instruments using available market information and generally accepted valuation methodologies. The following table shows the company's financial assets and liabilities accounted for at fair value on a recurring basis at March 31, 2008:

		Fair Value Measurements at Reporting Date Using		
	March 31, 2008	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Forward commodity contracts (1)	$ 3.5	$ –	$ 3.5	$ –
Interest rate swaps (2)	8.5	–	8.5	–
Total	$ 12.0	$ –	$ 12.0	$ –
Liabilities:				
Deferred compensation plans (3)	$ 24.8	$ 24.8	$ –	$ –

(1) The fair values of forward commodity contracts are based on counterparty quotes of market forward rates and reflect the present value of the amount that the company would pay or receive for contracts involving the same notional amounts and maturity dates.

(2) The fair value of interest rate swaps is obtained from counterparty quotes, which use discounted cash flows and the then-applicable forward interest rates.

(3) The company allows directors and senior management to defer their salary and incentive compensation into a non-qualified deferred compensation plan, which is funded informally through trust-owned life insurance held in a rabbi trust. Deferrals can be made into various cash investment accounts and/or a share unit account. Changes in the value of these awards are recognized each period based on the fair value of the underlying investments or the company's share price at the end of the reporting period.

13. Contingencies

The company has numerous purchase commitments for materials, supplies and energy in the ordinary course of business. The company also has numerous sales commitments for product supply contracts in the ordinary course of business.

GENERAL

There are pending or threatened claims, lawsuits and administrative proceedings against the company or its subsidiaries, all arising from the ordinary course of business with respect to commercial, employment, product liability and environmental matters, which seek remedies or damages. The company believes that any liability that finally may be determined with respect to commercial and product liability claims should not have a material adverse effect on the company's consolidated financial position, results of operations or cash flows. From time to time, the company also is involved in legal proceedings as a plaintiff involving contract, patent protection, environmental and other matters. Gain contingencies, if any, are recognized when they are realized.

ENVIRONMENTAL

The company's environmental engineers and consultants review and monitor environmental issues at operating facilities and, where appropriate, the company initiates corrective and/or preventive environmental projects to ensure environmental compliance and safe and lawful activities at its current operations. The company also conducts compliance and management systems audits.

The company and its subsidiaries are generators of both hazardous and non-hazardous wastes, the treatment, storage, transportation and disposal of which are regulated by various laws and governmental regulations. These laws and regulations generally impose liability for costs to investigate and remediate contamination without regard to fault and, under certain circumstances, liability may be joint and several resulting in one party being held responsible for the entire obligation. Liability also may include damages to natural resources. Although the company believes past operations were in substantial compliance with the then-applicable regulations, either the company or the predecessor of Noveon International, Inc. (Noveon International), the Performance Materials Segment of Goodrich Corporation (Goodrich), has been designated under a country's laws and/or regulations as a potentially responsible party (PRP) in connection with several sites including both third party sites and/or current operating facilities.

The company participates in the remediation process for onsite and third party waste management sites at which the company has been identified as a PRP. This process includes investigation, remedial action selection and implementation, as well as discussions and negotiations with other parties, which primarily include PRPs, past owners and operators and governmental agencies. The estimates of environmental liabilities are based on the results of this process. Inherent uncertainties exist in these estimates primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability, remediation standards and evolving technologies for managing investigations and remediation. The company revises its estimates accordingly as events in this process occur and additional information is obtained.

The company's environmental reserves, measured on an undiscounted basis, totaled $18.0 million at March 31, 2008 and $18.7 million at December 31, 2007. Of these amounts, $7.3 million and $5.3 million were included in accrued expenses and other current liabilities at March 31, 2008 and December 31, 2007, respectively. Goodrich provided Noveon International with an indemnity for various environmental liabilities. The company estimates Goodrich's share of such currently identified liabilities under the indemnity, which extends through February 2011, to be approximately $3.3 million of which $0.5 million of the recovery is included in receivables and $2.8 million is included in other assets. There are specific environmental contingencies for company-owned sites for which third parties such as past owners and/or operators are the named PRPs and also for which the company is indemnified by Goodrich. Goodrich currently is indemnifying Noveon International for several environmental remediation projects. Goodrich's share of all of these liabilities may increase to the extent such third parties fail to honor their obligations through February 2011.

The company believes that its environmental accruals are adequate based on currently available information. The company believes that it is reasonably possible that $8.2 million in additional costs may be incurred at certain locations beyond the amounts accrued as a result of new information, newly discovered conditions, changes in remediation standards or technologies or a change in the law. Additionally, as the indemnification from Goodrich extends through February 2011, changes in assumptions regarding when costs will be incurred may result in additional expenses to the company. Additional costs in excess of $8.2 million cannot currently be estimated.

INDEMNIFICATIONS

In connection with the sale of the food ingredients and industrial specialties business to SPM Group Holdings, LLC, now known as Emerald Performance Materials, LLC (Emerald), in May 2006, the company has provided

indemnifications to Emerald with respect to the business sold. These indemnifications have been associated with the price and quantity of raw material purchases, permit costs, costs incurred due to the inability to obtain permits and environmental matters. In each of these circumstances, payment by the company is dependent on Emerald filing a claim. In addition, the company's obligations under these agreements may be limited in terms of time and/or amount. The indemnifications related to the price of raw material purchases expired on December 31, 2007. It is not possible to predict the maximum potential amount of future payments under certain of these agreements due to the conditional nature of the company's obligations and the unique facts and circumstances involved in each particular agreement. For those indemnification agreements where a payment by the company is probable and estimable, a liability has been recorded at March 31, 2008. The company believes that if it were to incur a loss in any of these matters, such loss would not have a material effect on the company's business, financial condition or results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(In Millions of Dollars except Share and Per Share Data)

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the unaudited consolidated financial statements and the notes thereto appearing elsewhere in this quarterly report on Form 10-Q. Historical results and percentage relationships set forth in the consolidated financial statements, including trends that might appear, should not be taken as indicative of future operations. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those described under the section "Cautionary Statements for Safe Harbor Purposes" included elsewhere in this quarterly report on Form 10-Q.

OVERVIEW

We are an innovative specialty chemical company that produces and supplies technologies that improve the quality and performance of our customers' products in the global transportation, industrial and consumer markets. Our business is founded on technological leadership. Innovation provides opportunities for us in growth markets as well as advantages over our competitors. From a base of approximately 1,600 patents, we use our product development and formulation expertise to sustain our leading market positions and fuel our future growth. We create additives, ingredients, resins and compounds that enhance the performance, quality and value of our customers' products, while minimizing their environmental impact. Our products are used in a broad range of applications, and are sold into stable markets such as those for engine oils, specialty driveline lubricants and metalworking fluids, as well as higher-growth markets such as personal care and over-the-counter pharmaceutical products and performance coatings and inks. Our engineered polymers products also are used in a variety of industries, including the construction, sporting goods, medical products and automotive industries. We are an industry leader in many of the markets in which our product lines compete.

We are geographically diverse, with an extensive global manufacturing, supply chain, technical and commercial infrastructure. We operate facilities in 27 countries, including production facilities in 19 countries and laboratories in 12 countries, in key regions around the world through the efforts of more than 6,900 employees. We sell our products in more than 100 countries and believe that our customers value our ability to provide customized, high-quality, cost-effective performance formulations and solutions worldwide. We also believe that our customers value our global supply chain capabilities.

In the first quarter of 2008, we recorded aggregate restructuring and impairment charges of $4.8 million primarily related to business improvement initiatives in the performance coatings product line of the Lubrizol Advanced Materials segment. In an effort to realign our manufacturing assets with the product line's new business needs, we completed the disposition of a textile compounding plant and recognized an asset impairment for a textile coatings production line in the first quarter of 2008. These actions will result in further restructuring and impairment charges in the second quarter of 2008 and are expected to generate cost savings of $3.5 million to $4.0 million in 2008, and over $6.0 million in 2009.

On March 25, 2008, we announced our decision to launch a 10-year phased investment plan to upgrade and increase global capacity in our Lubrizol Additives segment. We will be implementing an extensive debottlenecking program at our existing facilities as well as a greenfield investment in China. In an effort to meet the evolving demands of the global lubricant and fuel additives market, we will increase investments to keep pace with the 1% per year predicted annual growth in global additive demand and to ensure the security of future supply. As part of the 10-year plan, we signed a letter of intent to reserve land use rights in China for a wholly owned manufacturing plant, which will be developed and phased-in as market needs require. By phasing in selective capacity additions in China, we aim to respond to lubricant growth in Asia and better match our manufacturing capability with global

demand patterns. We expect that the debottlenecking and China investment will require a $200.0 million investment over the next decade.

On November 1, 2007, we completed the acquisition of the refrigeration lubricants business of Croda International Plc (Croda) for approximately $123.7 million in cash, net of a $0.9 million purchase price adjustment received in the first quarter of 2008. The acquisition primarily included lubricant technology, trade names, customer lists, manufacturing know-how and inventory. No manufacturing facilities were included in the transaction. We began consolidating the results of the refrigeration lubricants business of Croda in our consolidated financial statements in November 2007. The preliminary purchase price allocation for this acquisition included goodwill of $51.2 million and intangible assets of $66.8 million.

On February 7, 2007, we completed the acquisition of a broad line of additive products used in the metalworking markets worldwide from Lockhart Chemical Company (Lockhart) for approximately $15.7 million in cash. We purchased Lockhart's entire metalworking product line, which included natural, synthetic and gelled sulfonates; emulsifier packages; corrosion inhibitors and lubricity agents; grease additives; oxidates; esters; soap; semi-finished coatings; and rust preventatives. We began consolidating the results of the metalworking business of Lockhart in our consolidated financial statements in February 2007. The purchase price allocation for this acquisition included goodwill of $8.3 million and intangible assets of $7.6 million.

RESULTS OF OPERATIONS

Net income increased $2.3 million to $73.6 million in the first quarter of 2008 compared with $71.3 million for the same period in 2007. The increase in earnings primarily was due to an improvement in the combination of price and product mix, an increase in volume, a favorable currency impact, a lower effective tax rate, lower net interest costs and contributions from acquisitions, partially offset by higher raw material and manufacturing expenses, higher selling, technology, administrative and research (STAR) expenses and an increase in net restructuring and impairment charges.

	Three Months Ended March 31			
	2008	2007	$ Change	% Change
Revenues	$1,227.3	$1,076.7	$ 150.6	14%
Cost of sales	934.5	798.3	136.2	17%
Gross profit	292.8	278.4	14.4	5%
Selling and administrative expenses	108.6	102.3	6.3	6%
Research, testing and development expenses	54.1	51.7	2.4	5%
Amortization of intangible assets	7.0	6.0	1.0	17%
Restructuring and impairment charges (credits)	4.8	(2.4)	7.2	*
Other income – net	(2.5)	(5.7)	3.2	(56%)
Interest income	(4.2)	(7.1)	2.9	(41%)
Interest expense	17.9	24.2	(6.3)	(26%)
Income before income taxes	107.1	109.4	(2.3)	(2%)
Provision for income taxes	33.5	38.1	(4.6)	(12%)
Net income	$ 73.6	$ 71.3	$ 2.3	3%
Net income per share, basic	$ 1.07	$ 1.03	$ 0.04	4%
Net income per share, diluted	$ 1.06	$ 1.02	$ 0.04	4%

* *Calculation not meaningful*

Revenues The increase in revenues for the three months ended March 31, 2008 compared with the same period in 2007 primarily was due to a 6% increase in volume, a 4% improvement in the combination of price and product mix and a 4% favorable currency impact. Included in these factors were incremental revenues from our 2007 acquisitions, which contributed 3% to revenues for the quarter. We experienced volume gains in all geographic zones except North America.

Analysis of Volume – 2008 vs. 2007 Volume patterns vary in different geographic zones. The following table shows the geographic breakdown of our volume for the three months ended March 31, 2008 as well as the percentage changes compared with the same period in 2007:

	2008 Volume	% Change	Excluding the Impact of Acquisitions % Change
North America	44%	(1%)	(2%)
Europe	28%	9%	7%
Asia-Pacific / Middle East	21%	12%	9%
Latin America	7%	28%	27%
Total	100%	6%	4%

Segment volume variances by geographic zone, as well as the factors explaining the changes in segment revenues for the three months ended March 31, 2008 compared with the same period in 2007, are contained within the "Segment Analysis" section.

Cost of Sales The increase in cost of sales for the three months ended March 31, 2008 compared with the same period in 2007 primarily was due to higher raw material costs, higher manufacturing expenses and an increase in

volume. Average raw material cost increased 14% in the first quarter of 2008 compared with the same period in 2007. Total manufacturing expenses increased 6% in the first quarter of 2008 compared with the same quarter last year primarily due to an unfavorable currency impact, increased salaries and benefits, utilities and maintenance materials and contract labor costs. On a per-unit-sold basis, manufacturing costs increased 1% in the first quarter of 2008 compared with the same quarter in the prior year.

Gross Profit Gross profit increased $14.4 million, or 5%, for the three months ended March 31, 2008 compared with the same period in 2007. The increase primarily was due to an improvement in the combination of price and product mix, higher volume and a favorable currency impact, partially offset by higher average raw material cost and higher manufacturing expenses. Our gross profit percentage decreased to 23.9% in the first quarter of 2008 compared with 25.9% in the same quarter last year as the increase in revenues from pricing improvements was greater than the increase in gross profit dollars.

Selling and Administrative Expenses Selling and administrative expenses increased $6.3 million, or 6%, for the three months ended March 31, 2008 compared with the same period in 2007. The increase primarily was due to an increase in salaries and benefits, mostly attributable to annual merit increases and growth resources in the Lubrizol Advanced Materials segment, an unfavorable currency impact and an increase associated with the implementation of a common information systems platform primarily in the Lubrizol Advanced Materials segment, partially offset by a decrease in incentive compensation expense.

Research, Testing and Development Expenses Research, testing and development expenses increased $2.4 million, or 5%, in the first quarter of 2008 compared with the same quarter in 2007 primarily due to an increase in salaries and benefits and an unfavorable currency impact.

Restructuring and Impairment Charges (Credits) In the first quarter of 2008, we recorded aggregate restructuring and impairment charges of $4.8 million primarily related to business improvement initiatives in the performance coatings product line of the Lubrizol Advanced Materials segment. In an effort to realign our manufacturing assets with the product line's new business needs, we completed the disposition of a textile compounding plant and recognized an asset impairment for a textile coatings production line in the first quarter of 2008. In the first quarter of 2007, we sold the Lubrizol Additives manufacturing facility located in Bromborough, United Kingdom. We received net cash proceeds of $5.9 million and recorded a pretax gain of $2.8 million upon closing of the sale in January 2007.

The components of restructuring and impairment charges (credits) are detailed as follows:

	Three Months Ended March 31, 2008			
	Asset Impairments	Other Plant Exit Costs	Severance	Total
Performance Coatings 2008 business improvement initiatives	$ 4.0	$ –	$ 0.8	$ 4.8

	Three Months Ended March 31, 2007			
	Asset Impairments (Gains)	Other Plant Exit Costs	Severance	Total
Lubrizol Advanced Materials plant closures and workforce reductions	$ –	$ 0.2	$ 0.1	$ 0.3
Bromborough, U.K. plant closure and sale	(2.8)	–	–	(2.8)
Other	–	–	0.1	0.1
Total restructuring and impairment (credits) charges	$ (2.8)	$ 0.2	$ 0.2	$ (2.4)

Other Income – Net Other income – net of $2.5 million in 2008 primarily consisted of favorable currency impacts. Other income – net of $5.7 million in the first quarter of 2007 primarily consisted of a $5.0 million gain recorded on the sale of land in the Lubrizol Additives segment.

Interest Expense – Net The decrease in interest expense – net in 2008 compared with 2007 primarily was due to lower interest expense of $6.3 million associated with our reduced debt balances, partially offset by a decrease in interest income of $2.9 million as a result of lower cash and short-term investment balances.

Provision for Income Taxes Our effective tax rate was 31.3% in the first quarter of 2008 compared with 34.8% in the same quarter last year. The decrease in the effective tax rate primarily was a result of improvements in our foreign tax credit utilization and statutory tax rate reductions in several foreign jurisdictions, partially offset by the expiration on December 31, 2007 of the U.S. research credit benefit.

Net Income Primarily as a result of the above factors, net income per diluted share increased 4% to $1.06 for the three months ended March 31, 2008 compared with $1.02 in the same period in 2007.

SEGMENT ANALYSIS

We primarily evaluate performance and allocate resources based on segment operating income, defined as revenues less expenses identifiable to the product lines included within each segment, as well as projected future returns. Segment operating income will reconcile to consolidated income before income taxes by deducting corporate other income (expense) that are not attributable to the operating segments, restructuring and impairment charges (credits) and net interest expense.

The proportion of consolidated revenues and segment operating income attributed to each segment was as follows:

	Three Months Ended March 31,	
	2008	2007
Revenues:		
Lubrizol Additives	67%	65%
Lubrizol Advanced Materials	33%	35%
Segment Operating Income:		
Lubrizol Additives	79%	69%
Lubrizol Advanced Materials	21%	31%

The operating results by segment were as follows:

	Three Months Ended March 31,			
	2008	2007	$ Change	% Change
Revenues:				
Lubrizol Additives	$ 826.2	$ 696.0	$ 130.2	19%
Lubrizol Advanced Materials	401.1	380.7	20.4	5%
Total	$ 1,227.3	$ 1,076.7	$ 150.6	14%
Gross Profit:				
Lubrizol Additives	$ 190.2	$ 168.1	$ 22.1	13%
Lubrizol Advanced Materials	102.6	110.3	(7.7)	(7%)
Total	$ 292.8	$ 278.4	$ 14.4	5%
Segment Operating Income:				
Lubrizol Additives	$ 112.8	$ 100.9	$ 11.9	12%
Lubrizol Advanced Materials	30.8	45.4	(14.6)	(32%)
Total	$ 143.6	$ 146.3	$ (2.7)	(2%)

LUBRIZOL ADDITIVES SEGMENT

Revenues Revenues increased 19% for the three months ended March 31, 2008 compared with the same period in 2007. The increase was due to a 10% increase in volume, an improvement in the combination of price and product mix of 5% and a 4% favorable currency impact. Included in these factors were the incremental revenues from our 2007 acquisitions, which contributed 4% to revenues in the quarter.

Volume patterns vary in different geographic zones. The following table shows the geographic break-down of our volume for the three months ended March 31, 2008 as well as the percentage changes compared with the same period in 2007:

	1st Quarter 2008 Volume	1st Quarter 2008 vs. 2007 % Change	Excluding the Impact of Acquisitions % Change
North America	34%	1%	(1%)
Europe	32%	13%	11%
Asia-Pacific / Middle East	26%	12%	9%
Latin America	8%	34%	34%
Total	100%	10%	7%

We experienced increased volume in all geographic zones, with strong demand in our international markets in the first quarter of 2008 compared with the same period in 2007. The first quarter of 2007 was impacted negatively by some inventory destocking, especially in the Asia-Pacific / Middle East region. The majority of our volume increase occurred in our engine oils and industrial additives product lines. The increased volume in Europe and Asia-Pacific / Middle East regions compared with the prior-year period primarily was due to stronger customer demand, growth in Asia-Pacific, particularly China, and the impact of acquisitions. We also experienced strong growth in Latin America primarily due to business gains that were realized in the second quarter of 2007 and favorable order patterns compared with the prior-year period. North America experienced a slight increase in volume due to the impact of acquisitions and favorable order patterns.

Gross Profit Gross profit increased $22.1 million, or 13%, in the first quarter of 2008 compared with the prior-year quarter. The increase primarily related to higher volume, improvements in the combination of price and product mix, favorable currency and contributions from acquisitions, partially offset by increased raw material and manufacturing costs. Average raw material cost increased 14% for the three months ended March 31, 2008 compared with the same period in 2007. In the first quarter of 2008, we implemented a global price increase announced in the fourth quarter of 2007 to offset higher cost of sales. During the first quarter, we experienced continued increases in raw material costs, and, as a result, announced a global price increase that will be implemented fully in the second quarter. Manufacturing costs on a per-unit-sold basis decreased 3% for the three-month comparative period. This decrease primarily was due to efficiencies from higher production necessary to meet demand and to build inventories, which more than offset higher manufacturing costs principally caused by higher maintenance supplies and materials and contract labor costs, higher utilities and an unfavorable currency impact.

The gross profit percentage decreased to 23.0% for the three months ended March 31, 2008 from 24.2% in the prior-year period as the increase in revenues from pricing improvements was greater than the increase in gross profit dollars.

Selling, Technical, Administrative and Research Expenses STAR expenses increased $2.6 million, or 4%, for the three months ended March 31, 2008 compared with the prior-year period. The increase in STAR expenses primarily was due to an unfavorable currency impact.

Other (Expense) Income – Net Other expense – net was $1.8 million in 2008 compared with other income – net of $5.6 million in 2007. Other income in the first quarter of 2007 included a $5.0 million gain on the sale of land.

Segment Operating Income Segment operating income increased 12% for the three months ended March 31, 2008 compared with the same period in 2007 due to the factors discussed above.

LUBRIZOL ADVANCED MATERIALS SEGMENT

Revenues Revenues increased 5% for the three months ended March 31, 2008 compared with the same period in 2007. The increase was due to a 4% increase in the combination of price and product mix and a 3% favorable currency impact, partially offset by a 2% decrease in volume.

Volume patterns vary in different geographic zones. The following table shows the geographic break-down of our volume for the three months ended March 31, 2008 as well as the percentage changes compared with the same period in 2007:

	1st Quarter 2008 Volume	1st Quarter 2008 vs. 2007 % Change
North America	66%	(3%)
Europe	18%	(6%)
Asia-Pacific / Middle East	12%	11%
Latin America	4%	6%
Total	100%	(2%)

Volume in North America decreased 3% as increases in our Noveon® consumer specialties product line were more than offset by a decrease in our performance coatings product line. The increase in our Noveon consumer specialties product line was due to strong customer demand as well as business gains in our surfactants business. The decrease in our performance coatings product line was due to continued weakness in the textiles market as well as lower demand in the building and construction market. Volume in our engineered polymers product line decreased slightly due to decreases in plumbing and construction applications, which mostly were offset by increases in fire sprinkler, paint protection, optical and industrial applications.

Volume in Europe decreased 6% as increases in our engineered polymers product line were more than offset by decreases in our Noveon consumer specialties and performance coatings product lines. The increase in our engineered polymers product line was due to increased customer demand in plumbing, industrial and explosives applications. Volume in our Noveon consumer specialties product line decreased due to business loss in our AMPS® specialty monomers business largely due to production problems that occurred in 2007. Volume decreased in our performance coatings product line as we experienced lower customer demand in textile applications.

Volume in Asia-Pacific / Middle East increased 11% with increases in all of our product lines due to stronger customer demand in inks, paints and coatings, packaging, plumbing and explosives applications.

Volume in Latin America increased 6% due to increases in our engineered polymers product line partially offset by a decrease in our performance coatings product line. The increase in our engineered polymers product line was due to business gains in footwear applications. The decrease in our performance coatings product line was due to lower customer demand in inks and paints and coatings applications.

Gross Profit Gross profit decreased $7.7 million, or 7%, in the first quarter of 2008 compared with the prior-year quarter. The decrease primarily related to lower volumes in our performance coatings product line and increased raw

material costs in our TempRite® engineered polymers business (TempRite). This decrease partially was offset by volume increases in the Noveon consumer specialties product line and Estane® engineered polymers business (Estane) as well as improved pricing in Estane. In addition, we experienced a 13% increase in average raw material cost for the three months ended March 31, 2008 compared with the same period in 2007. Manufacturing costs on a per-unit-sold basis increased 10% for the three-month comparative period primarily due to unfavorable currency impact, increased headcount to support capacity expansion and increased salaries and benefits attributable to annual merit increases.

The gross profit percentage decreased to 25.6% for the three months ended March 31, 2008 from 29.0% in the prior-year period. The decrease in gross profit percentage primarily was due to increased raw material costs, which outpaced increased selling prices.

Selling, Technical, Administrative and Research Expenses STAR expenses increased $6.7 million, or 11%, for the three months ended March 31, 2008 compared with the same prior-year period. The increase in STAR expenses primarily was due to higher costs associated with the implementation of a common information systems platform, an unfavorable currency impact, increased headcount to support our growth strategy and increased salaries and benefits attributable to annual merit increases.

Segment Operating Income Segment operating income decreased 32% for the three months ended March 31, 2008 compared with the same period in 2007 due to the factors discussed above.

WORKING CAPITAL, LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the major components of cash flow:

	Three Months Ended March 31,	
	2008	2007
Cash provided by (used for):		
Operating activities	$ 43.1	$ 98.0
Investing activities	(50.4)	(36.3)
Financing activities	(41.5)	(55.7)
Effect of exchange-rate changes on cash	5.7	1.1
Net (decrease) increase in cash and short-term investments	$ (43.1)	$ 7.1

Operating Activities

The decrease in cash provided by operating activities for the three months ended March 31, 2008 compared to the same period in 2007 primarily related to an increase in working capital levels. In the first quarter of 2007, we lowered high inventory levels that existed at the end of 2006. This resulted in strong working capital performance in the first quarter of 2007. In the first quarter of 2008, we purposefully increased intermediate and finished goods inventories. In addition, strong revenues and higher raw material and manufacturing costs contributed to the increase in working capital in the first quarter of 2008.

We manage our levels of inventories and accounts receivable on the basis of average days sales in inventory and average days sales in receivables. Our goal is to minimize our investment in inventories while at the same time ensuring reliable supply for our customers. Our average days sales in inventory improved to 75.4 days at March 31, 2008 from 76.6 days for the year ended December 31, 2007. Our average days sales in receivables increased to 48.4 days at March 31, 2008 from 47.2 days for the year ended December 31, 2007. Our increasing mix of international sales compared to domestic sales had a slightly unfavorable impact on our days sales in receivables.

INVESTING ACTIVITIES

Cash used for investing activities increased $14.1 million in the first quarter of 2008 compared to the same period in 2007. The increase primarily related to higher capital expenditures, partially offset by the acquisition of Lockhart's metalworking business in the first quarter of 2007 for $15.7 million. Our capital expenditures for the three months ended March 31, 2008 were $51.5 million compared to $31.9 million for the same period in 2007. In 2008, we estimate annual capital expenditures will be approximately $225.0 million to $235.0 million.

FINANCING ACTIVITIES

Cash used for financing activities decreased $14.2 million for the three months ended March 31, 2008 compared to the same period in 2007. Cash used for financing activities of $41.5 million for the three months ended March 31, 2008 primarily consisted of the repurchase of common shares and the payment of dividends. This compares to $55.7 million used for financing activities in the same period in 2007, which primarily consisted of the repayment of €25.0 million against our €250.0 million revolving credit agreement, the repurchase of common shares and payment of dividends, partially offset by proceeds from the exercise of stock options.

On April 28, 2008, our board of directors declared a 3% increase in the regular quarterly dividend to $0.31 per share payable June 10, 2008 to shareholders of record at the close of business on May 9, 2008.

CAPITALIZATION, LIQUIDITY AND CREDIT FACILITIES

At March 31, 2008, our total debt outstanding of $1,437.0 million consisted of 72% fixed-rate debt and 28% variable-rate debt, including $400.0 million of fixed-rate debt that effectively has been swapped to a variable rate. Our weighted-average interest rate at March 31, 2008 was approximately 5.3%.

Our net debt to capitalization ratio at March 31, 2008 was 31.8%. Net debt represents total short-term and long-term debt, excluding original issue discounts and unrealized gains and losses on derivative instruments designated as fair-value hedges of fixed-rate debt, reduced by cash and short-term investments. Capitalization is calculated as shareholders' equity plus net debt. Total debt as a percent of capitalization was 40.7% at March 31, 2008.

Our ratio of current assets to current liabilities was 2.2 at March 31, 2008.

Our $350.0 million revolving U.S. credit facility, which matures in September 2011, allows us to borrow at variable rates based upon the U.S. prime rate or LIBOR plus a specified credit spread. At March 31, 2008, we had no outstanding borrowings under this agreement.

At March 31, 2007, two of our wholly owned, foreign subsidiaries had a €250.0 million revolving credit facility that matures in September 2010. This credit agreement permits these foreign subsidiaries to borrow at variable rates based on EURIBOR plus a specified credit spread. At March 31, 2008, we had no borrowings under this agreement.

Our cash and short-term investments balance of $459.2 million at March 31, 2008 will be used to fund ongoing operations, pay down debt, pursue acquisition opportunities and repurchase shares. We currently anticipate using our cash and short-term investments in December 2008 to retire $200.0 million in notes.

CONTRACTUAL CASH OBLIGATIONS

Our contractual cash obligations at December 31, 2007 are contained on page 21 of our 2007 Annual Report to shareholders. During the three months ended March 31, 2008, our non-cancelable purchase commitments increased approximately $20.6 million to $197.7 million. Other than the increase in non-cancelable purchase commitments, we do not believe there have been any significant changes since December 31, 2007 in our contractual cash obligations. The non-cancelable purchase commitments by period at March 31, 2008 were $92.1 million, $92.7 million, $9.3 million and $3.6 million for the 2008, 2009-2010, 2011-2012 and 2013 and later periods, respectively.

Our debt level will require us to dedicate a portion of our cash flow to make interest and principal payments, thereby reducing the availability of our cash flow for acquisitions or other purposes. Nevertheless, we believe our future operating cash flows will be sufficient to cover our debt repayments, capital expenditures, dividends, share repurchases and other obligations and that we have untapped borrowing capacity that can provide us with additional financial resources. We currently have a shelf registration statement filed with the Securities and Exchange Commission (SEC) under which $359.8 million of debt securities, preferred shares or common shares may be issued. At March 31, 2008, we also maintained cash and short-term investment balances of $459.2 million and had $350.0 million available under our revolving U.S. credit facility and another €250.0 million available under our euro revolving credit facility. In addition, at March 31, 2008, we had $41.4 million of contingent obligations under standby letters of credit issued in the ordinary course of business to financial institutions, customers and insurance companies to secure short-term support for a variety of commercial transactions, insurance and benefit programs.

NEW ACCOUNTING STANDARDS

In March 2008, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133." This statement amends the disclosure requirements for derivative instruments and hedging activities in SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 161 requires enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. At initial adoption, comparative disclosures for earlier periods is encouraged, but not required. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Financial Statements – an amendment of ARB No. 51." This statement amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to establish accounting and reporting standards for noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement requires consolidated net income attributable to both the parent and the noncontrolling interest to be reported and disclosed in the consolidated financial statements. This statement also requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of a subsidiary. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008 and shall be applied prospectively as of the beginning of the fiscal year in which it is initially adopted, except for the presentation and disclosure requirements, which are applied retrospectively for all periods presented. Early adoption is prohibited. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations." This statement replaces SFAS No. 141, "Business Combinations," and requires an acquirer to recognize the assets acquired, the liabilities assumed and any noncontrolling interests in the acquiree at the acquisition date, measured at their fair

values as of that date, with limited exceptions. SFAS No. 141R requires costs incurred to effect the acquisition to be recognized separately from the acquisition as period costs. SFAS No. 141R also requires the acquirer to recognize restructuring costs that the acquirer expects to incur, but is not obligated to incur, separately from the business combination. In addition, this statement requires an acquirer to recognize assets and liabilities assumed arising from contractual contingencies as of the acquisition date, measured at their acquisition-date fair values. Other key provisions of this statement include the requirement to recognize the acquisition-date fair values of research and development assets separately from goodwill and the requirement to recognize changes in the amount of deferred tax benefits that are recognizable due to the business combination in either income from continuing operations in the period of the combination or directly in contributed capital, depending on the circumstances. At March 31, 2008, we had amounts recorded in our financial statements for unrecognized tax benefits and deferred tax valuation allowances related to past acquisitions. Any reversal of these amounts prior to the adoption of SFAS No. 141R would affect goodwill. However, subsequent to the adoption of SFAS No. 141R, any reversals would affect the income tax provision in the period of reversal. With the exception of certain tax-related aspects described above, this statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period after December 15, 2008. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to make an irrevocable election to measure many financial instruments and certain other items at fair value at specified election dates. The fair value option may be applied instrument by instrument and must be applied to entire instruments. Unrealized gains and losses on items for which the entity elects the fair value option are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of the fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157, "Fair Value Measurements." Entities are not permitted to apply this statement retrospectively to the fiscal years preceding the effective date unless the entity chooses early adoption. We adopted this standard on January 1, 2008 and did not elect to measure any additional financial instruments or other items at fair value.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and expands disclosure about fair value measurements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but simplifies and codifies related guidance within U.S. GAAP. This statement defines fair value as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 classifies the inputs used to measure fair value into three tiers. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those years. SFAS No. 157 requires adoption prospectively as of the beginning of the fiscal year in which this statement initially is applied, with the exception of certain financial instruments, in which adoption is applied retrospectively as of the beginning of the fiscal year in which this statement initially is applied.

In February 2008, the FASB issued FASB Staff Position (FSP) 157-1 "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13" and FSP 157-2 "Effective Date of Statement 157." FSP 157-1 removed leasing transactions accounted for under Statement 13 and related guidance from the scope of SFAS No. 157. FSP 157-2 deferred the effective date of SFAS No. 157 for all nonfinancial assets and liabilities to fiscal years beginning after November 15, 2008. We adopted the required provisions of SFAS No. 157

for financial assets and liabilities on January 1, 2008. Our adoption of this standard did not have a material impact on our consolidated financial statements.

CAUTIONARY STATEMENTS FOR SAFE HARBOR PURPOSES

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the federal securities laws. As a general matter, forward-looking statements are those focused upon future plans, objectives or performance as opposed to historical items and include statements of anticipated events or trends and expectations and beliefs relating to matters not historical in nature. Forward-looking statements are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. These uncertainties and factors could cause our actual results to differ materially from those matters expressed in or implied by any forward-looking statements, although we believe our expectations reflected in those forward-looking statements are based upon reasonable assumptions. For this purpose, any statements contained herein that are not statements of historical fact should be deemed to be forward-looking statements.

We believe that the following factors, among others, could 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:

- The cost, availability and quality of raw materials, especially petroleum-based products.
- Our ability to sustain profitability of our products in a competitive environment.
- The demand for our products as influenced by factors such as the global economic environment, longer-term technology developments and the success of our commercial development programs.
- The risks of conducting business in foreign countries, including the effects of fluctuations in currency exchange rates upon our consolidated results and political, social, economic and regulatory factors.
- The extent to which we are successful in expanding our business in new and existing markets and in identifying, understanding and managing the risks inherent in those markets.
- The effects of required principal and interest payments and the high degree of volatility in the capital markets on our ability to fund capital expenditures and acquisitions and to meet operating needs.
- Our ability to identify, complete and integrate acquisitions for profitable growth and operating efficiencies.
- Our success at continuing to develop proprietary technology to meet or exceed new industry performance standards and individual customer expectations.
- Our ability to implement a new common information systems platform primarily into our Lubrizol Advanced Materials segment successfully, including the management of project costs, its timely completion and realization of its benefits.
- Our ability to continue to reduce complexities and conversion costs and modify our cost structure to maintain and enhance our competitiveness.
- Our success in retaining and growing the business that we have with our largest customers.

- The cost and availability of energy, especially natural gas and electricity.
- The effect of interest rate fluctuations on our net interest expense.
- The risk of weather-related disruptions to our Lubrizol Additives production facilities located near the U.S. Gulf Coast.
- Significant changes in government regulations affecting environmental compliance.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We operate manufacturing and blending facilities, laboratories and offices around the world and utilize fixed-rate and variable-rate debt to finance our global operations. As a result, we are subject to business risks inherent in non-U.S. activities, including political and economic uncertainties, import and export limitations, and market risks related to changes in interest rates and foreign currency exchange rates. We believe the political and economic risks related to our foreign operations are mitigated due to the stability of the countries in which our largest foreign operations are located.

In the normal course of business, we use derivative financial instruments including interest rate and commodity hedges and forward foreign currency exchange contracts to manage our market risks. Our objective in managing our exposure to changes in interest rates is to limit the impact of such changes on our earnings and cash flow. Our objective in managing the exposure to changes in foreign currency exchange rates is to reduce volatility on our earnings and cash flow associated with such changes. Our principal currency exposures are the euro, the pound sterling, the Japanese yen and certain Latin American currencies. Our objective in managing our exposure to changes in commodity prices is to reduce the volatility on earnings of utility expense. We do not hold derivatives for trading purposes.

We measure our market risk related to our holdings of financial instruments based on changes in interest rates, foreign currency rates and commodity prices utilizing a sensitivity analysis. The sensitivity analysis measures the potential loss in fair value, cash flow and earnings based on a hypothetical 10% change (increase and decrease) in interest, currency exchange rates and commodity prices. We use current market rates on our debt and derivative portfolios to perform the sensitivity analysis. Certain items such as lease contracts, insurance contracts and obligations for pension and other postretirement benefits are not included in the analysis.

Our primary interest rate exposures relate to our cash and short-term investments, fixed-rate and variable-rate debt and interest rate swaps. The calculation of potential loss in fair value is based on an immediate change in the net present values of our interest rate-sensitive exposures resulting from a 10% change in interest rates. The potential loss in cash flow and income before tax is based on the change in the net interest income/expense over a one-year period due to an immediate 10% change in rates. A hypothetical 10% increase in interest rates would have had a favorable impact and a hypothetical 10% decrease in interest rates would have had an unfavorable impact on fair values of $46.1 million and $49.8 million at March 31, 2008 and December 31, 2007, respectively. In addition, a hypothetical 10% increase in interest rates would have had an unfavorable impact and a hypothetical 10% decrease in interest rates would have had a favorable impact on cash flows and income before tax of $0.2 million and $1.2 million in 2008 and 2007, respectively.

Our primary currency exchange rate exposures are to foreign currency-denominated debt, intercompany debt, cash and short-term investments and forward foreign currency exchange contracts. The calculation of potential loss in fair value is based on an immediate change in the U.S. dollar equivalent balances of our currency exposures due to a 10% shift in exchange rates. The potential loss in cash flow and income before tax is based on the change in cash flow and income before tax over a one-year period resulting from an immediate 10% change in currency exchange

rates. A hypothetical 10% increase in currency exchange rates would have had an unfavorable impact and a hypothetical 10% decrease in currency exchange rates would have had a favorable impact on fair values of $21.9 million and $17.0 million at March 31, 2008 and December 31, 2007, respectively. In addition, a hypothetical 10% increase in currency exchange rates would have had an unfavorable impact and a hypothetical 10% decrease in currency exchange rates would have had a favorable impact on cash flows of $32.5 million and $25.0 million and on income before tax of $9.0 million and $4.1 million in 2008 and 2007, respectively.

Our primary commodity hedge exposures relate to natural gas and electric utility expenses. The calculation of potential loss in fair value is based on an immediate change in the U.S. dollar equivalent balances of our commodity exposures due to a 10% shift in the underlying commodity prices. The potential loss in cash flow and income before tax is based on the change in cash flow and income before tax over a one-year period resulting from an immediate 10% change in commodity prices. A hypothetical 10% increase in commodity prices would have had a favorable impact and a hypothetical 10% decrease in commodity prices would have had an unfavorable impact on fair values of $2.4 million and $1.4 million at March 31, 2008 and December 31, 2007, respectively, and on annualized cash flows and income before tax of $2.4 million and $1.1 million in 2008 and 2007, respectively.

Item 4. Controls and Procedures

At the end of the period covered by this quarterly report (March 31, 2008), we carried out an evaluation, under the supervision and with the participation of the company's management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the Exchange Act). Based on that evaluation, our chief executive officer and chief financial officer concluded that as of the end of such period, our disclosure controls and procedures were effective and designed to ensure that all material information required to be disclosed by the company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting identified in the evaluation described in the preceding paragraph that occurred during the first quarter of 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

There are no material changes from risk factors as disclosed previously in our Form 10-K for the year ended December 31, 2007.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) On January 2, 2008, we issued 303 common shares in a private placement transaction exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to one former officer under a deferred compensation plan for officers.

On January 18, 2008, we issued 1,643 common shares in transactions exempt from registration under the Securities Act of 1933 pursuant to Regulation S. We issued the common shares to 20 employees of a wholly owned Canadian subsidiary of the company under an employee benefit plan.

On February 1, 2008, we issued 797 common shares in private placement transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to one former officer and the spouse of a deceased officer under a deferred compensation plan for officers and to one former employee under a senior management deferred compensation plan.

On March 3, 2008, we issued 2,465 common shares in private placement transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to one former officer and one current officer under a deferred compensation plan for officers and to one former officer under a senior management deferred compensation plan.

On March 4, 2008, we issued 1,018 common shares in a transaction exempt from registration under the Securities Act of 1933 pursuant to Regulation S. We issued the common shares to one employee of a wholly owned United Kingdom subsidiary of the company under an employee benefit plan.

(c) The following table provides information regarding our purchases of Lubrizol common shares during the quarter.

Period	Total Number of Shares (or Units) Purchased[1]	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs[2]	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Programs
Month #1 (January 1, 2008 through January 31, 2008)	120 Shares	$ 54.16	0 Shares	5,111,918 Shares
Month #2 (February 1, 2008 through February 29, 2008)	430,102 Shares	$ 58.23	430,000 Shares	4,681,918 Shares
Month #3 (March 1, 2008 through March 31, 2008)	983 Shares	$ 58.30	0 Shares	4,681,918 Shares
Total	431,205 Shares		430,000 Shares	4,681,918 Shares

1 This column includes common shares (120 in January; 102 in February; and 983 in March) that we purchased pursuant to our deferred compensation plans and long-term incentive program, whereby we withhold shares upon a distribution to pay the withholding taxes on behalf of the employee.

2 This column represents common shares that we purchased at a cost of $25.0 million pursuant to a previously announced share repurchase plan on June 23, 1997 at which time our board of directors authorized the company to repurchase up to four million of its common shares. These shares may be repurchased in the open market or through negotiated transactions. The program does not have an expiration date. On April 23, 2007, our board of directors authorized a new share repurchase program that, combined with our existing repurchase program, permits us to repurchase up to $300.0 million of our common shares through 2009.

Item 6. Exhibits

10.1* The Lubrizol Corporation Senior Management Deferred Compensation Plan, as amended.

10.2* The Lubrizol Corporation 2005 Deferred Compensation Plan for Directors, as amended

31.1 Rule 13a-14(a) Certification of the Chief Executive Officer, as created by Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Rule 13a-14(a) Certification of the Chief Financial Officer, as created by Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Chief Executive Officer and Chief Financial Officer of The Lubrizol Corporation pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act.

* Indicates management contract or compensatory plan or arrangement.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE LUBRIZOL CORPORATION

/s/ W. Scott Emerick
W. Scott Emerick
Chief Accounting Officer and Duly Authorized
Signatory of The Lubrizol Corporation

Date: May 9, 2008

Exhibit 10.1

THE LUBRIZOL CORPORATION

Senior Management Deferred Compensation Plan

(As Amended, May 1, 2008)

1. Purpose. The purpose of this Senior Management Deferred Compensation Plan (the "Plan") is to permit an a person who is an officer (as identified by the Company for Section 16 purposes under the Securities Exchange Act of 1934) of The Lubrizol Corporation (the "Company") or, for amounts earned in 2005, who was an officer of the Company during 2004, or effective January 1, 2006, who is selected to participate in the Plan by the Organization and Compensation Committee of the Board of Directors of the Company ("Committee"), (hereinafter referred to as the "Participant"), who wishes, to defer a portion of such Participant's compensation earned in calendar years beginning on or after January 1, 2005, as provided in the Plan. Notwithstanding any provision to the contrary, prior to January 1, 2006, for purposes of this Plan, an "officer" or "Participant" does not include any employee of Noveon, Inc. or its affiliates.

2. Administration. The Plan shall be administered by the Committee. The Committee's interpretation and construction of all provisions of the Plan shall be binding and conclusive upon all Participants and their heirs and/or successors.

3. Right to Defer Compensation.

(a) A Participant of the Company may, at any time prior to January 1 of a given calendar year, elect, for the calendar year, to defer under the Plan a pre-selected amount of such Participant's compensation specified in paragraph (c) below, which such Participant may thereafter be entitled to receive for services performed during such elected calendar year. Notwithstanding the foregoing, if allowed by the Company, at any time up to six months prior to the payment of performance-based long-term incentive compensation, a Participant may elect to defer under the Plan a pre-selected amount of such compensation specified in (c)(iii) below, provided however, that any such election shall only be made in accordance with Section 409A of the Internal Revenue Code of 1986, as amended and the regulations thereunder.

(b) The election under Section 3(a) shall take effect on the first day of the calendar year following the date on which the election is made and such election shall be irrevocable for any elected calendar year after such elected calendar year shall have commenced.

(c) A Participant may elect to defer up to 90 percent of one or more of the following:

(i) Base salary;

(ii) Annual incentive pay, if any.

(iii) Stock compensation from the long term incentive plan, if any.

(iv) Stock compensation pursuant to an employment agreement dated as of January 1, 2003

provided, however, that the actual amount deferred will be the elected amount less any applicable withholding taxes.

(d) Notwithstanding paragraphs (a), (b) and (c), the first year a Participant becomes eligible to participate in the Plan, he may make an initial deferral election within 30 days after he becomes eligible to participate but only with respect to compensation paid for services performed after the election.

(e) At the time elections are made pursuant to paragraphs (a) or (d), and in addition to the provisions of paragraphs (a) through (d), a Participant may elect to defer that portion or all of the Participant's cash and/or stock compensation (i) described in paragraph (c) and/or (ii) any other plan or program that provides for cash or stock compensation, to the extent that such amounts would otherwise be nondeductible by the Company pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended. For purposes of the preceding sentence, the amount to be deferred with respect to any compensation plans payable in Company shares shall be determined by taking into consideration any fixed cash compensation to be received subsequent to the date on which shares are distributable under such program. Notwithstanding any other provision of this Plan, deferrals under this paragraph (e) shall be distributable only six (6) months after the Participant separates from service in accordance with Section 6.

(f) All elections under this Plan shall be made by written notice delivered to the Vice President, Human Resources, of the Company specifying (i) the portion, if any, determined under paragraph (c), of each category of the Participant's compensation to be deferred for a year, as described above, (ii), if applicable, the time of distribution, and (iii) the payment option as provided in Section 6 for distributions.

(g) Notwithstanding paragraph (f), any compensation earned after the end of the first month in which a Participant under this Plan no longer is a Participant, as defined in Section 1, but continues to be employed by the Company, shall not be deferred, provided however, the balance in the Participant's Deferral Accounts shall continue to be held and administered pursuant to the Plan; provided further that the provisions of this paragraph (g) shall not apply for amounts earned in 2005.

4. Deferral of Cash Compensation.

(a) On the date the cash compensation (and effective January 1, 2008, stock compensation) deferred under the Plan would have become payable to the Participant in the absence of an election under the Plan to defer payment thereof, the amount of such deferred compensation shall be credited to a Stock Deferral Account and/or any of the Cash Deferral Account investment portfolios designated as available by the Committee from time to time. All Deferral Accounts shall be established and maintained for each Participant in the Company's accounting books and records and the Company shall be under no obligation to purchase any investments designated by the Participant. To the extent that, at the time amounts are credited to a Participant's Deferral Accounts, any federal, state or local payroll withholding tax applies (e.g., Medicare withholding tax), the Participant shall be responsible for the payment of such amount to the Company and the Company shall promptly remit such amount to the proper taxing authority.

(b) Participant's Cash Deferral Accounts shall be credited with any gains or losses equal to those generated as if the Participant's Cash Deferral Account balances had been invested in the applicable investment portfolio(s) selected by the Participant

(c) A Participant's deferred cash compensation (and effective for deferrals after January 1, 2008, stock compensation) credited to a Participant's Stock Deferral Account shall be used to determine the number of full and fractional units ("Units") representing Company Common Shares ("Shares") which the deferred amount would purchase at the closing price for the Shares on the New York Stock Exchange ("NYSE") composite transactions reporting system on the date that the deferred amount is credited pursuant to paragraph (a) and if Shares were not traded on that date on the NYSE, then such computation shall be made as of the first preceding day on which Shares were so traded. The Company shall credit the Participant's Stock Deferral Account with the number of full and fractional Units so determined. A Participant's Stock Deferral Account shall be administered in accordance with Section 5(b) through (e).

(d) A Participant may elect pursuant to rules established by the Committee to transfer a portion or all of the balance of any Deferral Account established under this Section 4 to any other such Deferral Account; provided, however, that effective May 1, 2008, any stock compensation deferred into the Plan will be allocated to a Stock Fund Account where it must remain for more than six months after deferral.

(e) Notwithstanding the foregoing, a Participant may elect to have any portion or all of the Participant's cash deferrals credited to any of the Deferral Accounts listed in paragraph (a) and may transfer balances in accordance with paragraph (d) provided that the Participant is considered, in the judgment of the Chief Executive Officer of the Company, to be on plan to meet the Participant's Company Share ownership guideline. Otherwise, a Participant must elect that at least 50% of any cash compensation (and effective January 1, 2008, stock compensation) deferral hereunder be credited to a Stock Deferral Account and may not transfer any portion of the balance of the Stock Deferral Account to another Deferral Account.

5. Deferral of Stock Compensation.

(a) Prior to January 1, 2008, at the time that Shares are distributable to a Participant, who has elected to defer the receipt thereof under Section 3(c) or (e), in lieu of Shares being issued, there shall be credited to a separate Stock Deferral Account for the Participant, full stock equivalent units ("Units") which shall be established and maintained on the Company's records. One Unit shall be allocated to the Stock Deferral Account for each such Share. The balance of a Stock Deferral Account established under this Section 5(a) pursuant to deferrals under Section 3(c)(iii) or (iv) may not be transferred to any other Deferral Account.

(b) As of each dividend payment date established by the Company for the payment of cash dividends with respect to its Shares, the Company shall credit each separate Stock Deferral Account of a Participant with an additional number of whole and/or fractional Units equal to:

(i) the product of (x) the dividend per Share which is payable with respect to such dividend payment date, multiplied by (y) the number of whole and fractional Units credited to the separate Stock Deferral Account of a Participant as of such payment date;

divided by

(ii) The closing price of a Share on the dividend payment date (or if Shares were not traded on that date, on the next preceding day on which Shares were so traded), as reported on the NYSE-composite tape.

(c) At no time prior to actual delivery of Shares pursuant to the Plan, shall the Company be obligated to purchase or reserve Shares for delivery of a Participant and the Participant shall not be a shareholder nor have any of the rights of a shareholder with respect to the Units credited to the Participant's Stock Deferral Accounts.

(d) To the extent that, at the time Units are credited to a Stock Deferral Account of a Participant, any federal, state or local payroll withholding tax applies (e.g., Medicare withholding tax), the Participant shall be responsible for the payment of such amount to the Company and the Company shall promptly remit such amount to the proper taxing authority.

(e) In the event of any change in the number of outstanding Shares by reason of any stock dividend, stock split up, recapitalization, merger, consolidation, exchange of shares or other similar corporate change, the number of Units in each separate Stock Deferral Account of a Participant shall be appropriately adjusted to take into account any such event.

6. Payment of Deferred Compensation.

(a) In the event a Participant separates from service prior to commencing to receive scheduled withdrawal payments of the Participant's Deferral Accounts, such scheduled withdrawal payments, if any, that have not commenced pursuant to Section 7, and the amount selected by the Participant to be paid upon a separation from service, shall be paid to the Participant in: (i) a single lump sum; (ii) annual, semi-annual or quarterly substantially equal installments over a period, not exceeding twenty (20) years; or (iii) a specific percentage in a lump sum followed by annual, semi-annual or quarterly substantially equal periodic installments over a period, not exceeding twenty (20) years, as the Participant shall have selected pursuant to Section 3(f). Such periodic payments shall begin or the lump sum payment shall be made, as the case may be, from the Participant's Deferral Accounts, at such time, within 60 days after not less than six (6) nor more than twelve (12) months after the Participant's separation from service, as the Participant shall have selected pursuant to Section 3(f); provided, however, that if Participant has not selected a payment option with respect to payment upon a separation from service, such amounts shall be paid in a lump sum within 60 days after the six-month anniversary after Participant's separation from service. Installment payments made after the first installment or lump sum payment, as the case may be, will be made on the annual, semi-annual or quarterly anniversary of the first installment or lump sum payment, as the case may be, as elected pursuant to Section 3(f). Notwithstanding the foregoing, a Participant may elect not less than twelve (12) months prior to the Participant's separation from service, to change the time or form of distribution of the Participant's Deferral Accounts upon a separation from service; provided, however that any such change shall be invalid if the effect of such change is to accelerate distribution; provided, further that upon any such change, the distribution shall be paid at least five (5) years after the date originally selected pursuant to Section 3(f).

(b) The amount of each installment payable to a Participant from the Participant's Cash Deferral Accounts shall be determined by dividing the aggregate balance of such Participant's Cash Deferral Accounts by the number of periodic installments (including the current installment) remaining to be paid. Until a Participant's Cash Deferral Accounts has been completely distributed, the balance thereof remaining, from time to time, shall be credited with gains and losses on a monthly basis as provided in Section 4(b).

(c) The amount of any installment payable to a Participant from the Participant's Stock Deferral Accounts shall be determined by dividing the balance of the aggregate number of Units in the Participant's Stock Deferral Accounts by the number of periodic installments (including the current installment) remaining to be paid and the quotient shall be the number of Shares that are payable. If the determination of the installment payable from the Participant's Stock Deferral Accounts results in a fractional Share being payable, the installment payment shall exclude any such fractional Share payment except that, in the final installment payment, any such fractional Share shall be paid in cash in an amount as determined by the Committee. Until the Participant's Stock Deferral Accounts have been completely distributed, the balance in the Stock Deferral Accounts shall continue to be credited with the dividend equivalents on such balances as provided in Section 5(b).

(d) In the event a Participant dies prior to receiving payment of the entire amount of the Participant's Deferral Accounts, the unpaid balance shall be paid to such beneficiary as the Participant may have designated in writing to the Vice President, Human Resources, of the Company as the beneficiary to receive any such post-death distribution under the Plan or, in the absence of such written designation, to the Participant's legal representative or to the beneficiary designated in the Participant's last will as the one to receive such distributions. Distributions upon the death of a Participant shall commence within 60 days after the death of the Participant in: (i) a single lump sum; (ii) annual, semi-annual or quarterly substantially equal installments over a period, not exceeding twenty (20) years; or (iii) a specific percentage in a lump sum followed by annual, semi-annual or quarterly substantially equal installments over a period, not exceeding twenty (20) years as elected by the Participant pursuant to Section 3(f) and the amount of each installment shall be computed as provided in Section 6(b), and (d) as the case may be; provided, however, that if Participant has not selected a payment option with respect to payment upon death, such amounts shall be paid to Participant's beneficiary in a lump sum within 60 days after the death of the Participant. Installment payments made after the first installment or lump sum payment, as the case may be, will be made on the annual, semi-annual or quarterly anniversary of the first installment or lump sum payment, as the case may be, as elected pursuant to Section 3(f). Notwithstanding the foregoing, a Participant may elect not less than twelve (12) months prior to the Participant's death, to change the time or form of distribution of the Participant's Deferral Accounts; provided, however that any such change shall be invalid if the effect of such change is to accelerate distribution; provided, further that upon any such change, the distribution shall be paid at least five (5) years after the date originally selected pursuant to Section 3(f).

(e) In the event a Participant becomes disabled prior to the Participant's separation from service or scheduled withdrawal date, the unpaid balance shall be paid to the Participant commencing within 60 days after the date of Participant's disability in: (i) a single lump; (ii) annual, semi-annual or quarterly substantially equal installments over a period, not exceeding twenty (20) years; or (iii) a specified percentage in a lump sum followed by annual, semi-annual or quarterly substantially installments over a

period, not exceeding twenty (20) years as elected by the Participant pursuant to Section 3(f) and the amount of each installment shall be computed as provided in Section 6(b), and (d) as the case may be; provided, however, that if Participant has not selected a payment option with respect to payment upon disability, such amounts shall be paid to Participant in a single lump sum within 60 days after Participant's disability. Installment payments made after the first installment or lump sum payment, as the case may be, will be made on the annual, semi-annual or quarterly anniversary of the first installment or lump sum payment, as the case may be, as elected pursuant to Section 3(f). Notwithstanding the foregoing, a Participant may elect not less than twelve (12) months prior to the Participant's disability, to change the time or form of distribution of the Participant's Deferral Accounts, provided, however that any such change shall be invalid if the effect of such change is to accelerate distribution; provided, further that upon any such change, the distribution shall be paid at least five (5) years after the date originally selected pursuant to Section 3(f). For purposes of this paragraph (e), the term "disabled" means (A) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (B) the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company.

(f) Tax withholding for distributions under Sections 6 and 7 of Participant's Stock Deferral Accounts shall be made from those Shares otherwise issuable and shall be such number of Shares that will provide for the federal, state and/or local income tax at the rates then applicable for supplemental wages, unless otherwise requested by the Participant, but in no event less than the statutory minimums for tax withholding.

(g) For purposes under paragraph (f) of determining the number of Shares that are to be withheld to provide for the tax withholding, Shares shall be valued at the closing price on the New York Stock Exchange of a Share on the date the Shares are distributable (or if the Shares were not traded on that date, on the next preceding day on which the Shares were so traded). If the determination of the tax withholding would require the withholding of a fractional Share, the Company shall withhold the nearest whole number of Shares needed to pay the tax withholding, rounded up, and remit to the Participant in cash the amount of the excess after the withholding taxes have been satisfied.

(h) Payments from the Cash Deferral Accounts shall be made in cash and payments from the Stock Deferral Accounts shall be made in Shares. The amount of any distribution pursuant to Sections 6 through 8 shall reduce the balance held in the Participant's corresponding Deferral Accounts as of the date of such distribution. Installment payments shall be made pro-rata from a Participant's Deferral Accounts.

7. Scheduled Withdrawal Accounts. Pursuant to Section 3 a Participant may elect to receive part or all of the Participant's deferrals under Section 3(c)(i) and (ii) (and for all deferrals on or after January 1, 2008) in accordance with Participant's elections for up to three scheduled withdrawal accounts, and with respect to Participant's deferrals prior to January 1, 2008 pursuant to Section 3(c)(iii) and 3(e) a Participant may elect to receive part or all of Participant's deferrals in accordance with Participant's elections for up to three scheduled withdrawal accounts, each of which shall commence within 60 days after the date elected by the Participant pursuant to Section 3(f) in: (i) a single lump

sum; (ii) annual, semi-annual or quarterly substantially equal installments over a period, not exceeding twenty (20) years; or (iii) a specified percentage in a lump sum followed by annual, semi-annual or quarterly substantially equal installments over a period, not exceeding twenty (20) years and the amount of each installment shall be computed as provided in Section 6(b), and (c) as the case may be. Installment payments made after the first installment or lump sum payment, as the case may be, will be made on the annual, semi-annual or quarterly anniversary of the first installment or lump sum payment, as the case may be, as elected pursuant to Section 3(f). Notwithstanding the foregoing, a Participant may elect not less than twelve (12) months prior to the Participant's date of the scheduled withdrawal, to change the time or form of distribution of the Participant's Deferral Accounts, provided, however that any such change shall be invalid if the effect of such change is to accelerate distribution; provided, further that upon any such change, the distribution shall be paid at least five (5) years after the date originally selected pursuant to Section 3(f).

8. Unforeseeable Emergency. The Committee may accelerate the distribution of part or all of one or more of a Participant's Deferral Accounts for reasons of an unforeseeable emergency that cannot be met using other resources, as determined by the Committee pursuant to the terms of this Section 8. For purposes of the Plan, an unforeseeable emergency is a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's beneficiary or the Participant's dependent (as defined in Section 152 of the Code, without regard to Section 152(b)(1), (b)(2) and (d)(1)(B)); the loss of Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. A distribution based on severe financial hardship shall not exceed the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, local or foreign income taxes or penalties reasonably anticipated from the distribution).

9. Non-assignability. None of the rights or interests in any of the Participant's Deferral Accounts shall, at any time prior to actual payment or distribution pursuant to the Plan, be assignable or transferable in whole or in part, either voluntarily or by operation of law or otherwise, and such rights and interest shall not be subject to payment of debts by execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner.

10. Interest of Participant. The Company shall be under no obligation to segregate or reserve any funds or other assets for purposes relating to the Plan and, except as set forth in this Plan, no Participant shall have any rights whatsoever in or with respect to any funds or other assets held by the Company for purposes of the Plan or otherwise. Each Participant's accounts maintained for purposes of the Plan merely constitute bookkeeping entries on records of the Company, constitute the unsecured promise and obligation of the Company to make payments as provided herein, and shall not constitute any allocation whatsoever of any cash, shares or other assets of the Company or be deemed to create any trust or special deposit with respect to any of the Company's assets. Notwithstanding the foregoing provisions, nothing in this Plan shall preclude the Company from setting aside Shares or funds in trust pursuant to one or more trust agreements between a trustee and the Company. However, no Participant shall have any secured interest or claim in any assets or property of the Company or any such trust and all Shares or funds contained in such trust shall remain subject to the claims of the Company's general creditors.

11. Amendment. The Board of Directors of the Company, or the Organization and Compensation Committee may, from time to time, amend or terminate the Plan, provided that no such amendment or termination of the Plan shall adversely affect a Participant's accounts as they existed immediately before such amendment or termination or the manner of distribution thereof, unless such Participant shall have consented thereto in writing. Notice of any amendment or termination of the Plan shall be given promptly to all Participants.

12. Plan Implementation. This Plan is adopted and effective for deferrals of compensation earned for calendar years beginning on or after January 1, 2005 and amended and restated January 1, 2008.

13. Section 409A Transition Elections. A Participant who prior to January 1, 2008 has made an initial deferral election under this Plan may change the form and/or time of payment with respect to any or all of such elections; provided however that (a) no such election may be made for amounts otherwise payable under this Plan during 2007, and (b) no payment pursuant to such election may be payable prior to May 1, 2008.

Exhibit 10.2

THE LUBRIZOL CORPORATION

2005 Deferred Compensation Plan For Directors

(As Amended, April 28, 2008)

1. Purpose. The purpose of this 2005 Deferred Compensation Plan For Directors (the "Plan") is to continue to permit any member of the Board of Directors (the "Participant") of The Lubrizol Corporation (the "Company"), to defer all or a portion of the compensation earned as a director in calendar years beginning on or after January 1, 2005, until after the Participant separates from service as a director, all as provided in the Plan.

2. Administration. The Plan shall be administered by the Organization and Compensation Committee of the Board of Directors of the Company (the "Committee"). The Committee's interpretation and construction of all provisions of this Plan shall be binding and conclusive. In the event that a Participant is a member of the Committee, such Participant shall not participate in any decision of the Committee relating to that Participant's participation in this Plan.

3. Right to Defer Compensation.

(a) Any director of the Company may, at any time prior to January 1 of a given calendar year, elect to defer under this Plan all, or such portion as the director may designate, of (i) that director's annual retainer fee, (ii) the attendance fees for attending directors' meetings or committees thereof and/or (iii) stock compensation under The Lubrizol Corporation 2005 Stock Incentive Plan. All compensation deferred shall be deferred on the day that such compensation would otherwise have been paid to the director.

(b) The election described in paragraph (a) shall be made by written notice delivered to the Vice President, Human Resources, of the Company specifying (i) the portion of designated compensation to be deferred for such year, (ii) time of distribution, and (iii) if applicable, the payment option.

(c) The election under this Section 3 shall take effect on the first day of the calendar year following the year in which the election is made. A new election must be made for each calendar year.

(d) Notwithstanding paragraphs (a), (b) and (c), the first year a Participant becomes eligible to participate in the Plan, he may make an initial deferral election within 30 days after he becomes eligible to participate but only with respect to compensation paid for services performed after the election.

4. Deferral of Cash Compensation.

(a) On the date the cash compensation (and effective January 1, 2008, stock compensation) deferred under the Plan would have become payable to the Participant in the absence of an election under the Plan to defer payment thereof, the amount of such deferred compensation shall be credited to a Stock Deferral Account and/or any of the Cash Deferral Account investment portfolios designated as available by the Committee from time to time. All Deferral Accounts shall be established and maintained for each Participant in the Company's accounting books and records and the Company shall be under no obligation to purchase any investments designated by the Participant.

(b) Participant's Cash Deferral Accounts shall be credited with any gains or losses equal to those generated as if the Participant's Cash Deferral Account balances had been invested in the applicable investment portfolio(s) selected by the Participant

(c) A Participant's deferred cash compensation (and effective for deferrals after January 1, 2008, stock compensation) credited to a Participant's Stock Deferral Account shall be used to determine the number of full and fractional units ("Units") representing Company Common Shares ("Shares") which the deferred amount would purchase at the closing price for the Shares on the New York Stock Exchange ("NYSE") composite transactions reporting system on the date that the deferred amount is credited pursuant to paragraph (a) and if Shares were not traded on that date on the NYSE, then such computation shall be made as of the first preceding day on which Shares were so traded. The Company shall credit the Participant's Stock Deferral Account with the number of full and fractional Units so determined. A Participant's Stock Deferral Account shall be administered in accordance with Section 5(b) through (e).

(d) A Participant may elect pursuant to rules established by the Committee to transfer a portion or all of the balance of any Deferral Account established under this Section 4 to any other such Deferral Account; provided, however, that effective April 28, 2008, any stock compensation deferred into the Plan will be allocated to a Stock Fund Account where it must remain for more than six months after deferral.

5. Deferral of Stock Compensation.

(a) Prior to January 1, 2008, at the time that Shares are distributable to a Participant, who has elected to defer the receipt thereof under Section 3, in lieu of Shares being issued, there shall be credited to a separate Stock Deferral Account for the Participant, full stock equivalent units ("Units") which shall be established and maintained on the Company's records. One Unit shall be allocated to the Stock Deferral Account for each such Share. The balance of a Stock Deferral Account established under this Section 5(a) pursuant to deferrals under Section 3 may not be transferred to any other Deferral Account.

(b) As of each dividend payment date established by the Company for the payment of cash dividends with respect to its Shares, the Company shall credit each separate Stock Deferral Account of a Participant with an additional number of whole and/or fractional Units equal to:

(i) the product of (x) the dividend per Share which is payable with respect to such dividend payment date, multiplied by (y) the

number of whole and fractional Units credited to the separate Stock Deferral Account of a Participant as of such payment date;

divided by

(ii) The closing price of a Share on the dividend payment date (or if Shares were not traded on that date, on the next preceding day on which Shares were so traded), as reported on the NYSE-composite tape.

(c) At no time prior to actual delivery of Shares pursuant to the Plan, shall the Company be obligated to purchase or reserve Shares for delivery of a Participant and the Participant shall not be a shareholder nor have any of the rights of a shareholder with respect to the Units credited to the Participant's Stock Deferral Accounts.

(d) In the event of any change in the number of outstanding Shares by reason of any stock dividend, stock split up, recapitalization, merger, consolidation, exchange of shares or other similar corporate change, the number of Units in each separate Stock Deferral Account of a Participant shall be appropriately adjusted to take into account any such event.

6. Payment of Deferred Compensation.

(a) In the event a Participant separates from service prior to commencing to receive scheduled withdrawal payments of the Participant's Deferral Accounts, such scheduled withdrawal payments, if any, that have not commenced pursuant to Section 7, and the amount selected by Participant to be paid upon a separation from service, shall be to the Participant in: (i) a single lump sum; (ii) annual, semi-annual or quarterly substantially equal installments over a period, not exceeding twenty (20) years; or (iii) a specified percentage in a lump sum followed by annual, semi-annual or quarterly substantially equal installments over a period, not exceeding twenty (20) years, as the Participant shall have selected pursuant to Section 3(b). Such periodic payments shall begin or the lump sum payment shall be made, as the case may be, from the Participant's Deferral Accounts, at such time, within 60 days after not less than six (6) months nor more than twelve (12) months after the Participant's separation from service, as the Participant shall have selected pursuant to Section 3(b); provided, however, that if Participant has not selected a payment option with respect to payment upon a separation from service, such amounts shall be paid in a lump sum within 60 days after the six-month anniversary after Participant's separation from service. Installment payments made after the first installment or lump sum payment, as the case may be, will be made on the annual, semi-annual or quarterly anniversary of the first installment or lump sum payment, as the case may be, as elected pursuant to Section 3(b). Notwithstanding the foregoing, a Participant may elect not less than twelve (12) months prior to the Participant's separation from service, to change the time or form of distribution of the Participant's Deferral Accounts upon a separation from service; provided, however that any such change shall be invalid if the effect of such change is to accelerate distribution; provided, further that upon any such change, the distribution shall be paid at least five (5) years after the date originally selected pursuant to Section 3(b).

(b) The amount of each installment payable to a Participant from the Participant's Cash Deferral Accounts shall be determined by dividing the aggregate balance of such Participant's Cash Deferral Accounts by the number of periodic installments (including the current installment) remaining to be paid. Until a Participant's Cash Deferral Accounts has been completely distributed, the balance thereof remaining, from time to time, shall be credited with gains and losses on a monthly basis as provided in Section 4(b).

(c) The amount of any installment payable to a Participant from the Participant's Stock Deferral Accounts shall be determined by dividing the balance of the aggregate number of Units in the Participant's Stock Deferral Accounts by the number of periodic installments (including the current installment) remaining to be paid and the quotient shall be the number of Shares that are payable. If the determination of the installment payable from the Participant's Stock Deferral Accounts results in a fractional Share being payable, the installment payment shall exclude any such fractional Share payment except that, in the final installment payment, any such fractional Share shall be paid in cash in an amount as determined by the Committee. Until the Participant's Stock Deferral Accounts have been completely distributed, the balance in the Stock Deferral Accounts shall continue to be credited with the dividend equivalents on such balances as provided in Section 5(b).

(d) In the event a Participant dies prior to receiving payment of the entire amount of the Participant's Deferral Accounts, the unpaid balance shall be paid to such beneficiary as the Participant may have designated in writing to the Vice President, Human Resources, of the Company as the beneficiary to receive any such post-death distribution under the Plan or, in the absence of such written designation, to the Participant's legal representative or to the beneficiary designated in the Participant's last will as the one to receive such distributions. Distributions subsequent to the death of a Participant shall commence within 60 days after the death of the Participant in: (i) a single lump sum; (ii) annual, semi-annual or quarterly substantially equal installments over a period, not exceeding twenty (20) years; or (iii) a specified percentage in a lump sum followed by annual, semi-annual or quarterly substantially equal installments over a period, not exceeding twenty (20) years as elected by the Participant pursuant to Section 3(b) and the amount of each installment shall be computed as provided in Section 6(b), and (d) as the case may be; provided, however, that if Participant has not selected a payment option with respect to payment upon death, such amounts shall be paid to Participant's beneficiary in a lump sum within 60 days after the death of the Participant. Installment payments made after the first installment or lump sum payment, as the case may be, will be made on the annual, semi-annual or quarterly anniversary of the first installment or lump sum payment, as the case may be, as elected pursuant to Section 3(b). Notwithstanding the foregoing, a Participant may elect not less than twelve (12) months prior to the Participant's death, to change the time or form of distribution of the Participant's Deferral Accounts; provided, however that any such change shall be invalid if the effect of such change is to accelerate distribution; provided, further that upon any such change, the distribution shall be paid at least five (5) years after the date originally selected pursuant to Section 3(b).

(e) Payments from the Cash Deferral Accounts shall be made in cash and payments from the Stock Deferral Accounts shall be made in Shares. The amount of any distribution pursuant to Sections 6 through 8 shall reduce the balance held in the Participant's corresponding Deferral Accounts as of the date of such distribution. Installment payments shall be made pro-rata from a Participant's Deferral Accounts.

7. Scheduled Withdrawal Accounts. Pursuant to Section 3, a Participant may elect to receive part or all of the Participant's deferrals in accordance with Participant's elections pursuant to Section 3(a)(i) and (ii) (and for all deferrals on or after January 1, 2008) for up to three scheduled withdrawal accounts and with respect to Participant's deferrals prior to January 1, 2007 pursuant to Section 3(a)(iii) a Participant may elect to receive part or all of Participant's deferrals in accordance with Participant's elections for up to three scheduled withdrawal accounts,, each of which shall commence within 60 days after the date elected by the Participant pursuant to Section 3(b) in: (i) a single lump sum; (ii) annual, semi-annual or quarterly substantially equal installments over a period, not exceeding twenty (20) years; or (iii) a specified percentage in a lump sum followed by annual, semi-annual or quarterly substantially equal installments over a period, not exceeding twenty (20) years and the amount of each installment shall be computed as provided in Section 6(b), and (c) as the case may be. Notwithstanding the foregoing, a Participant may elect not less than twelve (12) months prior to the Participant's date of the scheduled withdrawal, to change the time or form of distribution of the Participant's Deferral Accounts, provided, however that any such change shall be invalid if the effect of such change is to accelerate distribution; provided, further that upon any such change, the distribution shall be paid at least five (5) years after the date originally selected pursuant to Section 3(b).

8. Unforeseen Emergency. The Committee may accelerate the distribution of part or all of one or more of a Participant's Deferral Accounts for reasons of an unforeseeable emergency that cannot be met using other resources, as determined by the Committee pursuant to the terms of this Section 8. For purposes of the Plan, an unforeseeable emergency is a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's beneficiary or the Participant's dependent (as defined in Section 152 of the Code, without regard to Section 152(b)(1), (b)(2) and (d)(1)(B)); the loss of Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. A distribution based on severe financial hardship shall not exceed the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, local or foreign income taxes or penalties reasonably anticipated from the distribution).

9. Non-assignability. None of the rights or interests in any of the Participant's Deferral Accounts shall, at any time prior to actual payment or distribution pursuant to the Plan, be assignable or transferable in whole or in part, either voluntarily or by operation of law or otherwise, and such rights and interest shall not be subject to payment of debts by execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner.

10. Interest of Participant. The Company shall be under no obligation to segregate or reserve any funds or other assets for purposes relating to the Plan and, except as set forth in this Plan, no Participant shall have any rights whatsoever in or with respect to any funds or other assets held by the Company for purposes of the Plan or otherwise. Each Participant's accounts maintained for purposes of the Plan merely constitute bookkeeping entries on records of the Company, constitute the unsecured promise and obligation of the Company to make payments as provided herein. and shall not constitute any allocation whatsoever of any cash, shares or other assets of the Company or be deemed to create any trust or special deposit with respect to any of the Company's assets. Notwithstanding the foregoing provisions, nothing in this Plan shall preclude the Company from setting aside Shares or funds in trust pursuant to one or

more trust agreements between a trustee and the Company. However, no Participant shall have any secured interest or claim in any assets or property of the Company or any such trust and all Shares or funds contained in such trust shall remain subject to the claims of the Company's general creditors.

11. Amendment. The Board of Directors of the Company, or the Organization and Compensation Committee may, from time to time, amend or terminate the Plan, provided that no such amendment or termination of the Plan shall adversely affect a Participant's accounts as they existed immediately before such amendment or termination or the manner of distribution thereof, unless such Participant shall have consented thereto in writing. Notice of any amendment or termination of the Plan shall be given promptly to all Participants.

12. Plan Implementation. This Plan is adopted and effective for deferrals of compensation earned for calendar years beginning on or after January 1, 2005, and amended and restated January 1, 2008.

13. Section 409A Transition Elections. A Participant who prior to January 1, 2008 has made an initial deferral election under this Plan may change the form and/or time of payment with respect to any or all of such elections; provided however that (a) no such election may be made for amounts otherwise payable under this Plan during 2007, and (b) no payment pursuant to such election may be payable prior to May 1, 2008.

Exhibit 31.1

THE LUBRIZOL CORPORATION
Rule 13a-14(a) Certification

I, James L. Hambrick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Lubrizol Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

(d) disclosed in this report any change in registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James L. Hambrick
James L. Hambrick
Chief Executive Officer and President
May 9, 2008

Exhibit 31.2

THE LUBRIZOL CORPORATION
Rule 13a-14(a) Certification

I, Charles P. Cooley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Lubrizol Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

(d) disclosed in this report any change in registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Charles P. Cooley
Charles P. Cooley
Chief Financial Officer
May 9, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2007

☐ 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 1-5263

THE LUBRIZOL CORPORATION

(Exact name of registrant as specified in its charter)

OHIO	34-0367600
(State of incorporation)	(I.R.S. Employer Identification No.)

29400 Lakeland Boulevard
Wickliffe, Ohio 44092-2298
(Address of principal executive officers, including zip code)

Registrant's telephone number, including area code: (440) 943-4200

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

Title of each class	Name of each exchange on which registered
Common Shares without par value	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act of 1933. Yes ☑ No ☐

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

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 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 ☑ 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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

Aggregate market value (on basis of closing sale price) of voting stock held by nonaffiliates as of June 30, 2007: $4,452,787,002.

Number of the registrant's Common Shares, without par value, outstanding as of February 15, 2008: 68,412,788.

Documents Incorporated by Reference

Portions of the registrant's 2007 Annual Report to its shareholders (Incorporated into Part I and II of this Form 10-K)

Portions of the proxy statement for the 2008 Annual Meeting of Shareholders (Incorporated into Part III of this Form 10-K)

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PART I

ITEM 1. BUSINESS

References to "Lubrizol", the "company", "we", "us" or "our" refer to The Lubrizol Corporation and its subsidiaries, except where the context makes clear that the reference only is to The Lubrizol Corporation itself and not its subsidiaries.

Overview

We are an innovative specialty chemical company that produces and supplies technologies that improve the quality and performance of our customers' products in the global transportation, industrial and consumer markets. Our business is founded on technological leadership. Innovation provides opportunities for us in growth markets as well as advantages over our competitors. From a base of approximately 1,600 patents, we use our product development and formulation expertise to sustain our leading market positions and fuel our future growth. We create additives, ingredients, resins and compounds that enhance the performance, quality and value of our customers' products, while minimizing their environmental impact. Our products are used in a broad range of applications, and are sold into relatively stable markets such as those for engine oils, specialty driveline lubricants and metalworking fluids, as well as higher-growth markets such as personal care and over-the-counter pharmaceutical products, performance coatings and inks and compressor lubricants. Our specialty materials products also are used in a variety of industries, including the construction, sporting goods, medical products and automotive industries.

We are an industry leader in many of the markets in which our product lines compete. We produce products with well-recognized brand names, such as Anglamol® (gear oil additives), Carbopol® (acrylic thickeners for personal care products), Estane® (thermoplastic polyurethane) and TempRite® (engineered polymers resins and compounds used in plumbing, industrial and fire sprinkler systems).

We are geographically diverse, with an extensive global manufacturing, supply chain, technical and commercial infrastructure. We operate facilities in 27 countries, including production facilities in 19 countries and laboratories in 12 countries, in key regions around the world through the efforts of more than 6,900 employees. We derived approximately 42% of our consolidated total revenues from North America, 30% from Europe, 21% from the Asia/Pacific and the Middle East region and 7% from Latin America. We sell our products in more than 100 countries and believe that our customers recognize and value our ability to provide customized, high quality, cost-effective performance formulations and solutions worldwide. We also believe our customers highly value our global supply chain capabilities.

Our consolidated results for the year ended December 31, 2007 included total revenues of $4,499.0 million. We have generated consistently strong cash flows from our diverse product lines, leading market positions, disciplined capital expenditure programs and working capital management. We believe our strong cash flow will enable us to maintain our leading market positions and to invest in targeted growth strategies while continuing to reduce indebtedness.

We are organized into two operating and reportable segments. We made the final determination in January 2007 to change the names of our two reportable segments. The new segment names are Lubrizol Additives, previously known as Lubricant Additives, and Lubrizol Advanced Materials, previously known as Specialty Chemicals. The change was in name only as the management structure of the segments and product lines included in each segment remain unchanged.

Our principal executive offices are located at 29400 Lakeland Boulevard, Wickliffe, Ohio 44092-2298 and our telephone number is 440-943-4200. Our website is located at *www.lubrizol.com*. Information contained on our website does not constitute part of this annual report on Form 10-K. We make available free of charge on our website the annual reports on Form 10-K, the 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 soon as reasonably practicable after we electronically file or furnish the material to the Securities and Exchange Commission (SEC).

Acquisitions and Divestitures

On November 1, 2007, we completed the acquisition of the refrigeration lubricants business of Croda International Plc (Croda) for approximately $124.6 million. The acquisition primarily included lubricant technology, trade names, customer lists, manufacturing know-how and inventory. No manufacturing facilities were included in the transaction.

On February 7, 2007, we acquired for approximately $15.7 million a broad line of additive products in the metalworking markets worldwide from Lockhart Chemical Company (Lockhart). We purchased Lockhart's entire metalworking product line, which included natural, synthetic and gelled sulfonates; emulsifier packages; corrosion inhibitors and lubricity agents; grease additives; oxidates; esters; soap; semi-finished coatings; and rust preventatives.

In May 2006, we sold the food ingredients and industrial specialties business (FIIS) and the active pharmaceutical ingredients and intermediate compounds business (A&I), both of which were included in the Lubrizol Advanced Materials segment. A&I and most of the FIIS divestiture reported into the Noveon® consumer specialties product line, while a small portion of the FIIS divestiture reported into the performance coatings product line. In 2006, we recorded a $15.9 million after-tax loss on the sale of these divested businesses.

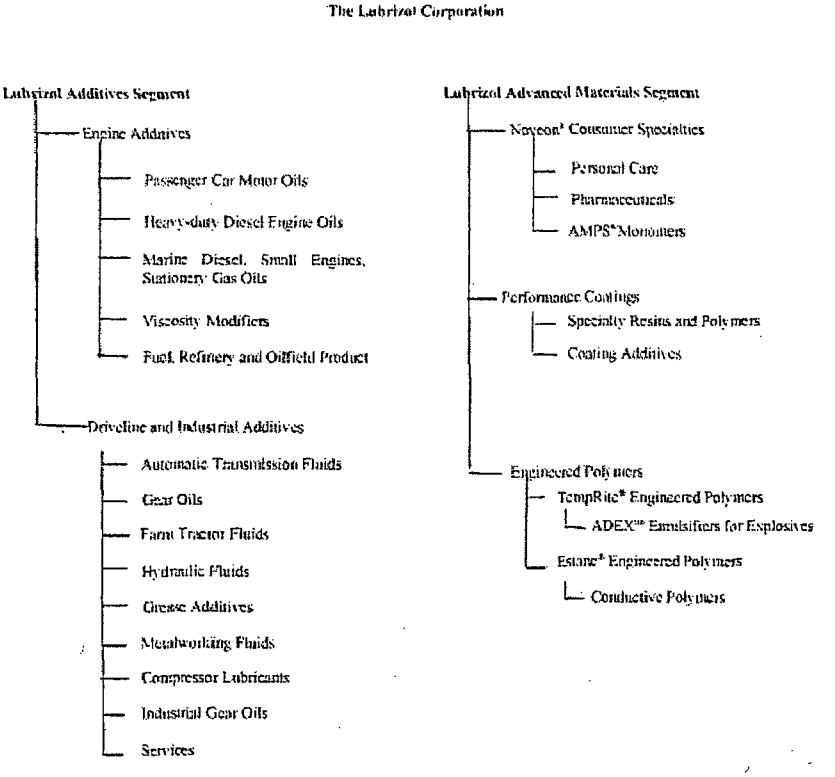
In February 2006, we sold certain assets and liabilities of our Telene® resins business (Telene), which was included in the Lubrizol Advanced Materials segment.

In December 2005, we sold certain assets, liabilities and stock of our Engine Control Systems (ECS) business, with facilities located in Canada, the United States and Sweden. In September 2005, we sold certain assets and liabilities of our U.S. and U.K. Lubrizol Performance Systems (LPS) operations. Both of these businesses had been included in the Lubrizol Additives segment.

Business Segments

The Lubrizol Additives segment represents approximately 66% of our 2007 consolidated revenues and is comprised of our businesses in engine additives and driveline and industrial additives. The Lubrizol Advanced Materials segment represents approximately 34% of our 2007 consolidated revenues and primarily is comprised of the businesses we acquired in the 2004 Noveon International, Inc. acquisition and our former performance chemicals product group.

The following chart summarizes the product groupings within each of our key product lines.



Lubrizol Additives Segment

The Lubrizol Additives segment is the leading global supplier of additives for transportation and industrial lubricants. We pioneered the development of lubricant additives 80 years ago and continue to maintain leadership in what we estimate to be a $9.0 billion industry. Our customers rely on our products to improve the performance and lifespan of critical components, such as engines, transmissions and gear drives for cars, trucks, buses, off-highway equipment, marine engines and industrial applications.

For the year ended December 31, 2007, the Lubrizol Additives segment generated revenues of $2,961.1 million and segment operating income of $391.0 million.

Our products provide value to our customers and serve to increase cost-effectiveness by reducing friction and heat, resisting oxidation, minimizing deposit formation, and preventing corrosion and wear. Through our in-house research, development and testing programs, we have the capability to invent and develop a broad range of proprietary chemical components, including antioxidants, anti-wear agents, corrosion inhibitors, detergents, dispersants, friction modifiers and viscosity modifiers. We formulate proprietary additive packages by combining these different components to create unique products targeting specific customer problems. We are recognized by

our customers for innovative technology, the broadest product line and high-quality products. Key components of our additive packages include:

- antioxidants that retard oil thickening;
- anti-wear agents that prevent surfaces metal-to-metal contact;
- corrosion inhibitors that prevent rust;
- detergents that prevent deposit build-up;
- dispersants that protect equipment by suspending contaminant particles;
- friction modifiers that control friction at surfaces;
- polymer-based viscosity modifiers that allow lubricants to operate over broad temperature ranges; and
- pour point depressants that control low temperature fluid thickening.

Our products are essential to the performance of the finished lubricant, yet represent a relatively small portion of its volume. Our products often are designed to meet specific customer requirements. For example, we work with customers to develop additive packages that perform in combination with their proprietary base oil or that meet their marketing objectives to differentiate their lubricant. Extensive testing is conducted in our world-class laboratories, global mechanical testing facilities and in the field to determine additive performance under actual operating conditions. With this testing, we provide proof of performance, which enables our customers to label and certify the lubricant as meeting the exact performance specifications required for these products by the industry. The majority of our products are designed to meet an industry standard or specification.

During 2007, we had two primary product lines within our Lubrizol Additives segment: engine additives and driveline and industrial additives.

Engine Additives. Our engine additives products hold a leading global position for a wide range of additives for lubricating engine oils, such as for gasoline, diesel, marine and stationary gas engines. We also produce additives for fuel and refinery and oilfield chemicals. In addition, this product line sells additive components and viscosity improvers within its lubricant and fuel additives product areas. Our customers, who include major global and regional oil companies, refineries and specialized lubricant producers and marketers, blend our additive products with their base oil and distribute the finished lubricant to end users via retail, commercial or vehicle original equipment manufacturer (OEM) channels. In 2007, our engine additives products generated total revenues of $1,930.6 million.

The following is a list of representative uses for and a description of our engine additives products:

Category	Product/Brand	Description
Engine Additives	Passenger car motor oils, heavy-duty diesel engine oils, marine diesel, small engines, stationary gas and viscosity modifiers	Additives that extend engine life, lower emissions and enhance fuel economy.
	Fuel, refinery and oilfield products and other components	Additives designed to eliminate deposits and provide fuel system cleanliness, prevent rust and corrosion, enhance fuel economy, provide anti-knock, lower volatility and improve storage stability.

Driveline and Industrial Additives. We are a global supplier of specialty driveline and industrial oil additive products for use in driveline and industrial applications. This product line also provides outsourcing services for supply chain and knowledge center management. In 2007, our driveline and industrial additives generated total revenues of $1,030.5 million.

Driveline Additives

Our driveline additives products include additives for driveline oils, such as automatic transmission fluids, gear oils and tractor lubricants. Relative to engine oils, specialty driveline additives are more complex formulations that carry higher average pricing and value and have longer product life cycles. We sell our products to major global and regional oil companies, specialized lubricant producers and marketers. Our customers use our products to blend with their lubricant fluids and distribute the finished lubricant to end users via retail, commercial or vehicle OEM channels. The specialty driveline additives industry is characterized by well-established product lines that meet OEM specifications and carry OEM approvals.

Industrial Additives

Our industrial oil additives products include additives for hydraulic lubricants, metalworking fluids, industrial gear oils and grease, as well as compressor lubricants. We sell our products to major global and regional oil companies, specialized lubricant producers and marketers. Our customers use our products to blend with their fluid products and distribute the finished lubricant to end users via retail, commercial or OEM channels. Because our products are sold to industrial end-markets, our industrial oil additives products are exposed to economic cycles more than other products within the Lubrizol Additives segment.

The following is a list of representative uses for and a description of our driveline and industrial oil additives products:

Category	Product/Brand	Description
Driveline and Industrial Additives	Driveline additives for automatic transmission fluids, gear oils and farm tractor fluids	Additives that provide multiple and complex performance properties, including reducing friction in order to prevent wear of transmissions, gears and farm tractor components.
	Additives for industrial fluids, including hydraulics, metalworking, industrial gear, grease and compressor fluids	A wide range of additives to meet the lubricant performance requirements of industrial equipment.

Lubrizol Advanced Materials Segment

The Lubrizol Advanced Materials segment represents a diverse portfolio of performance chemicals used in consumer and industrial applications, such as ingredients for personal care and pharmaceutical products, emulsions and additives for coatings and inks, and specialty plastics and materials.

For the year ended December 31, 2007, the Lubrizol Advanced Materials segment generated revenues of $1,537.9 million and segment operating income of $141.8 million.

We have three primary product lines within our Lubrizol Advanced Materials segment: Noveon consumer specialties, performance coatings and engineered polymers.

Noveon Consumer Specialties. We are a global producer of specialty chemicals focusing on the personal care, home care and pharmaceutical industries. Key products include Carbopol acrylic thickeners, film formers, fixatives, emollients, silicones, specialty surfactants, methyl glucoside and lanolin derivatives. In 2007, our Noveon consumer specialties products generated total revenues of $413.6 million.

Noveon consumer specialties products impart physical and sensory properties, such as texture, stability and thickness to products, including lotions, shampoos, hair gels, cosmetics and personal and oral care products. Our products are an important component of the functionality and aesthetics of the end product, but typically represent a small portion of the customer's total product costs. Key product families include:

- Carbopol acrylic thickener, which is a global leader in synthetic thickeners due to its efficient stabilizing properties and superior thickening capabilities. Primary end-uses in the personal care industry include hair

care, skin care and personal and oral care products. Pharmaceutical primary end-uses include topical and controlled-release applications.

- Methyl glucoside and lanolin derivatives that enhance the functional and aesthetic properties of personal care products by delivering characteristics such as emulsification, thickening and moisturizing, as well as imparting the elegant feel to lotions and creams.
- AMPS® specialty monomers that are used in the manufacture of polymers for a variety of applications such as dishwashing detergents to reduce spotting, skin creams to improve lubricity and feel, medical gels for defibrillator pads to enhance conductivity and coatings and adhesives to improve adhesion.
- Specialty surfactants and additives that enhance the functional and aesthetic properties of personal care products and household and industrial cleaners by improving characteristics such as foaming, cleansing, conditioning and mildness. Surfactants primarily are used in hair care products, such as shampoos and body washes.

The following is a list of representative uses for and a description of our personal care and pharmaceuticals products:

Category	Product/Brand	Description
Personal Care and Pharmaceuticals	Carbopol®	Acrylic thickener, which imparts stability and improves aesthetics. Also used as a controlled release agent in pharmaceuticals.
	Pemulen®	Polymeric emulsifier reducing formulation irritancy and providing unique sensory properties.
	Avalure®	Polymers for color cosmetics and skin care.
	Specialty silicones	Polymers affecting slip-and-feel.
	Fixate®	Resin for hair styling.
	Emollients	Improve skin feel and appearance.
	Methyl glucoside derivatives, including Glucamate®	Natural thickeners, emulsifiers and moisturizers for shampoos, liquid cleansers, face and body creams and lotions.
	Lanolin derivatives	Natural emollients, emulsifiers and conditioners for creams, lotions and color cosmetics.
	AMPS® monomers	Specialty monomer for high performance polymers.
	Specialty surfactants, including Sulfochem®	Enhance cleansing, foaming and moisturizing of shampoos, body washes and industrial and household cleaners.
	Calcium polycarbophil	Active agent for bulk laxatives.
	Cassia gum	Gelling agents for human food (select approvals) and pet food.

Performance Coatings. We are a leading supplier of specialty resins and additives for the coatings and ink markets worldwide. We offer a wide range of products for formulating paints, coatings and inks. In 2007, our performance coatings products generated total revenues of $540.2 million.

Our business strategy for performance coatings is centered on our ability to formulate and compound polymer emulsions to create customized solutions meeting the specific needs of our customers. The performance coatings product line includes high-performance polymers and additives for specialty paper, graphic arts, paint and textile coating applications.

Specialty Resins and Polymers

Our water-based polymer emulsions and dispersions, including resins and auxiliaries, are used in the production of high-end paint and coatings for wood, paper, metal, concrete, plastic, textiles and other surfaces. Our acrylic emulsions and polyurethane dispersions, which are environmentally attractive substitutes for solvent-based and hydrocarbon products, are valued for the superior gloss and durability properties they provide. In addition, our polymers are used as ink vehicles, overprint varnishes and functional coatings for specialty paper, printing and packaging applications. We supply acrylic emulsions used to improve the appearance, texture, durability and flame retardance of high-end specialty textiles sold to the home furnishings and technical fabrics industries. In addition to water-based polymers, we specialize in unique, non-aqueous acrylic and other proprietary polymer resins for the paint and coatings, printing ink, laminating, adhesives and sealants markets. These value-added Doresco® specialty resins not only function as carriers for pigment, but also provide surface protection and adhesion properties. We work closely with our customers to develop resins that address their specific needs.

The following is a list of representative uses for and a description of our resins and polymer products:

Category	Product/Brand	Description
Specialty Resins and Polymers	Acrylic Emulsions, Polyurethane Dispersions and Other Water-based Systems, Hycar®, Sancure®, Algan®, Performax®, Vycar®, Stycar®, Myflam®	Provide superior gloss and durability properties to paints and coatings. End markets include wood, paper, metal, concrete, plastic and textiles.
	Acrylic and Other Polymer Resins, Doresco®	Function as carriers for pigments, and provide surface protection and adhesion properties. End markets include paint and coatings, printing ink, laminating, adhesives and sealants.

Coating Additives

Our additives for coatings and inks are used to enhance the appearance and durability of coatings in architectural and industrial uses, as well as to improve their processing and application characteristics. Additives such as pigment dispersants enhance the processing and performance of printing ink, while also maximizing color strength and stability in coatings and plastics. We are a leading global supplier of surface modifiers that improve the abrasion resistance properties, gloss, leveling and film characteristics of printing ink and coatings. Our products include:

- High-performance hyperdispersants for coatings, inks, thermoplastics and thermoset composites. We are a world leader in polymeric hyperdispersant technology, sold under the Solsperse® and Solplus® trade names. Hyperdispersants improve the dispersion of almost any solid particulate (including pigments, fillers, flame retardants and fibers) into almost any liquid medium (water, solvents and resins). They primarily are used to achieve even color saturation. They enrich and strengthen color, while reducing production costs and solvent emissions. We also produce Ircosperse® pigment dispersants for coatings and COLORBURST™ pigment dispersants for printing inks.
- Surface modifiers improve the performance of industrial, architectural, can, coil, wood and powder coatings by enhancing and protecting surfaces. Lanco®, Lanco® Glidd, Lanco® Matt and Aquaslip™ surface modifiers impart a variety of properties to a coating, including enhanced slip, improved abrasion and scratch resistance, matting, texturing and a silky, soft feel.

- Rheology control additives improve the performance of coatings by providing thickening, sag control, pigment anti-settling and improved surface appearance. Rheology control additives are sold under the brand names Ircothix®, Ircogel® and Solthix®.
- Specialized additives for inks improve rub resistance properties and film characteristics.

The following is a list of representative uses for and a description of our coating additives products:

Category	Product/Brand	Description
Coating Additives	Dispersants, Solsperse® Ircosperse®, COLORBURST™	Improve the dispersion of solid particulates into liquid mediums. End markets include paints and printing inks.
	Surface Modifiers Lanco®, Lanco® Glidd, Lanco® Matt, Aquaslip™	Impart a variety of properties to a coating, including enhanced slip, improved abrasion and scratch resistance, matting and texturing. End markets include industrial, architectural, can and coil, wood and powder coatings.
	Rheology Control Additives, Ircothix®, Ircogel®, Solthix®	Provide thickening, sag control and improved surface appearance of coatings.
	Specialized Additives for Inks, Duotron®, Liquitron®, Fluotron®	Improve the processing, performance and rub resistance properties.

Engineered Polymers. We are a leading global supplier of engineered polymers (EP) resins and compounds sold under the trademark TempRite. Applications for TempRite resins and compounds include piping for residential and commercial plumbing and fire sprinkler systems. In addition to TempRite, we are also a leading producer of thermoplastic polyurethane (TPU) sold under the trademark Estane. Applications for Estane TPU include plastic film and sheet for various coatings processes. Included in this product line are ADEX™ emulsifers for explosives. In 2007, the engineered polymers product line generated total revenues of $584.1 million.

TempRite Engineered Polymers

TempRite EP is a technologically advanced heat, fire and chemical resistant polymer that we developed to serve technically demanding applications not well served by traditional PVC and other commodity plastics. Our TempRite EP is sold to customers who produce plastic piping for residential and commercial plumbing, fire sprinkler systems and industrial piping applications. TempRite EP piping has inherent advantages over copper and other metals due to its heat and corrosion resistance, increased insulation properties, mold resistance, ease of installation and lower installed cost. We market our branded TempRite EP products for specific applications: FlowGuard® and FlowGuard Gold® for residential and commercial plumbing, BlazeMaster® for fire sprinkler systems and Corzan® for industrial piping. We believe we have built strong end-user awareness of our brands by using a sales force that markets directly to builders, contractors, plumbers, architects, engineers and building owners.

In January 2007, TempRite EP introduced two new piping products, FlowGuard Gold® Bendable and FlowGuard® Flex. Both products are used in residential and commercial plumbing.

The following is a list of representative uses for and a description of our EP products:

Category	Product/Brand	Description
EP	TempRite®	Residential plumbing
	FlowGuard®	Residential and commercial plumbing
	FlowGuard Gold®	Residential and commercial plumbing
	Corzan®	Industrial and commercial piping
	BlazeMaster®	Fire sprinkler piping
	FlowGuard® Flex	Flexible piping systems

ADEX

ADEX emulsifiers for explosives are customized systems that are designed to combine water and oil for use in producing civil explosives. They are sold on a global basis exclusively to explosive manufacturers.

Estane Engineered Polymers

Estane TPU, an engineered, highly versatile thermoplastic, provides a high performance alternative to rigid plastics and flexible rubber. Performance attributes of Estane TPU include abrasion, heat and chemical resistance, minimal fatigue from bending, ease of processing and good paintability. These performance characteristics make Estane TPU attractive for use in a broad range of end-uses, including film and sheet for various coating processes, wire and cable insulation, athletic equipment (such as footwear), medical applications, pneumatic tubing and automotive molded parts. In addition, Estane TPU has expanded into products that can be melt spun into elastic spandex fibers and materials that offer enhanced breathability for garments. We believe that Estane TPU is one of the industry's leading brand names. In addition, we market fiber-reinforced TPU under the Estaloc® brand. Estaloc reinforced engineering thermoplastics offer the functional properties of traditional TPU, yet are reinforced for higher stiffness to provide the strength, dimensional stability and impact resistance required to withstand a variety of tough applications and harsh environments. Applications include sporting goods, agricultural equipment and other mechanical components.

We market Stat-Rite® conductive polymers, which are static dissipative materials used in a variety of applications such as packaging for electronics components and medical devices.

The following is a list of representative uses for and a description of our Estane engineered polymers products, which include our conductive polymers:

Category	Product/Brand	Description
TPU	Estane®	Aromatic grades for film and sheet, wire and cable insulation, athletic equipment, medical applications, pneumatic tubing, automotive molded parts and adhesives.
	Estaloc®	Automotive trim, sporting goods, agricultural equipment and other mechanical components.
	Stat-Rite®	Packaging of sensitive electronic components and various clean room applications.
	Tecoflex®, Carbothane®	Aliphatic grades for medical tubing and other devices, optical grade film and specialty industrial applications where maintaining aesthetic properties is required.

Competition

Our Lubrizol Additives segment is highly competitive in terms of price, technology development, product performance and customer service. Our principal competitors, both in the United States and overseas, are: Infineum, a joint venture involving Shell Oil Company and Exxon Mobil Corporation; Chevron Oronite Company, a subsidiary of Chevron Corporation; and Afton Chemical Corporation, a subsidiary of NewMarket Corporation (formerly Ethyl Corporation). Petroleum companies also produce, either directly or indirectly, lubricants and fuel additives for their own use and also sell additives to others. These petroleum companies also are our customers, and some of them sell raw materials to us. We believe based on volume sold, that we are a leading supplier of performance additives for lubricants to the petroleum industry.

Our Lubrizol Advanced Materials segment faces a variety of competitors in each of our product lines. The advanced materials industry is highly fragmented. Individual products or service offerings compete on a global, regional and local level due to the nature of the businesses and products, as well as the applications and customers served. The following chart sets forth the principal competitors of the Lubrizol Advanced Materials segment by product line:

Product Line	Principal Competitors
Noveon consumer specialties	BASF, Cognis, Croda, Evonik (Degussa Goldschmidt), ISP, NK Chemicals, Rhodia, Rohm and Haas, Stepan, Sumitomo Seika, 3V Sigma, Toagosei, Vinati
Performance coatings	BASF, Bayer, Byk, Ciba, Clariant, Cytec, Dow Chemical, DSM, Eastman, OMNOVA, Parachem, Reichhold, Rohm and Haas, Tego
Engineered polymers	Atofina, BASF, Bayer, Dow, Georgia Gulf, Huntsman, Kaneka, Merquinsa, Sekisui Chemical, SK, Vanguard, Victaulic, Wirsbo

Sales and Marketing

We primarily market lubricant and fuel additives products worldwide through our direct sales organization. In addition, we use sales agents and distributors where necessary. Our additive customers primarily consist of oil refiners and independent oil blenders and are located in more than 100 countries. Our 10 largest customers, most of which are international oil companies, accounted for approximately 39% of our consolidated net sales in 2007. In 2007, there was no single customer that accounted for more than 10% of consolidated net sales.

In order to maximize our understanding of customer needs as well as emerging trends, our sales and marketing activities for our advanced materials products are organized by end-use applications. Each sales team includes representatives from sales, marketing and research and development.

Our sales and marketing staff is technically oriented and works closely with customers to develop products and formulations that deliver the desired product attributes. Some of our laboratories are equipped with small-scale equipment that replicates our customers' processing capabilities, which ensure our solutions are easily and efficiently implemented at our customers' facilities.

Finally, many of our sales and marketing resources are dedicated to stimulating end-use demand for our products. For example, in the case of our TempRite plumbing, fire sprinkler and industrial piping applications, our resources are focused on marketing to building contractors, plumbers, distributors and construction code officials to convince them to specify our products in their projects or building codes.

Backlog

We had no material backlog of orders in either business segment at December 31, 2007 or December 31, 2006. All unfilled orders that were placed by December 31, 2007 are reasonably expected to be filled during 2008.

Research, Development and Technology

Technology leadership in design and formulation of additives and specialty chemicals drives our business. Historically, we have emphasized consistent investment in research. We have developed internally a large percentage of the products we manufacture and sell. Our internal technical resources encompass chemical synthesis, world-class physical and analytical science, statistical and computer modeling expertise and extensive applications technology and testing laboratories. We balance centralized research facilities with applications technology capabilities that are closely tied to their counterparts in the commercial organizations. Our technical facilities are located all over the world. We provide tools and processes for knowledge sharing and for leveraging our technology globally and across product lines.

Lubrizol Additives In our Lubrizol Additives segment, the majority of the additives we manufacture and sell are developed by our in-house research group. Technological advances in materials and in the design of engines and other automotive equipment, combined with rising demands for environmental protection and fuel economy, require increasingly sophisticated research capabilities to meet industry performance standards.

We have technical facilities in Wickliffe, Ohio; Hazelwood, United Kingdom; and Kinuura, Japan for lubricant additives research. We also conduct a limited program of corporate research designed to leverage technology across our product lines. We maintain mechanical testing laboratories at those three locations, equipped with a variety of gasoline and diesel engines, driveline and other mechanical equipment to evaluate the performance of additives for lubricants and fuels. In addition, we make extensive use of independent research firms. Global field testing is conducted through various arrangements with fleet operators and others.

We maintain offices in Southfield, Michigan; Hazelwood, United Kingdom; Paris, France; Hamburg, Germany; Shanghai, China; Mumbai, India; Tokyo, Japan; and Seoul, South Korea to maintain close contact with the principal automotive OEMs of the world and to keep us abreast of the performance requirements for our products. These liaison activities also serve as contacts for cooperative development and evaluation of products for future applications.

Lubrizol Advanced Materials Our Lubrizol Advanced Materials segment has had a long history as an industry innovator, creating proprietary, high-performance materials for our customers, including ingredients for personal care products, the invention of Carbopol acrylic thickener, additives for coatings and the commercial development of TempRite engineered polymers. We have leveraged our core surface activity chemistry into new specialty chemicals and materials markets through acquisitions and application technology expertise. Our specialty chemical and materials products are derived from a broad range of technology platforms developed either internally or externally through licensing, acquisition or joint technological alliances with global suppliers and customers.

Our primary research facility for our Lubrizol Advanced Materials segment is located in Brecksville, Ohio, where we develop new technologies and products and conduct applications development and technical service for our customers. We have other technical facilities in various locations around the world with our key satellite facilities located in Blackley, United Kingdom; Ritterhude, Germany; Louvain-la-Neuve, Belgium; Shanghai, China; Hong Kong, China; and Cuautitlan Izcalli, Mexico.

Patents We own approximately 1,600 patents worldwide relating to our products and manufacturing processes. Although these domestic and foreign patents expire from time to time, we continue to apply for and obtain patent protection for new products on an ongoing basis. We believe that, in the aggregate, our patents constitute an important asset. However, we do not regard our business as being materially dependent upon any single patent or any group of related patents. We use patents in both of our reportable segments.

Research, Testing and Development Expenditures Our consolidated research and development expenditures were $148.2 million in 2007, $135.3 million in 2006 and $128.1 million in 2005. These amounts were equivalent to 3.3%, 3.3% and 3.5% of the respective consolidated total revenues for those years. These amounts include expenditures for the performance evaluation of additive developments in engines and other types of mechanical equipment as well as expenditures for the development of specialty chemicals for industrial applications. In addition, we spent $70.7 million, $70.2 million and $70.8 million in 2007, 2006 and 2005, respectively, for technical service (testing) activities, principally for evaluation in mechanical equipment of specific lubricant formulations designed for the needs of petroleum industry customers throughout the world.

Our research and development staff works with both our sales force and customers to use our wide spectrum of technology platforms and processing capabilities to enhance our product offerings in the specialty chemicals industry. We have developed many of our products in cooperation with our customers, often as a result of their specific needs, resulting in long-standing customer relationships.

Raw Materials

We use a broad variety of specialty and commodity chemical raw materials in our manufacturing processes, and use oil in processing and blending additives. These raw materials are obtainable from several sources. The materials that we choose to purchase from a single source generally have long-term supply contracts as a basis to guarantee supply reliability. For the most part, our raw materials are derived from petroleum and petrochemical-based feedstocks.

Lubricant base oil is our single largest purchased raw material, representing approximately 30% of our purchases, by weight, for the Lubrizol Additives segment. Other major categories of raw materials for the Lubrizol Additives segment include olefins and esters (approximately 20% of purchases); and inorganic acids, bases and oxides (approximately 10%). We believe that raw materials derived from petrochemicals are approximately 80% of our purchases for the Lubrizol Additives segment. For our Lubrizol Advanced Materials segment, no single raw material represents more than 8% of purchases. The top eight raw materials total about 38% of our purchases for the Lubrizol Advanced Materials segment. Principal raw materials for the Lubrizol Advanced Materials segment include three different acrylates for personal care and coatings, PVC, PTMEG, MDI and Butanediol for engineered polymers, and styrene for coatings.

Environmental Matters

We are subject to foreign, federal, state and local laws and regulations designed to protect the environment and limit manufacturing wastes and emissions. We believe that, as a general matter, our policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and the consequent financial liability to us. Compliance with environmental laws and regulations requires continuing management effort and expenditures. We have incurred, and will continue to incur, costs and capital expenditures to comply with these laws and regulations and to obtain and maintain all necessary permits. We believe that the cost of complying with environmental laws and regulations will not have a material affect on our earnings, liquidity or competitive position, although we cannot provide you assurance in that regard.

We believe that our business, operations and facilities are being operated in compliance, in all material respects, with applicable environmental laws and regulations, many of which provide for substantial fines, penalties and criminal sanctions for violations. The operation of manufacturing plants entails environmental risks, and we may incur material costs or liabilities in the future that adversely could affect us. For example, we may be required to comply with evolving environmental laws, regulations or requirements that may be adopted or imposed in the future or to address newly discovered contamination or other conditions or information that require a response on our part.

Among other environmental laws, we are subject to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (commonly known as Superfund), under which we have been designated as a "potentially responsible party" that may be liable for cleanup costs associated with various waste or operating sites, some of which are on the U.S. Environmental Protection Agency Superfund priority list. Our experience, consistent with what we believe to be the experience of others in similar cases, is that Superfund site liability tends to be apportioned among parties based upon the contribution of materials to the Superfund site. Accordingly, we measure our liability and carry out our financial reporting responsibilities with respect to Superfund sites based upon this standard, even though Superfund site liability is technically joint and several in nature. We accrue for estimated environmental liabilities with charges to cost of sales. We believe our environmental accrual is adequate to provide for our portion of the costs of all such known environmental liabilities. Based upon consideration of currently available information, we believe liabilities for environmental matters will not have a material adverse affect on our financial position, operating results or liquidity, although we cannot provide you assurance in that regard.

Noveon International is the beneficiary of agreements with Goodrich Corporation (Goodrich) that require Goodrich to indemnify Noveon International for, among other things, certain environmental liabilities and costs

relating to facilities of the former Performance Materials Segment of Goodrich. However, we cannot assure you that Goodrich or other third-party indemnitors will, in the future, honor their indemnification obligations to us.

Employees

At December 31, 2007, we had approximately 6,900 employees of which approximately 53% were in the United States. We believe that our relationship with our employees is good. Three of our U.S. sites, and approximately 4% of our domestic employees, are organized by labor unions with collective bargaining agreements that are subject to periodic renegotiation. We have one agreement expiring in 2008 and we expect to enter into a new agreement with the union when it expires.

Manufacturing and Properties

We possess global manufacturing, laboratory and sales and technical service facilities enabling us to provide customers with worldwide service and a reliable supply of products. Our corporate headquarters are located in Wickliffe, Ohio. We have manufacturing facilities and laboratories, which we own or lease, at 22 sites in the United States and approximately 38 sites in 18 other countries. In addition, we have entered into manufacturing tolling arrangements for several of our products. We also have entered into long-term contracts for the exclusive use of major marine terminal facilities at various ports and leases for storage facilities. We maintain a capital expenditure program to support our operations and believe our facilities are adequate for our present operations and for the foreseeable future.

Geographic Area Information

Financial information with respect to our domestic and foreign operations is contained in Note 15 to our consolidated financial statements.

We supply our customers abroad through exports from the United States and from overseas manufacturing plants. We believe the political and economic risks related to our foreign operations are mitigated due to the stability of the countries in which our largest foreign operations are located.

ITEM 1A. RISK FACTORS

If any of the events contemplated by the following discussion of risks should occur, our business, results of operations and financial condition could suffer significantly.

Risks Relating to our Business

Volatility in raw material prices could reduce our profitability and reductions in the availability of raw material supplies could disrupt our operations.

Some of the raw materials that we use are derived from petrochemical-based feedstocks, such as crude oil and natural gas, which have been subject to historical periods of rapid and significant movements in price. These fluctuations in price could be aggravated by political instability, terrorist attacks or other hostilities in oil-producing countries or elsewhere in the world, and supply and demand factors, including OPEC production quotas and increased global demand for petroleum-based products. We also use natural gas as fuel at our facilities, and increases in the price of natural gas may reduce our profitability. Any significant variations in the cost and availability of our specialty and commodity materials or energy may negatively affect our business, financial condition or results of operations. We typically do not enter into hedging arrangements with respect to raw materials or energy, other than for natural gas and electricity. We selectively pass changes in the prices of raw materials to our customers from time to time. However, we cannot always do so, and any limitation on our ability to pass through any price increases could affect our financial performance.

We use significant quantities of a variety of specialty and commodity chemicals in our manufacturing processes, such as lubricant base oils (a derivative of crude oil); C4 feedstreams; acrylates; PVC; inorganic acids, bases and oxides; alcohols, glycols and polyols; olefins and esters; sulfonates; phenates; alkylates; sulfonic acids; and amines.

These raw materials generally are available from numerous independent suppliers. However, some of our raw material needs are met by a sole supplier or only a few suppliers. If any supplier that we rely on for raw materials ceases or limits production, we may incur significant additional costs, including capital costs, in order to find alternate, reliable raw material suppliers. We may also experience significant production delays while locating new supply sources.

We face competition from other chemical companies, which could adversely affect our business, financial condition and consolidated results of operations.

We actively compete with companies producing the same or similar products and, in some instances, with companies producing different products designed for the same uses. We encounter competition in price, delivery, service, performance, product innovation and product recognition and quality, depending on the product involved. For some of our products, our competitors are larger and have greater financial resources and less debt than we do. As a result, these competitors may be better able to withstand a change in conditions within the industries in which we operate, a change in the prices of raw materials or a change in the economy as a whole.

Our competitors can be expected to continue to develop and introduce new and enhanced products, which could cause a decline in market acceptance of our products. Current and future consolidation among our competitors and customers also may cause a loss of market share as well as put downward pressure on pricing. Additionally, a number of our niche product applications are customized or sold for highly specialized uses. Our competitors could cause a reduction in the prices for some of our products as a result of intensified price competition. Competitive pressures can also result in the loss of major customers. If we cannot compete successfully, our business, financial condition and consolidated results of operations could be adversely affected.

Failure to make continued improvements in our technology and productivity could hurt our competitive position.

We believe that we must continue to enhance our existing products and to develop and manufacture new products with improved capabilities in order to continue to be a market leader. We also believe that we must continue to make improvements in our productivity in order to maintain our competitive position. When we invest in new technologies, processes or production facilities, we face risks related to construction delays, cost over-runs and unanticipated technical difficulties. Our inability to anticipate, respond to or utilize changing technologies could have a material adverse effect on our business and our consolidated results of operations.

Our and our suppliers' production facilities are subject to operating risks that could affect adversely our operations.

We are dependent upon the continued safe operation of our and our suppliers' production facilities. These production facilities are subject to 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. Incidents at our or our suppliers' production facilities could temporarily shut down or otherwise disrupt our manufacturing operations, causing production delays and, with respect to our facilities, resulting in liability for workplace injuries and fatalities. In addition, some of our and our suppliers' production facilities are highly specialized, which limits our ability to shift production to other facilities in the event of an incident at a particular facility. If a production facility, or a critical portion of a production facility, were temporarily shut down, we likely would incur higher costs for alternate sources of supply for our products. Some of our products involve the manufacture and/or handling of a variety of reactive, explosive and flammable materials. Use of these products by our customers also could result in liability if an explosion, fire, spill or other accident were to occur. We cannot assure you that we will not experience these types of incidents in the future or that these incidents will not result in production delays or otherwise have a material adverse effect on our business, financial condition or results of operations.

Some of our businesses are cyclical and demand by our customers for our products weakens during economic downturns.

A portion of our product sales is attributable to industries and markets, such as the construction and metalworking industries, that historically have been cyclical and sensitive to relative changes in supply and demand and general economic conditions. The demand for our products depends, in part, on the general economic

conditions of the industries or national economies of our customers. Downward economic cycles in our customers' industries or countries may reduce sales of some of our products. It is not possible to predict accurately the factors that will affect demand for our products in the future. Any significant downturn in the health of the general economy, either globally or regionally, or the markets in which we sell products could have an adverse effect on our revenues and financial performance.

Failure to implement our common information system platform successfully could impact negatively our ability to conduct business in our Lubrizol Advanced Materials segment.

In 2006 we launched a company-wide initiative to extend our current information system platform to the entire organization so that our core business processes are integrated globally. We successfully implemented a common information system platform in 1998 and now we have begun rolling out the system to the acquired Lubrizol Advanced Materials segment and to those parts of Lubrizol Additives that are not yet utilizing it.

We consider the risk to be low that our information system implementation may significantly disrupt our business processes and impact our ability to serve customers. However, we face the risks that the common information system platform will not be completed on a timely basis, it may cost more than projected or we may not realize its anticipated benefits.

We face numerous risks relating to our foreign operations, including exchange rate fluctuations, exchange controls and currency devaluations, that may affect adversely our results of operations.

In 2007 approximately 35% of our consolidated revenues were generated in currencies other than the U.S. dollar, which is our reporting currency, and 29% of our consolidated cost of sales and 32% of selling, technical, administrative and research (STAR) expenses were generated in currencies other than the U.S. dollar. We recognize foreign currency transaction gains and losses arising from our operations in the period incurred. As a result, currency fluctuations between the U.S. dollar and the currencies in which we do business have caused and will continue to cause foreign currency transaction gains and losses, which historically have been material and could continue to be material. We cannot predict the effects of exchange rate fluctuations upon our future operating results because of the number of currencies involved, the variability of currency exposures and the potential volatility of exchange rates.

We also face risks arising from the imposition of exchange controls and currency devaluations. Exchange controls may limit our ability to convert foreign currencies into U.S. dollars or to remit dividends and other payments by our foreign subsidiaries or businesses located in or conducted within a country imposing controls. Currency devaluations result in a diminished value of funds denominated in the currency of the country instituting the devaluation and, if they occur or continue for significant periods, could adversely affect our earnings or cash flow.

International social, political and economic conditions could affect adversely our operating performance.

Our international operations are also subject to the risk of labor unrest, regional economic uncertainty, political instability, terrorism, expropriation of property, restrictions on the transfer of funds into or out of a country, trade restrictions, export duties, taxes and quotas, domestic and foreign customs and tariffs, and current and changing regulatory environments. Any of these events could have an adverse effect on our international operations in the future by reducing the demand for our products, increasing the prices at which we can sell our products or otherwise having an adverse effect on our operating performance.

Our production facilities are of the type that could attract terrorist attacks, and any attack could disrupt our operations and cause us to incur significant costs and liabilities.

Uncertainty surrounding the possibility and scope of terrorist attacks could affect our operations in unpredictable ways, including the possibility that our chemical production facilities could become direct targets, or indirect casualties, of terrorist attacks. Although our production facilities are under a heightened level of security, this level of security could be insufficient to prevent a terrorist attack. The resulting damage could be severe and could include loss of life and property damage. In addition, some of our production and other facilities are located at sites

near to other chemical plants that could be potential targets of terrorist attacks. The resulting collateral damage could be significant and substantial. Available insurance coverage could not be sufficient to cover all of the damage incurred or could be prohibitively expensive.

The applicability of numerous environmental laws to our manufacturing facilities could cause us to incur significant costs and liabilities.

We are subject to extensive federal, state, local and foreign environmental, safety and health laws and regulations concerning, among other things, emissions to the air, discharges to land and water and the generation, handling, treatment and disposal of hazardous waste and other materials. Under certain environmental laws, we can be held strictly liable for hazardous substance contamination of any real property we have ever owned, operated or used as a disposal site or for natural resource damages associated with such contamination. We also are required to maintain various environmental permits and licenses, many of which require periodic modification and renewal. 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 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 their enforcement may become more stringent in the future. Although we cannot predict the ultimate cost of compliance with any such requirements, the costs could be significant. Non-compliance could subject us to significant liabilities, such as government fines, third-party lawsuits or the suspension of non-compliant operations. We also may be required to make significant site or operational modifications at substantial cost. Future developments also could restrict or eliminate the use of or require us to make modifications to our products, which could have a significant negative impact on our results of operations and cash flows.

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 cleanup costs associated with hazardous 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 a material adverse effect on our results of operations or cash flows.

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. One liable party could be held responsible for all costs at a site, regardless of fault, percentage of contribution to the site or the legality of the original disposal. We also may face liability with respect to acquired businesses for violations under environmental laws occurring prior to the date of our acquisition, and some or all of these liabilities may not be covered by indemnification from the sellers from which we acquired these businesses. We could incur significant costs, including cleanup costs, natural resources 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.

If we are unable to protect our intellectual property rights, our product sales and financial performance could be affected adversely.

We rely on a combination of patent, trade secret, copyright and trademark law, nondisclosure agreements and technical security measures to protect our intellectual property rights in our various lines of business. Our performance may depend in part on our ability to establish, protect and enforce intellectual property rights with respect to our patented technologies and proprietary rights and to defend against any claims of infringement, which involves complex legal, scientific and factual questions and uncertainties.

In the future, we may have to rely on litigation to enforce our intellectual property rights and contractual rights. In addition, we may face claims of infringement that could interfere with our ability to use technology or other intellectual property rights that are material to our business operations. If litigation that we initiate is unsuccessful, we may not be able to protect the value of some of our intellectual property. In the event a claim of infringement against us is successful, we may be required to pay royalties or license fees to continue to use technology or other intellectual property rights that we have been using or we may be unable to obtain necessary licenses from third parties at a reasonable cost or within a reasonable time. If we are unable to obtain licenses on reasonable terms, we

may be forced to cease selling or using any of our products that incorporate the challenged intellectual property, or to redesign or, in the case of trademark claims, rename our products to avoid infringing the intellectual property rights of third parties, which may not be possible and may be time-consuming if possible. Any litigation of this type, whether successful or unsuccessful, could result in substantial costs to us and diversions of some of our resources. Our intellectual property rights may not have the value we believe them to have, which could result in a competitive disadvantage or adversely affect our business and financial performance.

Some of our employees are covered by collective bargaining agreements, and the failure to renew these agreements could result in labor disruptions and increased labor costs.

Employees at three of our U.S. sites, who constitute approximately 4% of our domestic employees, are organized by labor unions that have collective bargaining agreements with us that are subject to renegotiation. One agreement expires in 2008. Although we believe that our present labor relations are satisfactory, our failure to renew these agreements on reasonable terms as the current agreements expire could result in labor disruptions and increased labor costs, which could adversely affect our financial performance.

Financial Risks

The limits imposed on us by the restrictive covenants contained in our credit facilities could prevent us from making acquisitions or capital improvements or cause us to lose access to these facilities, and if we are unable to obtain necessary waivers and our debt is accelerated, our financial condition could be affected adversely.

Our existing credit facilities contain restrictive covenants that limit our ability to, among other things:

- borrow money or guarantee the debts of others;
- use assets as security in other transactions;
- materially change the nature of our business; and
- sell assets or merge with or into other companies.

In addition, our credit facilities require us to meet financial ratios, including debt to consolidated earnings before income taxes, depreciation and amortization (EBITDA) (as defined in the credit facilities) and consolidated EBITDA (as defined in the credit facilities) to interest expense. These restrictions could limit our ability to plan for or react to market conditions or meet extraordinary capital needs and could otherwise restrict our financing activities.

Our ability to comply with the covenants and other terms of our credit facilities will depend on our future operating performance. If we fail to comply with such covenants and terms, we will be in default and the maturity of the related debt could be accelerated and become immediately due and payable. We may be required to obtain waivers from our lenders in order to maintain compliance under our credit facilities, including waivers with respect to our compliance with certain financial covenants. If we are unable to obtain any necessary waivers and the debt under our credit facilities is accelerated, our financial condition would be adversely affected.

We may not have access to capital in the future.

We may need new or additional financing in the future to expand our business or refinance existing indebtedness. If we are unable to access capital on satisfactory terms and conditions, we may not be able to expand our business or meet our payment requirements under our existing credit facilities. Our ability to obtain new or additional financing will depend on a variety of factors, many of which are beyond our control. We may not be able to obtain new or additional financing because we have substantial debt or because we may not have sufficient cash flow to service or repay our existing or future debt. In addition, depending on market conditions and our financial performance, equity financing may not be available on satisfactory terms or at all.

We could be affected adversely if our debt is downgraded.

Our ability to complete offerings of debt securities on satisfactory terms in the future will depend on the status of our credit rating. The current rating of our senior unsecured long-term indebtedness is BBB- by Standard & Poor's Ratings Group (S&P) and Baa3 by Moody's Investors Service, Inc. (Moody's). Either S&P or Moody's or both may downgrade our credit rating at any time, which would make it more difficult to complete offerings of debt securities on satisfactory terms and generally would result in increased future borrowing costs and adversely affect our access to debt and capital markets.

ITEM 1B. UNRESOLVED STAFF COMMENTS

At this time, we have no unresolved SEC staff comments that we received more than 180 days before the end of our fiscal year end.

ITEM 2. PROPERTIES

Our corporate headquarters are located in Wickliffe, Ohio. Our commercial centers for Lubrizol Additives and Lubrizol Advanced Materials are located in Wickliffe, Ohio and Brecksville, Ohio, respectively. Our significant Lubrizol Additives segment manufacturing facilities are located in Bayport, Texas; Deer Park, Texas; Le Havre, France; Painesville, Ohio; and Rouen, France. Our significant Lubrizol Advanced Materials manufacturing facilities are located in Antwerp, Belgium; Avon Lake, Ohio; Calvert City, Kentucky; Louisville, Kentucky; and Oevel, Belgium. We have other offices and facilities around the world. The locations of our manufacturing and laboratory facilities are indicated below in the following chart.

			Reportable Segments	
Location	Owned/ Leased	Laboratory (R&D/Testing) or Manufacturing	Lubrizol Additives	Lubrizol Advanced Materials
Sydney, Australia	Owned	Manufacturing	x	x
Antwerp, Belgium	Owned	Laboratory, Manufacturing		x
Louvain-la-Neuve, Belgium	Leased	Laboratory		x
Oevel, Belgium	Owned	Manufacturing		x
Vilvoorde, Belgium	Owned	Manufacturing		x
Rio de Janeiro, Brazil	Owned	Manufacturing	x	x
Sao Paulo, Brazil	Leased	Laboratory		x
Niagara Falls, Canada	Owned	Manufacturing	x	
Hong Kong, China	Leased	Laboratory		x
Lanzhou, China[1]	Plant is owned; land is leased	Manufacturing	x	
Qingpu, China	Plant is owned; land is leased	Laboratory, Manufacturing		x
Shanghai, China	Leased	Laboratory		x
Shanghai, China	Leased	Laboratory	x	
Songjiang, China	Plant is owned; land is leased	Manufacturing		x
Tianjin, China [1]	Plant is owned; land is leased	Manufacturing	x	
Zhejiang, China[1]	Plant is owned; land is leased	Manufacturing		x
Le Havre, France	Owned	Manufacturing	x	
Mourenx, France	Owned	Manufacturing	x	
Rouen, France	Owned	Manufacturing	x	x
Hamburg, Germany	Leased	Laboratory, Manufacturing	x	
Ritterhude, Germany	Owned	Laboratory, Manufacturing		x
Turbhe, India[1]	Plant is owned; land is leased	Manufacturing	x	
Vadodara, India	Owned	Laboratory, Manufacturing		x
Kinuura, Japan	Owned	Laboratory, Manufacturing	x	x
Sembilan, Malaysia	Owned	Manufacturing		x
Apodaca, Mexico[1]	Owned	Laboratory, Manufacturing	x	
Cuautitlan Izcalli, Mexico	Leased	Laboratory	x	x
Delfzijl, The Netherlands	Leased	Manufacturing		x
Yanbu, Saudi Arabia[1]	Owned	Laboratory, Manufacturing	x	
Singapore	Plant is owned; land is leased	Manufacturing	x	x
Singapore	Leased	Laboratory		x
Durban, South Africa	Owned	Manufacturing	x	x
Pohang, South Korea	Plant is owned; land is leased	Manufacturing		x

Location	Owned/ Leased	Laboratory (R&D/Testing) or Manufacturing	Reportable Segments	
			Lubrizol Additives	Lubrizol Advanced Materials
Barcelona, Spain	Owned	Laboratory, Manufacturing		x
Barnsley, United Kingdom	Owned	Laboratory, Manufacturing		x
Blackley, United Kingdom	Leased	Laboratory		x
Hazelwood, United Kingdom	Owned	Laboratory	x	
Huddersfield, United Kingdom	Plant is owned; land is leased	Laboratory, Manufacturing		x
Paso Robles, CA	Plant is owned; land is leased	Laboratory, Manufacturing		x
Peachtree City, GA	Owned	Manufacturing		x
Countryside, IL	Owned	Laboratory, Manufacturing		x
McCook, IL	Leased	Laboratory, Manufacturing		x
Calvert City, KY	Owned	Manufacturing		x
Louisville, KY	Owned	Manufacturing		x
Lawrence, MA	Owned	Laboratory, Manufacturing		x
Wilmington, MA	Leased	Manufacturing		x
Midland, MI	Owned	Laboratory, Manufacturing	x	
Pedricktown, NJ	Owned	Manufacturing		x
Gastonia, NC	Owned	Laboratory, Manufacturing		x
Avon Lake, OH	Owned	Laboratory, Manufacturing		x
Bowling Green, OH	Owned	Laboratory, Manufacturing		x
Brecksville, OH	Owned	Laboratory		x
Chagrin Falls, OH	Owned	Laboratory, Manufacturing		x
Painesville, OH	Owned	Manufacturing	x	x
Wickliffe, OH	Owned	Laboratory	x	
Spartanburg, SC	Leased	Laboratory	x	
Spartanburg, SC	Owned	Laboratory, Manufacturing	x	x
Bayport, TX	Owned	Manufacturing	x	x
Deer Park, TX	Owned	Manufacturing	x	x
Houston, TX	Owned	Manufacturing		x

(1) These manufacturing plants are owned and operated by joint venture companies licensed by Lubrizol.

In some cases, the ownership or leasing of these facilities is through a subsidiary or affiliate. We have entered into long-term contracts for our exclusive use of major marine terminal facilities at the Port of Houston, Texas.

We maintain a capital expenditure program to support our operations and believe our facilities are adequate for our present operations and for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

In the third quarter of 2007, we finalized the settlement with the Louisville (KY) Metro Air-Pollution Control District relating to alleged violations of the air permit held by our Louisville, Kentucky facility. We paid a penalty of approximately $0.1 million and updated some procedures and plans at the facility.

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

No matters were submitted to the vote of the security holders during the three months ended December 31, 2007.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following sets forth the name, age, recent business experience and certain other information relative to each person who was an executive officer as of February 28, 2008.

Name	Age	Position
James L. Hambrick	53	Chairman of the Board, President and Chief Executive Officer
Joseph W. Bauer	54	Vice President and General Counsel
Donald W. Bogus	60	Senior Vice President and President – Lubrizol Advanced Materials
Charles P. Cooley	52	Senior Vice President, Treasurer and Chief Financial Officer
W. Scott Emerick	43	Corporate Controller
Stephen F. Kirk	58	Senior Vice President and President – Lubrizol Additives
Mark W. Meister	53	Vice President and Chief Ethics Officer
Leslie M. Reynolds	47	Corporate Secretary
Patrick Saunier	52	Vice President, Information Systems
Julian M. Steinberg	53	Lubrizol Advanced Materials – Senior Vice President and Chief Operating Officer
Gregory D. Taylor	49	Vice President, Corporate Planning, Development and Communications
Jeffrey A. Vavruska	47	Chief Tax Officer

James L. Hambrick is chairman of the board of directors, president and chief executive officer of The Lubrizol Corporation. He was elected president in January 2003, chief executive officer in April 2004 and chairman of the board effective January 3, 2005.

Joseph W. Bauer has been the vice president and general counsel of The Lubrizol Corporation since April 1992.

Donald W. Bogus became a senior vice president of The Lubrizol Corporation in July 2004 and president of the Lubrizol Advanced Materials segment in April 2004. He joined Lubrizol in 2000 and became the vice president responsible for the Fluid Technologies for Industry segment. He also led Lubrizol's mergers and acquisitions committee.

Charles P. Cooley is a senior vice president and the chief financial officer of The Lubrizol Corporation. He joined Lubrizol in 1998 as its chief financial officer and vice president. He was also treasurer from April 1998 to September 2001 and since September 2006. Mr. Cooley became a senior vice president in July 2004.

W. Scott Emerick joined The Lubrizol Corporation as corporate controller in June 2004. Prior to that, Mr. Emerick was at Noveon International, Inc., where he held the positions of director of finance - TempRite products from September 2003 to June 2004 and director of accounting and external financial reporting from April 2001 to September 2003.

Stephen F. Kirk became a senior vice president of The Lubrizol Corporation in July 2004 and the president of the Lubrizol Additives segment in June 2004. Previously, he was vice president of sales and marketing for Lubrizol since January 1999.

Mark W. Meister has been the vice president of human resources for The Lubrizol Corporation since 1993 and chief ethics officer since 1994.

Leslie M. Reynolds is corporate secretary and counsel for The Lubrizol Corporation. She has been counsel since February 1991. She served as assistant secretary from 1997 until her appointment as corporate secretary in April 2001.

Patrick H. Saunier became the vice president for information systems and business processes for The Lubrizol Corporation in July 2004. From 1999 to 2004, Mr. Saunier led the European shared services organization.

Julian M. Steinberg became the senior vice president and chief operating officer of Lubrizol Advanced Materials, Inc. in March 2007. From June 2005 to February 2007, he was senior vice president & general manager,

performance coatings for Lubrizol Advanced Materials, Inc. From September 2002 to June 2005, he served as vice president and general manager, Estane and later as senior vice president and general manager, Estane.

Gregory D. Taylor became the vice president for corporate planning, development and communications for The Lubrizol Corporation in February 2007. From 2003 to 2007, Mr. Taylor was the managing director of corporate planning and development for Lubrizol.

Jeffrey A. Vavruska joined The Lubrizol Corporation as chief tax officer in April 2004. Previously, he worked at American Greetings Corporation, where he was executive director of tax from September 2001 to April 2004.

All executive officers serve at the pleasure of the Board.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common shares are listed on the New York Stock Exchange under the symbol LZ. The number of shareholders of record of common shares was 3,040 as of February 15, 2008.

Information relating to the recent price and dividend history of our common shares follows:

	Common Share Price History				Dividends Per Common Share	
	2007		2006			
	High	Low	High	Low	2007	2006
1st quarter	$ 54.13	$ 48.76	$ 46.44	$ 41.70	$ .26	$ .26
2nd quarter	69.89	51.40	45.20	38.52	.30	.26
3rd quarter	68.46	52.38	46.25	38.03	.30	.26
4th quarter	69.95	54.16	50.75	44.16	.30	.26
					$ 1.16	$ 1.04

We have no restrictions on the payment of dividends on Lubrizol common shares.

On October 1, 2007 we issued 597 common shares in private placement transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to one former director and one former officer under deferred compensation plans.

On October 11, 2007, we issued 950 common shares in a transaction exempt from registration under the Securities Act of 1933 pursuant to Regulation S. We issued the common shares to one employee of a wholly owned U.K. subsidiary of the company under an employee benefit plan.

On November 1, 2007, we issued 5,509 common shares in private placement transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to one former director and two former officers under deferred compensation plans.

On December 1, 2007, we issued 73 common shares in private placement transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to one former director, one former officer and one upper level manager under deferred compensation plans.

The following table provides information regarding our purchases of Lubrizol common shares during the quarter.

Period	Total Number of Shares (or Units) Purchased[1]	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs[2]	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Programs
Month #1 (Oct. 1, 2007 through Oct. 31, 2007)	120 Shares	$ 65.06	N/A	5,401,918
Month #2 (Nov. 1, 2007 through Nov. 30, 2007)	292,466 Shares	$ 63.00	290,000	5,111,918
Month #3 (Dec. 1, 2007 through Dec. 31, 2007)	28 Shares	$ 64.14	N/A	5,111,918
Total	292,614 Shares		290,000	5,111,918

[1] This column includes common shares (120 in October; 2,466 in November and 28 in December) that we purchased pursuant to our deferred compensation plans whereby we withhold shares upon a distribution to pay the withholding taxes on behalf of the employee and pursuant to our stock incentive plan in which participants exchange already owned shares to us to pay for the exercise price of an option or whereby we withhold shares upon the exercise of an option to pay the withholding taxes on behalf of the employee.

[2] This column represents common shares that we purchased at a cost of $18.2 million pursuant to a share repurchase program announced on June 23, 1997. On April 23, 2007, our board of directors authorized an enhanced share repurchase program that permits the company to repurchase up to 5.0 million of its common shares upon completion of repurchases under the previous share repurchase program. These shares may be repurchased in the open market or through negotiated transactions. The program does not have an expiration date.

ITEM 6. SELECTED FINANCIAL DATA

The summary of selected financial data for each of the last five years included in the Historical Summary contained on page 57 of our 2007 Annual Report to shareholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Management's Discussion and Analysis of Financial Condition and Results of Operations, including the information appearing under the heading "Cautionary Statements for Safe Harbor Purposes," contained on pages 11 through 27, inclusive, of our 2007 Annual Report to shareholders is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information appearing under the heading "Quantitative and Qualitative Disclosures about Market Risk" contained on page 27 of our 2007 Annual Report to shareholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements, together with the reports of the independent registered public accounting firm relating thereto, contained on pages 29 through 56, inclusive of our 2007 Annual Report to shareholders, and the Quarterly Financial Data (Unaudited) contained on page 56 of the 2007 Annual Report to shareholders, are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

At the end of the period covered by this annual report (December 31, 2007), we carried out an evaluation under the supervision and with the participation of the company's management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures, as such term is defined in Rule 13a-15(3) of the Securities Exchange Act of 1934 (Exchange Act). Based on that evaluation, our chief executive officer and chief financial officer concluded that as of the end of such period, our disclosure controls and procedures were effective and designed to ensure that all material information required to be disclosed by the company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

In our Form 10-Q for the quarterly period ending September 30, 2007, we described a material weakness in our internal control over financial reporting for deficiencies at some international locations due to insufficient requisite technical knowledge of accounting for postemployment employee benefit plans in accordance with U.S. GAAP. As a result of this material weakness, we took steps to remediate the internal control weakness. Specifically, we contracted a third-party benefits consultant to complete a detailed benefits review at our wholly owned subsidiary that generated the majority of the reporting errors, made inquiries and conducted reviews of other international locations and enhanced our training on the application of U.S. GAAP. In the fourth quarter of 2007, we concluded that our remediation efforts were complete and our disclosure controls and procedures were effective as of the date we filed our Form 10-Q for the quarterly period ending September 30, 2007.

Other than the enhancements to our internal control over financial reporting and remediation efforts related to the accounting for postemployment employee benefit plans during the fourth quarter of 2007, there were no changes

in our internal control over financial reporting during the fourth quarter of 2007 that have affected materially, or are reasonably likely to affect materially, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information contained under the headings "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" of our proxy statement for the 2008 Annual Meeting of Shareholders is incorporated herein by reference. Information relative to executive officers is contained under "Executive Officers of the Registrant" in Part I of this annual report on Form 10-K. Information regarding the identification of a financial expert on the Audit Committee contained under the heading "Audit Committee" in our proxy statement for the 2008 Annual Meeting of Shareholders is incorporated herein by reference.

We have a code of ethics, entitled the Ethical and Legal Conduct Guidelines, that applies to our directors and all employees, including our chief executive officer, chief financial officer and controller. The Ethical and Legal Conduct Guidelines are posted at the company overview area of our website, *www.lubrizol.com*.

ITEM 11. EXECUTIVE COMPENSATION

The information relating to executive compensation contained under the headings "Director Compensation," "Executive Compensation," "Board Committees - Organization and Compensation Committee" and "Board Committees - Compensation Committee Report" in our proxy statement for the 2008 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information relating to security ownership set forth under the heading "Share Ownership of Directors, Executive Officers and Large Beneficial Owners" in our proxy statement for the 2008 Annual Meeting of Shareholders is incorporated herein by reference.

The following table gives information about our common shares that may be issued under the company's equity compensation plans as of December 31, 2007.

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding Securities reflected in Column (a))
Equity compensation plans approved by security holders	2,593,837	$ 35.07	2,673,725(1)
Equity compensation plans not approved by security holders	(2)	N/A	(2)
Total	2,593,837	$ 35.07	2,673,725(1)

(1) The 1991 Stock Incentive Plan was terminated with respect to future grants effective November 15, 2004. The shares shown are with respect to the 2005 Stock Incentive Plan. In addition to the shares shown, during 2008, pursuant to grants under the 1991 Stock Incentive Plan, Donald W. Bogus, Charles P. Cooley and Stephen F. Kirk each will be issued 15,000 shares since each of them remained an employee until January 1, 2008. There are no voting or dividend rights associated with these common shares until they are issued.

(2) Under the Executive Council Deferred Compensation Plan, certain executive officers may defer any amount of their variable pay under the annual incentive pay plan. Deferred amounts are converted into share units based on the current market price of Lubrizol's common shares. There is a 25% company match. Additional share units are credited for quarterly dividends paid on Lubrizol common shares. At the end of the deferral period,

which is at least three years, common shares are issued equal to the number of share units in the participant's account. Amounts attributable to the company match credited after January 1, 2004 will be paid in cash. As of December 31, 2007, there were 113,849 share units outstanding that are payable in shares.

Prior to January 1, 2004, under the Deferred Stock Compensation Plan for Outside Directors, each director who was not a Lubrizol employee received 500 share units on each October 1st and was credited with additional share units for quarterly dividends paid on Lubrizol common shares. When a person is no longer a director, Lubrizol common shares are issued equal to the number of share units in the person's account. As of December 31, 2007, there were 28,543 share units outstanding that are payable in shares. No additional share units other than those credited for quarterly dividends have been or will be granted after January 1, 2004.

Under the Deferred Compensation Plan for Directors, each director who is not a Lubrizol employee may defer all or any portion of his or her yearly fee and meeting attendance fees and have these amounts credited to various cash investment accounts and/or a share unit account. The number of share units credited to the share unit account is based on the price of Lubrizol common shares on the day the share units are credited to the account and includes share units credited for quarterly dividends paid on Lubrizol common shares. When a person is no longer a director, Lubrizol shares are issued equal to the number of share units in the person's share unit account. As of December 31, 2007, there were 69,289 share units outstanding, 36,620 of which must be paid in Lubrizol shares and the remainder of which may be invested in the various cash investment accounts at the discretion of the director, and paid in cash.

Under the Senior Management Deferred Compensation Plan, each executive officer may defer all or any portion of his or her total annual pay and have these amounts credited to various cash investment accounts and/or a share unit account. The number of share units credited to the share unit account is based on the price of Lubrizol common shares on the day the share units are credited to the account and includes share units credited for quarterly dividends paid on Lubrizol common shares. Upon the distribution date, Lubrizol common shares are issued equal to the number of share units in the person's share unit account. As of December 31, 2007, there were 161,699 share units outstanding.

Under the Supplemental Retirement Plan for Donald W. Bogus, 500 share units are credited each anniversary date of the officer's employment to an officer's account and includes share units credited for quarterly dividends paid on Lubrizol common shares. Upon retirement, Mr. Bogus may elect to receive cash or Lubrizol shares equal to the number of share units in the account. As of December 31, 2007, there were 2,381 share units outstanding that could be paid in shares. For units credited after January 1, 2004, the payment will be made in cash only.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information relating to certain relationships, related transactions and director independence contained under the headings "Director Independence" and "Related Person Transactions" in our proxy statement for the 2008 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information included under the heading entitled "Independent Registered Public Accountant Fees" in our proxy statement for the 2008 Annual Meeting of Shareholders is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this Annual Report:

1. The following consolidated financial statements of The Lubrizol Corporation and its subsidiaries, together with the reports of the independent registered public accounting firm relating thereto, contained on pages 11 through 56, inclusive, of our 2007 Annual Report to shareholders, and incorporated herein by reference:

   Management's Report on Internal Controls over Financial Reporting.

   Reports of Independent Registered Public Accounting Firm.

   Consolidated Statements of Income for the years ended December 31, 2007, 2006 and 2005.

   Consolidated Balance Sheets at December 31, 2007 and 2006.

   Consolidated Statements of Cash Flows for the years ended December 31, 2007, 2006 and 2005.

   Consolidated Statements of Shareholders' Equity for the years ended December 31, 2007, 2006 and 2005.

   Notes to Financial Statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
The Lubrizol Corporation

We have audited the consolidated financial statements of The Lubrizol Corporation and subsidiaries (the "Company") as of December 31, 2007 and 2006, and for each of the three years in the period ended December 31, 2007, and the Company's internal control over financial reporting as of December 31, 2007, and have issued our reports thereon dated February 28, 2008 (which report relating to the consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph regarding the Company's adoption of new accounting standards in 2007 and 2006); such consolidated financial statements and reports are included in your 2007 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of the Company listed in Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP
Cleveland, Ohio
February 28, 2008

2. Schedule

SCHEDULE II - Valuation and Qualifying Accounts
For the years ended December 31, 2007, 2006 and 2005
(in millions of dollars)

Description	Balance at Beginning of Year	Charged /(Credited) to Expenses	Charged /(Credited) to Other Accounts*	Deductions	Balance at End of Year
Year ended December 31, 2007					
Allowance for uncollectible accounts	$ 7.5	$ 1.1	–	$ 2.3	$ 6.3
Inventory reserves	$ 16.1	$ 12.9	–	$ 14.0	$ 15.0
Deferred tax asset valuation allowance	$ 17.8	$ 1.5	$(0.6)	–	$ 18.7
Year ended December 31, 2006					
Allowance for uncollectible accounts	$ 10.1	$ 0.8	$(1.2)	$ 2.2	$ 7.5
Inventory reserves	$ 18.2	$ 9.1	$ 1.2	$ 12.4	$ 16.1
Deferred tax asset valuation allowance	$ 18.1	$ (0.1)	$(0.2)	–	$ 17.8
Year ended December 31, 2005					
Allowance for uncollectible accounts	$ 11.0	$ 1.9	$(0.9)	$ 1.9	$ 10.1
Inventory reserves	$ 19.1	$ 10.9	$(2.8)	$ 9.0	$ 18.2
Deferred tax asset valuation allowance	$ 18.8	$ 4.0	$(4.7)	–	$ 18.1

* Valuation and qualifying accounts of acquired and divested companies.

All other schedules have been omitted because they are not applicable.

3. Exhibits

3.1 Amended Articles of Incorporation of The Lubrizol Corporation, as adopted September 23, 1991 (incorporated by reference to Exhibit 3.1 to The Lubrizol Corporation's annual report on Form 10-K for the year ended December 31, 2004).

3.2 Regulations of The Lubrizol Corporation, as amended effective April 27, 1992 (incorporated by reference to Exhibit 3.2 to The Lubrizol Corporation's annual report on Form 10-K for the year ended December 31, 2004).

4.1 Amendment to Article Fourth of Amended Articles of Incorporation (incorporated by reference to Exhibit 4.1 to The Lubrizol Corporation's annual report on Form 10-K for the year ended December 31, 2004).

4.2 Amended and Restated Indenture dated September 28, 2004 (originally dated June 1, 1995) by and among The Lubrizol Corporation, all of The Lubrizol Corporation's wholly owned direct and indirect domestic subsidiaries, as guarantors, and J.P. Morgan Trust Company, National Association, as successor trustee (incorporated by reference to Exhibit 99.1 of the Form 8-K of The Lubrizol Corporation filed with the SEC on September 29, 2004).

4.3 Amended and Restated Indenture dated September 28, 2004 (originally dated November 25, 1998), by and among The Lubrizol Corporation, all of The Lubrizol Corporation's wholly owned direct and indirect domestic subsidiaries, as guarantors, and J.P. Morgan Trust Company, National Association, as successor trustee (incorporated by reference to Exhibit 99.2 of the Form 8-K of The Lubrizol Corporation filed with the SEC on September 29, 2004).

4.4 Form of Indenture for Debt Securities of The Lubrizol Corporation (incorporated by reference to Exhibit 4.2 of Amendment No. 2 to the Registration Statement on Form S-3 of The Lubrizol Corporation filed with the SEC on August 24, 2004).

10.1* The Lubrizol Corporation 1991 Stock Incentive Plan, as amended (incorporated by reference to Exhibit (10)(h) to The Lubrizol Corporation's current report on Form 8-K filed with the SEC on November 18, 2004).

10.2* The Lubrizol Corporation 2005 Stock Incentive Plan, as amended.

10.3* The Lubrizol Corporation Amended Deferred Compensation Plan for Directors (incorporated by reference to Exhibit (10)(b) to The Lubrizol Corporation's current report on Form 8-K filed with the SEC on November 18, 2004).

10.4* The Lubrizol Corporation Deferred Stock Compensation Plan for Outside Directors, as amended (incorporated by reference to Exhibit (10)(i) to The Lubrizol Corporation's annual report on Form 10-K for the year ended December 31, 2003).

10.5* The Lubrizol Corporation Deferred Compensation Plan for Officers, as amended (incorporated by reference to Exhibit (10)(k) to The Lubrizol Corporation's current report on Form 8-K filed with the SEC on November 18, 2004).

10.6* The Lubrizol Corporation Executive Council Deferred Compensation Plan, as amended (incorporated by reference to Exhibit (10)(l) to The Lubrizol Corporation's current report on Form 8-K filed with the SEC on November 18, 2004).

10.7* The Lubrizol Corporation 2005 Deferred Compensation Plan for Directors, as amended.

10.8* The Lubrizol Corporation Senior Management Deferred Compensation Plan, as amended.

10.9* The Lubrizol Corporation 2005 Executive Council Deferred Compensation Plan, as amended.

10.10* The Lubrizol Corporation Excess Defined Benefit Plan, as amended (incorporated by reference to Exhibit (10)(d) to The Lubrizol Corporation's current report on Form 8-K filed with the SEC on December 15, 2004).

10.11* The Lubrizol Corporation Excess Defined Contribution Plan, as amended (incorporated by reference to Exhibit (10)(e) to The Lubrizol Corporation's current report on Form 8-K filed with the SEC on December 15, 2004).

10.12* The Lubrizol Corporation Officers' Supplemental Retirement Plan, as amended (incorporated by reference to Exhibit (10)(j) to The Lubrizol Corporation's current report on Form 8-K filed with the SEC on December 15, 2004).

10.13* The Lubrizol Corporation 2005 Excess Defined Benefit Plan, as amended.

10.14* The Lubrizol Corporation 2005 Excess Defined Contribution Plan, as amended.

10.15* The Lubrizol Corporation 2005 Officers' Supplemental Retirement Plan, as amended.

10.16* Supplemental Retirement for Donald W. Bogus, as amended.

10.17* The Lubrizol Corporation Executive Death Benefit Plan, as amended.

10.18* Form of Employment Agreement between The Lubrizol Corporation and certain of its senior executive officers, as amended.

10.19* Employment Agreement effective January 1, 2003, between The Lubrizol Corporation and Charles P. Cooley, as amended.

10.20* Employment Agreement effective January 1, 2003, between The Lubrizol Corporation and Stephen F. Kirk, as amended.

10.21* Employment Agreement effective January 1, 2003, between The Lubrizol Corporation and Donald W. Bogus, as amended.

10.22* The Lubrizol Corporation Annual Incentive Pay Plan, as amended.

10.23* The Lubrizol Corporation Annual Incentive Pay Plan Award Letter, as amended (incorporated by reference to Exhibit 10.2 to The Lubrizol Corporation's current report on Form 8-K filed with the SEC on December 13, 2005).

10.24* The Lubrizol Corporation Financial Planning Program, as amended.

10.25* Form of Indemnification Agreement between The Lubrizol Corporation and certain of its senior executive officers (incorporated by reference to Exhibit 10.26 to The Lubrizol Corporation's annual report on Form 10-K for the period ended December 31, 2006).

10.26* Employment Agreement effective June 3, 2004 between Noveon, Inc. and Julian M. Steinberg, as amended.

10.27 Asset Purchase Agreement, dated March 16, 2006, by and among Noveon, Inc., Noveon Hilton Davis, Inc., Noveon Kalama, Inc., Noveon Textile Chemicals, Inc., Lubrizol Foam Control Additives, Inc., Lubrizol do Brasil Aditivos Ltda., and SPM Group Holdings LLC (incorporated by reference to

Exhibit 10.1 to The Lubrizol Corporation's current report on Form 8-K filed with the SEC on May 5, 2006).

10.28 Credit Agreement dated as of August 24, 2004 among The Lubrizol Corporation, the Initial Lenders named therein, Citigroup Global Markets Inc. and KeyBanc Capital Markets, as co-lead arrangers and co-bookrunners, KeyBank National Association and ABN Amro Bank N.V., as co-syndication agents, Wachovia Bank, National Association, as documentation agent, and Citicorp North America, Inc., as agent (incorporated by reference to Exhibit 10.1 to The Lubrizol Corporation's current report on Form 8-K filed with the SEC on August 30, 2004).

10.29 Amended and Restated Credit Agreement dated as of March 29, 2005 among The Lubrizol Corporation, the Initial Lenders named therein, Citicorp North America, Inc., as administrative agent, and Citigroup Global Markets, Inc., as arranger and syndication agent (incorporated by reference to Exhibit 10.5 to The Lubrizol Corporation's quarterly report on Form 10-Q for the period ended March 31, 2005).

10.30 Amendment No. 2 to the Credit Agreement among The Lubrizol Corporation, the banks, financial institutions and other institutional lenders who are parties to the Credit Agreement dated as of August 24, 2004, as amended and restated as of March 29, 2005, and as further amended as of August 23, 2005, and Citicorp North America, Inc. as agent (incorporated by reference to Exhibit 10.1 to The Lubrizol Corporation's current report on Form 8-K filed with the SEC on September 22, 2006).

10.31 Five Year Credit Agreement dated as of September 14, 2005 among Europe Chemical Holdings C.V., Noveon Holdings France S.A.S. and Noveon Europe BVBA, The Lubrizol Corporation, the Initial Lenders named therein, ABN AMRO Bank N.V. as administrative agent, and ABN AMRO Bank N.V., Calyon, Citigroup Global Markets Inc., and Fortis Capital Corp., as mandated lead arrangers and bookrunners (incorporated by reference to Exhibit 10.1 to The Lubrizol Corporation's current report on Form 8-K filed with the SEC on September 16, 2005).

10.32 Letter Amendment dated as of September 20, 2006 among Lubrizol Holdings France S.A.S. (formerly known as Noveon Holdings France S.A.S.) and Noveon Europe BVBA (collectively, the "Borrowers"), The Lubrizol Corporation, the Lenders named therein, ABN AMRO Bank N.V. as agent, to the Five Year Credit Agreement dated as of September 14, 2005 among the Borrowers, The Lubrizol Corporation, the Initial Lenders named therein, ABN AMRO Bank N.V., Calyon, Citigroup Global Markets Inc. and Fortis Capital Corp. (incorporated by reference to Exhibit 10.2 to The Lubrizol Corporation's current report on Form 8-K filed with the SEC on September 22, 2006).

12.1 Computation of Ratio of Earnings to Fixed Charges.

13.1 The following portions of The Lubrizol Corporation 2007 Annual Report to its shareholders (the 2007 Annual Report is available on our website at *www.lubrizol.com* as a separate pdf file):

Pages 11-27	Management's Discussion and Analysis of Financial Condition and Results of Operations.
Page 28	Management's Report on Internal Control Over Financial Reporting.
Page 28	New York Stock Exchange Certifications.
Pages 29-30	Reports of Independent Registered Public Accounting Firm.
Page 31	Consolidated Statements of Income for the years ended December 31, 2007, 2006 and 2005.
Page 32	Consolidated Balance Sheets at December 31, 2007 and 2006.

Page 33	Consolidated Statements of Cash Flows for the years ended December 31, 2007, 2006 and 2005.
Page 34	Consolidated Statements of Shareholders' Equity for the years ended December 31, 2007, 2006 and 2005.
Pages 35-56	Notes to Financial Statements.
Page 57	Historical Summary.

21.1 List of Significant Subsidiaries of The Lubrizol Corporation.

23.1 Consent of Independent Registered Public Accounting Firm.

31.1 Rule 13a-14(a) Certification of the Chief Executive Officer, as created by Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Rule 13a-14(a) Certification of the Chief Financial Officer, as created by Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer and Chief Financial Officer of The Lubrizol Corporation pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.

* Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this annual report on Form 10-K to be signed on February 28, 2008, on its behalf by the undersigned, thereunto duly authorized.

THE LUBRIZOL CORPORATION

BY /s/ James L. Hambrick
James L. Hambrick, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on February 18, 2008, by the following persons on behalf of the Registrant and in the capacities indicated.

/s/ James L. Hambrick James L. Hambrick	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
/s/ Charles P. Cooley Charles P. Cooley	Sr. Vice President, Treasurer and Chief Financial Officer (Principal Financial Officer)
/s/ W. Scott Emerick W. Scott Emerick	Corporate Controller (Chief Accounting Officer)
/s/ Robert E. Abernathy Robert E. Abernathy	Director
/s/ Jerald A. Blumberg Jerald A. Blumberg	Director
/s/ Forest J. Farmer, Sr. Forest J. Farmer, Sr.	Director
/s/ Gordon D. Harnett Gordon D. Harnett	Director
/s/ William P. Madar William P. Madar	Director
/s/ Dominic J. Pileggi Dominic J. Pileggi	Director
/s/ James E. Sweetnam James E. Sweetnam	Director
/s/ Harriett Tee Taggart Harriett Tee Taggart	Director

Exhibit 12.1

THE LUBRIZOL CORPORATION AND SUBSIDIARIES

Computation of Ratio of Earnings to Fixed Charges

(all amounts except ratios are shown in millions)

	2007	2006	2005	2004	2003
Pretax income from continuing operations	$ 399.0	$ 262.0	$ 240.2	$ 134.5	$ 123.8
Add (deduct) earnings of less than 50% owned affiliates (net of distributed earnings) included in pretax income	(0.3)	(0.8)	0.1	(0.8)	0.8
Add losses of less than 50% owned affiliates included in pretax income	—	—	—	—	0.2
Add fixed charges net of capitalized interest	101.4	108.5	114.9	85.8	30.4
Add previously capitalized interest amortized during period	0.7	1.0	1.1	1.2	1.3
"Earnings"	$ 500.8	$ 370.7	$ 356.3	$ 220.7	$ 156.5
Gross interest expense including capitalized interest	$ 93.5	$ 101.2	$ 105.8	$ 77.6	$ 25.3
Interest portion of rental expense	9.6	8.8	9.8	8.8	5.3
"Fixed charges"	$ 103.1	$ 110.0	$ 115.6	$ 86.4	$ 30.6
Ratio of earnings to fixed charges	4.86	3.37	3.08	2.55	5.11

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements, the notes thereto and the historical summary appearing elsewhere in this annual report. Historical results and percentage relationships set forth in the consolidated financial statements, including trends that might appear, should not be taken as indicative of future operations. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those described under the section "Cautionary Statements for Safe Harbor Purposes" included elsewhere in this annual report.

OVERVIEW

GENERAL

We are an innovative specialty chemical company that produces and supplies technologies that improve the quality and performance of our customers' products in the global transportation, industrial and consumer markets. Our business is founded on technological leadership. Innovation provides opportunities for us in growth markets as well as advantages over our competitors. From a base of more than 1,600 patents, we use our product development and formulation expertise to sustain our leading market positions and fuel our future growth. We create additives, ingredients, resins and compounds that enhance the performance, quality and value of our customers' products, while minimizing their environmental impact. Our products are used in a broad range of applications, and are sold into relatively stable markets such as those for engine oils, specialty driveline lubricants and metalworking fluids, as well as higher-growth markets such as personal care and over-the-counter pharmaceutical products and performance coatings and inks. Our engineered polymers products also are used in a variety of industries, including construction, sporting goods, medical products and automotive. We are an industry leader in many of the markets in which our product lines compete.

We are geographically diverse, with an extensive global manufacturing, supply chain, technical and commercial infrastructure. We operate facilities in 27 countries, including production facilities in 19 countries and laboratories in 12 countries, in key regions around the world through the efforts of more than 6,900 employees. We sell our products in more than 100 countries and believe that our customers value our ability to provide customized, high quality, cost-effective performance formulations and solutions worldwide. We also believe that our customers value our global supply chain capabilities.

On November 1, 2007, we completed the acquisition of the refrigeration lubricants business of Croda International Plc (Croda) for approximately $124.6 million in cash. The acquisition primarily included lubricant technology, trade names, customer lists, manufacturing know-how and inventory. No manufacturing facilities were included in the transaction. We began consolidating the results of the refrigeration lubricants business of Croda in our consolidated financial statements in November 2007. Revenues in 2007 for this business, which were included in the company's consolidated results, were approximately $8.3 million. The preliminary purchase price allocation for this acquisition included goodwill of $53.3 million and intangible assets of $64.7 million.

On February 7, 2007, we completed the acquisition of a broad line of additive products used in the metalworking markets worldwide from Lockhart Chemical Company (Lockhart) for approximately $15.7 million in cash. We purchased Lockhart's entire metalworking product line, which included natural, synthetic and gelled sulfonates; emulsifier packages; corrosion inhibitors and lubricity agents; grease additives; oxidates; esters; soap; semi-finished coatings; and rust preventatives. We began consolidating the results of the metalworking business of Lockhart in our consolidated financial statements in February 2007. In 2007, these product lines contributed revenues of $16.8 million to our consolidated results. The purchase price allocation for this acquisition included goodwill of $8.3 million and intangible assets of $7.6 million.

In May 2006, we sold the food ingredients and industrial specialties business (FIIS) and the active pharmaceutical ingredients and intermediate compounds business (A&I), both of which were included in the Lubrizol Advanced Materials segment. A&I and almost all of the FIIS divestiture reported into the

Noveon® consumer specialties product line, while a small portion of the FIIS divestiture reported into the performance coatings product line. In 2006, we recorded a $15.9 million after-tax loss on the sale of these divested businesses. During the first quarter of 2006 and in connection with the held-for-sale classification, we performed an impairment test resulting in a $60.6 million after-tax impairment charge in the first quarter of 2006. We have reflected the results of these divested businesses in the discontinued operations - net of tax line item in the consolidated statements of income for 2006 and 2005.

In February 2006, we sold certain assets and liabilities of our Telene® resins business (Telene), which was included in the Lubrizol Advanced Materials segment. We have reflected the results of Telene in the discontinued operations - net of tax line item in the consolidated statements of income for 2006 and 2005, including an after-tax loss on the sale of $0.7 million recorded in 2006.

In December 2005, we sold certain assets, liabilities and stock of our Engine Control Systems (ECS) business and, in September 2005, we sold certain assets and liabilities of our U.S. and U.K. Lubrizol Performance Systems (LPS) operations, both of which were included in the Lubrizol Additives segment. We have reflected the results of these businesses in the discontinued operations - net of tax line item in the consolidated statement of income for 2005.

LUBRIZOL ADDITIVES SEGMENT

Challenging industry market forces and conditions continue to influence the Lubrizol Additives business. A key factor is the low global growth rate for this market, which we believe is in the range of approximately 0% to 1% per year. Additional characteristics of this market are:

- Consolidation of the additive industry and capacity reductions in recent years, which has tightened the supply of lubricant additive components and packages.
- Frequent product specification changes primarily driven by original equipment manufacturers (OEMs) and the impact of environmental and fuel economy regulations on the OEMs. The specification changes require us to incur product development and testing costs, but also enable us to apply our technology know-how to create products and solve problems. We believe our technology, and our expertise in applying it, are key strengths.
- Improved engine design, which can result in longer lubricant drain intervals. Longer drain intervals reduce demand for finished lubricants.
- New vehicle production levels, which affect our driveline fluids in particular because the initial factory fill is an important market factor in that product line.
- In recent years, a general tightening of supplies leading to significant increases in raw material and energy costs.

We believe we are the market leader in lubricant additives and intend to remain the leader by continuing to invest in this business. Our strategy is to continue to optimize our product line mix with existing production capacity. Our Lubrizol Additives segment represents approximately 66% of consolidated revenues.

LUBRIZOL ADVANCED MATERIALS SEGMENT

Our Lubrizol Advanced Materials segment's growth strategy involves a combination of internal growth and acquisitions. Our internal growth strategy in the Lubrizol Advanced Materials segment is to use our strengths, including our technology, formulating skills and broad geographic infrastructure, to develop and invest in new performance technologies in higher-growth industrial and consumer markets. Key factors to our success continue to be the introduction of new products, development of new applications for existing products, cross-selling of products, the integration of future acquisitions and geographic expansion. Our Lubrizol Advanced Materials segment represents approximately 34% of consolidated revenues.

PRIMARY FACTORS AFFECTING 2007 RESULTS FROM CONTINUING OPERATIONS

The factors that most affected our consolidated 2007 results from continuing operations were:

- Our ability to recover past raw material cost increases, increased operating costs in strategic geographic regions and research and development efforts now and into the future as we move new technologies into our global manufacturing plants. Raw material costs increased 7% in 2007 after increasing 14% in 2006. Our results were affected by how quickly and the extent to which we were able to raise selling prices in response to raw material and other cost increases. Both the Lubrizol Additives and Lubrizol Advanced Materials segments implemented price increases in 2007 in response to continuing increases in these costs.
- Volume increases of 4% in the Lubrizol Additives segment and 2% in the Lubrizol Advanced Materials segment. In addition, we experienced a favorable currency impact on our 2007 revenues of 3% in the Lubrizol Additives segment and 2% in the Lubrizol Advanced Materials segment.
- Increased operating costs due to an unfavorable currency impact, general salary and benefit cost increases, the funding of growth resources, increased environmental-related charges, higher maintenance materials and contract labor costs in the Lubrizol Additives segment primarily in our plants in the U.S. Gulf Coast and Europe, unfavorable manufacturing cost absorption, costs associated with the implementation of a common information systems platform primarily in the Lubrizol Advanced Materials segment and higher incentive compensation expense.
- A reduction in restructuring and impairment-related charges of $50.4 million as 2006 charges included a $41.2 million charge associated with the impairment of the Noveon trade name and a $10.7 million charge related to plant and product line closures in both the Lubrizol Additives and Lubrizol Advanced Materials segments.
- Reduced interest expense - net of $15.5 million as a result of lower interest expense of $7.9 million associated with reduced debt levels and higher interest income of $7.6 million associated with higher cash and short-term investment balances primarily related to our significant cash flows from operating activities and the cash proceeds from the 2006 divestitures.
- Reduced effective tax rate primarily due to the favorable resolution of tax matters from prior years, an improvement in our geographic earnings mix as a result of our strong international growth and an increase in non-taxable foreign currency translation gains associated with international subsidiaries, whose functional currency is the U.S. dollar.

2007 RESULTS OF OPERATIONS COMPARED WITH 2006

Income from continuing operations increased $103.6 million to $283.4 million in 2007 compared with $179.8 million in 2006. The increase in income from continuing operations primarily was due to improvements in the combination of price and product mix mainly in the Lubrizol Additives segment as we were able to recover lost margin attributable to past raw material cost increases and we continued to increase the value of our customer offerings in this segment. Our 2007 results also were impacted favorably by increased volume, lower net interest costs, lower restructuring and impairment-related charges and the favorable resolution of tax matters from prior years, which more than offset higher raw material cost, higher manufacturing expenses and increased selling, technology, administrative and research (STAR) expenses.

Net income for 2006 included a loss from discontinued operations - net of $76.2 million, which primarily related to a $60.6 million after-tax impairment charge recorded in the first quarter of 2006 to reflect the FIIS business at its fair value and a $16.6 million after-tax loss on the sale of divested businesses.

(In Millions of Dollars Except Per Share Data)	Year Ended December 31 2007	2006	$ Change	% Change
Revenues	$ 4,499.0	$ 4,040.8	$ 458.2	11%
Cost of sales	3,378.1	3,045.2	332.9	11%
Gross profit	1,120.9	995.6	125.3	13%
Selling and administrative expenses	422.2	381.7	40.5	11%
Research, testing and development expenses	218.9	205.5	13.4	7%
Amortization of intangible assets	24.3	23.7	0.6	3%
Restructuring and impairment charges	1.5	51.9	(50.4)	*
Other income - net	(8.8)	(8.5)	(0.3)	4%
Interest income	(28.0)	(20.4)	(7.6)	37%
Interest expense	91.8	99.7	(7.9)	(8%)
Income from continuing operations before income taxes	399.0	262.0	137.0	52%
Provision for income taxes	115.6	82.2	33.4	41%
Income from continuing operations	283.4	179.8	103.6	58%
Income (loss) from discontinued operations - net of tax	–	(76.2)	76.2	*
Net income	$ 283.4	$ 103.6	$ 179.8	174%
Basic earnings (loss) per share:				
Continuing operations	$ 4.10	$ 2.62	$ 1.48	56%
Discontinued operations	–	(1.11)	1.11	*
Net income per share, basic	$ 4.10	$ 1.51	$ 2.59	172%
Diluted earnings (loss) per share:				
Continuing operations	$ 4.05	$ 2.59	$ 1.46	56%
Discontinued operations	–	(1.10)	1.10	*
Net income per share, diluted	$ 4.05	$ 1.49	$ 2.56	172%

* *Calculation not meaningful*

Revenues The increase in revenues in 2007 compared with 2006 primarily was due to a 5% improvement in the combination of price and product mix, a 4% increase in volume and a 2% favorable currency impact. We experienced volume gains in all geographic zones except North America.

Analysis of Volume - 2007 vs. 2006 Volume patterns vary in different geographic zones. The following table shows the geographic breakdown of our volume in 2007 as well as the percentage changes compared with 2006:

	2007 Volume	% Change
North America	46%	–
Europe	26%	5%
Asia-Pacific / Middle East	21%	7%
Latin America	7%	24%
Total	100%	4%

Segment volume variances by geographic zone, as well as the factors explaining the changes in segment revenues for 2007 compared with 2006, are contained within the "Segment Analysis" section.

Cost of Sales The increase in cost of sales for 2007 compared with 2006 primarily was due to higher raw material costs, higher manufacturing expenses and increased volumes. Average raw material cost increased 7% in 2007 compared with 2006. Total manufacturing expenses increased 12% in 2007 compared with 2006 primarily due to an unfavorable currency impact, increased volumes, increased salaries and benefits, higher maintenance materials and contract labor costs in the Lubrizol Additives segment mostly attributable to our plants in the U.S. Gulf Coast and Europe, increased environmental-related charges and unfavorable manufacturing cost absorption as we lowered first quarter 2007 production to reduce inventory levels from the prior year end. The increase in manufacturing expenses partially was offset by a decrease in utility costs. On a per-unit-sold basis, manufacturing costs increased 7% in 2007 compared with 2006. Excluding the impact of currency, per-unit manufacturing costs increased 4% in 2007 compared with 2006.

Gross Profit Gross profit increased $125.3 million, or 13%, in 2007 compared with 2006. The increase primarily was due to an improvement in the combination of price and product mix and higher volume partially offset by higher average raw material cost and higher manufacturing expenses. Our gross profit percentage increased to 24.9% in 2007 compared with 24.6% in 2006. This increase was attributable to an increase in the Lubrizol Additives segment gross profit percentage largely due to the favorable impact of price and product mix and increased volume, partially offset by a decrease in the Lubrizol Advanced Materials segment gross profit percentage primarily as a result of higher raw material costs.

Selling and Administrative Expenses Selling and administrative expenses increased $40.5 million, or 11%, in 2007 compared with 2006. The increase primarily reflects higher salaries and benefits as a result of annual merit increases and the funding of growth resources, an unfavorable currency impact and an increase associated with the implementation of a common information systems platform primarily in the Lubrizol Advanced Materials segment. In addition, 2006 expenses included a $2.9 million pension settlement charge related to a non-qualified pension plan distribution.

Research, Testing and Development Expenses The timing and amount of research, testing and development expenses (technology expenses) are affected by lubricant additives product standards, which change periodically to meet new emissions, efficiency, durability and other performance factors as OEMs improve engine and transmission designs. Technology expenses increased $13.4 million, or 7%, in 2007 compared with 2006 primarily due to an unfavorable currency impact and an increase in annual salaries and benefits. During 2007 and 2006, approximately 88% of our technology costs were incurred in company-owned facilities and approximately 12% were incurred at third-party facilities.

Restructuring and Impairment Charges In 2007, we recorded aggregate restructuring and impairment charges of $1.5 million primarily related to impairment charges in the Lubrizol Advanced Materials segment, partially offset by a gain recorded on the sale of a Lubrizol Additives manufacturing facility located in Bromborough, United Kingdom. We received net cash proceeds of $5.9 million and recorded a pretax gain of $2.8 million upon closing of the sale in January 2007.

The components of the 2007 restructuring and impairment charges are detailed as follows:

(In Millions of Dollars)	Asset Impairments	Other Plant Exit Costs	Severance	Total
Lubrizol Advanced Materials plant closures, production line impairments and workforce reductions	$ 3.4	$ 0.2	$ 0.5	$ 4.1
Bromborough, U.K. plant closure and sale	(2.8)	0.1	–	(2.7)
Corporate / other workforce reductions	–	–	0.1	0.1
Total restructuring and impairment charges	$ 0.6	$ 0.3	$ 0.6	$ 1.5

Other Income - Net Other income - net of $8.8 million in 2007 primarily consisted of a $5.0 million gain recorded on the sale of land and a favorable currency impact. Other income - net of $8.5 million in 2006

primarily was comprised of favorable legal settlements of insurance and commercial matters of $11.6 million.

Interest Expense - Net The decrease in interest expense - net in 2007 compared with 2006 primarily was due to lower interest expense of $7.9 million associated with our reduced debt balances and an increase in interest income of $7.6 million as a result of our increased cash and short-term investment balances primarily related to our significant cash flows from operating activities and from the divestiture proceeds received in May 2006.

Provision for Income Taxes Our effective tax rate was 29.0% in 2007 compared with 31.4% in 2006. The decrease in the effective tax rate primarily was due to the favorable resolution of tax matters from prior years, an improvement in our geographic earnings mix as a result of our strong international growth and an increase in non-taxable foreign currency translation gains associated with international subsidiaries, whose functional currency is the U.S. dollar.

Income from Continuing Operations Primarily as a result of the above factors, income from continuing operations per diluted share increased 56% to $4.05 in 2007 compared with $2.59 in 2006.

Net Income Net income in 2006 included a loss from discontinued operations per diluted share of $1.10, which consisted of operating income of $0.01 per diluted share, excluding an $0.87 per diluted share non-cash impairment charge and a $0.24 per diluted share loss on the sale of divested businesses.

2006 RESULTS OF OPERATIONS COMPARED WITH 2005

Income from continuing operations increased $20.4 million to $179.8 million for 2006 compared with $159.4 million for 2005. The increase in earnings from continuing operations primarily was attributable to improvements in the combination of price and product mix, higher volume and reduced interest expense - net, which more than offset higher raw material and utility costs, higher restructuring and impairment charges and higher STAR expenses.

We recorded restructuring and impairment charges that reduced income from continuing operations by $0.47 per diluted share in 2006, which primarily related to a pretax impairment charge associated with the Noveon trade name and the phase-out of a manufacturing facility located in Bromborough, United Kingdom. We incurred restructuring and impairment charges of $0.15 per diluted share in 2005, which primarily related to the phase-out of manufacturing facilities located in Bromborough, United Kingdom; Linden, New Jersey; and Mountaintop, Pennsylvania, as well as other workforce reductions.

Net income for 2006 included the factors described above for income from continuing operations and the impact of discontinued operations. Loss from discontinued operations - net was $76.2 million in 2006 compared with income from discontinued operations - net of $27.8 million in 2005. The loss from discontinued operations - net in 2006 primarily related to a $60.6 million after-tax impairment charge recorded in the first quarter of 2006 to reflect the FIIS business at its fair value and a $16.6 million after-tax loss on the sale of divested businesses.

(In Millions of Dollars Except Per Share Data)	Year Ended December 31 2006	2005	$ Change	% Change
Revenues	$ 4,040.8	$ 3,622.2	$ 418.6	12%
Cost of sales	3,045.2	2,700.1	345.1	13%
Gross profit	995.6	922.1	73.5	8%
Selling and administrative expenses	381.7	348.4	33.3	10%
Research, testing and development expenses	205.5	198.9	6.6	3%
Amortization of intangible assets	23.7	23.5	0.2	1%
Restructuring and impairment charges	51.9	15.9	36.0	*
Other income - net	(8.5)	(1.8)	(6.7)	*
Interest income	(20.4)	(8.1)	(12.3)	*
Interest expense	99.7	105.1	(5.4)	(5%)
Income from continuing operations before income taxes	262.0	240.2	21.8	9%
Provision for income taxes	82.2	80.8	1.4	2%
Income from continuing operations	179.8	159.4	20.4	13%
(Loss) income from discontinued operations - net of tax	(76.2)	27.8	(104.0)	*
Net income	$ 103.6	$ 187.2	$ (83.6)	(45%)
Basic earnings (loss) per share:				
Continuing operations	$ 2.62	$ 2.35	$ 0.27	11%
Discontinued operations	(1.11)	0.41	(1.52)	*
Net income per share, basic	$ 1.51	$ 2.76	$ (1.25)	(45%)
Diluted earnings (loss) per share:				
Continuing operations	$ 2.59	$ 2.32	$ 0.27	12%
Discontinued operations	(1.10)	0.40	(1.50)	*
Net income per share, diluted	$ 1.49	$ 2.72	$ (1.23)	(45%)

* *Calculation not meaningful*

Revenues The increase in revenues in 2006 compared with 2005 primarily was due to an 11% improvement in the combination of price and product mix and a 1% increase in volume. We experienced volume gains in Asia-Pacific / Middle East and Latin America.

Analysis of Volume - 2006 vs. 2005 Volume patterns vary in different geographic zones. The following table shows the geographic breakdown of our volume in 2006 as well as the percentage changes compared with 2005:

	2006 Volume	% Change
North America	48%	–
Europe	26%	(1%)
Asia-Pacific / Middle East	21%	6%
Latin America	5%	11%
Total	100%	1%

Segment volume variances by geographic zone, as well as the factors explaining the changes in segment revenues for 2006 compared with 2005, are contained within the "Segment Analysis" section.

Cost of Sales The increase in cost of sales for 2006 compared with 2005 primarily was due to higher average raw material cost and higher manufacturing expenses. Average raw material cost increased 14% in 2006 compared with 2005 primarily due to higher petrochemical raw material cost. Total manufacturing expenses increased 4% in 2006 compared with 2005, primarily due to higher salaries and benefits, higher utility costs and increased volume. On a per-unit-sold basis, manufacturing costs increased 2% in 2006 compared with 2005.

Gross Profit Gross profit increased $72.5 million, or 8%, in 2006 compared with 2005. The increase primarily was due to an improvement in the combination of price and product mix and higher volume partially offset by higher average raw material cost. In addition, gross profit was impacted unfavorably by higher salaries and benefits, an increase in utility costs and an unfavorable currency impact in 2006 when compared with 2005. Although we were successful in raising selling prices to offset higher cost of sales, our 2006 gross profit percentage decreased to 24.6% compared with 25.5% in 2005 due to the increase in net sales from our pricing responses to escalating raw material costs.

Selling and Administrative Expenses Selling and administrative expenses increased $33.3 million, or 10%, in 2006 compared with 2005. The increase primarily reflects an increase in salaries and benefits including the addition of growth resources, an increase of $4.5 million associated with a newly commenced project to implement a common information systems platform primarily in the Lubrizol Advanced Materials segment, the unfavorable impact of variable accounting for some of our liability-based incentive plans, a $2.9 million pension settlement charge for a non-qualified pension plan distribution and incremental stock-based compensation expense of $2.4 million associated with the adoption of Statement of Financial Accounting Standards (SFAS) No. 123R.

Research, Testing and Development Expenses The timing and amount of research, testing and development expenses are affected by lubricant additives product standards, which change periodically to meet new emissions, efficiency, durability and other performance factors as OEMs improve engine and transmission designs. Technology expenses increased $6.6 million, or 3%, in 2006 compared with 2005 primarily due to increases in annual salaries and benefits. During 2006 and 2005, approximately 87% of our technology costs were incurred in company-owned facilities and approximately 13% were incurred at third-party facilities.

Restructuring and Impairment Charges In 2006, we recorded aggregate restructuring and impairment charges of $51.9 million, or $0.47 per diluted share, primarily related to the write-down of a trade name in the Lubrizol Advanced Materials segment and the phase-out of a manufacturing facility in the Lubrizol Additives segment.

The components of the 2006 restructuring and impairment charges are detailed as follows:

(In Millions of Dollars)	Asset Impairments	Other Plant Exit Costs	Severance	Total
Noveon trade name impairment	$ 41.2	$ –	$ –	$ 41.2
Bromborough, U.K. plant closure	–	4.8	1.9	6.7
Lubrizol Advanced Materials plant and line closures and workforce reductions	3.3	0.2	0.6	4.1
Other	–	–	(0.1)	(0.1)
Total restructuring and impairment charges	$ 44.5	$ 5.0	$ 2.4	$ 51.9

As part of our corporate goal to enhance our "one company" identity and to reflect more accurately our positioning in the marketplace, we completed a corporate identity review in the fourth quarter of 2006. We made a final determination in January 2007 that the trade name "Noveon" no longer would be used to describe the Lubrizol Advanced Materials segment of our company and that its use would be discontinued except in connection with our consumer specialties product line. We acquired the rights to the Noveon trade name in June 2004 when we acquired Noveon International, Inc. (Noveon International). At the time of acquisition, an appraised value was attached to the Noveon trade name. We calculated a pretax charge of $41.2 million ($25.4 million after tax) to reduce the related asset to its estimated fair value. This charge

was reflected in the fourth quarter of 2006 as we believed at that time we would more likely than not discontinue the use of the Noveon trade name, except in the limited context of our consumer specialties product line.

In September 2006, we entered into an agreement to sell the manufacturing facility located in Bromborough, United Kingdom. The sale closed in January 2007. In connection with the sale, we received net cash proceeds of $5.9 million and recorded a pretax gain of $2.8 million during the first quarter of 2007. The gain was classified as a reduction to restructuring charges associated with closure of the facility. Production from the Bromborough facility was transferred to higher-capacity Lubrizol facilities in France and the United States. The sale of the facility avoided approximately $3.0 million to $5.0 million in restructuring costs that would have been associated with demolition of the plant facilities on the site. On January 17, 2005, we announced our plans to phase-out production at the Bromborough facility by the end of 2006. At that time, we estimated that total restructuring costs, including employee severance and other plant closure costs (including planned demolition costs), would be approximately $15.0 million. Cumulative pretax charges of approximately $12.8 million were incurred through 2006, of which $6.7 million were incurred in 2006, to satisfy severance and retention obligations, plant dismantling, site restoration and other site environmental evaluation costs. We invested approximately $15.3 million in capital related to the Bromborough closure through December 31, 2006 for capacity upgrades in France and the United States.

In the first quarter of 2005, we decided to close two Lubrizol Advanced Materials performance coatings production facilities in the United States. One facility, located in Mountaintop, Pennsylvania, was closed in October 2005 and sold in January 2006. We recorded an additional $0.8 million in asset impairments and other exit costs and $0.6 million in severance obligations in 2006 relating to the other facility located in Linden, New Jersey, which was closed in the third quarter of 2006. Additional asset impairment charges of $2.7 million were recorded in 2006, which primarily related to the planned closure of a performance coatings production line in the first quarter of 2007.

Other Income - Net The increase in other income - net for 2006 compared with 2005 primarily was due to the favorable legal settlements of insurance and commercial matters of $11.6 million and an increase in the net gain on the sale of property of $1.3 million, partially offset by an increase in currency transaction losses of $2.4 million and an increase in the elimination of minority interest of $2.4 million due to higher profitability of our joint ventures.

Interest Expense - Net The decrease in interest expense - net for 2006 compared with 2005 primarily was due to an increase in interest income of $12.3 million as a result of our increased cash and short-term investments from the divestiture proceeds and a decrease in interest expense of $5.4 million due to a reduction in our long-term debt balances.

Provision for Income Taxes Our effective tax rate was 31.4% in 2006 compared with 33.6% in 2005. The decrease in the effective tax rate primarily was due to the favorable provision impacts of foreign operations.

Income from Continuing Operations Primarily as a result of the above factors, income from continuing operations per diluted share was $2.59 in 2006 compared with $2.32 in 2005.

Net Income Net income included a loss from discontinued operations per diluted share of $1.10 in 2006 compared with income from discontinued operations per diluted share of $0.40 in 2005. The loss from discontinued operations per diluted share of $1.10 in 2006 consisted of operating income of $0.01 per diluted share, excluding an $0.87 per diluted share impairment charge and a $0.24 per diluted share loss on the sale of divested businesses.

SEGMENT ANALYSIS

We primarily evaluate performance and allocate resources based on segment operating income, defined as revenues less expenses identifiable to the product lines included within each segment, as well as projected future returns. Segment operating income will reconcile to consolidated income from continuing

operations before income taxes by deducting corporate expenses and corporate other income (expense) that are not attributable to the operating segments, restructuring and impairment charges and net interest expense.

The proportion of consolidated revenues and segment operating income attributed to each segment was as follows:

	2007	2006	2005
Revenues:			
Lubrizol Additives	66%	64%	63%
Lubrizol Advanced Materials	34%	36%	37%
Segment Operating Income:			
Lubrizol Additives	73%	64%	64%
Lubrizol Advanced Materials	27%	36%	36%

OPERATING RESULTS BY SEGMENT

				2007 vs. 2006		2006 vs. 2005	
(In Millions of Dollars)	2007	2006	2005	$ Change	% Change	$ Change	% Change
Revenues:							
Lubrizol Additives	$ 2,961.1	$ 2,600.5	$ 2,280.0	$ 360.6	14%	$ 320.5	14%
Lubrizol Advanced Materials	1,537.9	1,440.3	1,342.2	97.6	7%	98.1	7%
Total	$ 4,499.0	$ 4,040.8	$ 3,622.2	$ 458.2	11%	$ 418.6	12%
Gross Profit:							
Lubrizol Additives	$ 704.7	$ 581.2	$ 531.0	$ 123.5	21%	$ 50.2	9%
Lubrizol Advanced Materials	416.2	414.4	391.1	1.8	–	23.3	6%
Total	$ 1,120.9	$ 995.6	$ 922.1	$ 125.3	13%	$ 73.5	8%
Segment Operating Income:							
Lubrizol Additives	$ 391.0	$ 303.0	$ 263.3	$ 88.0	29%	$ 39.7	15%
Lubrizol Advanced Materials	141.8	167.6	150.9	(25.8)	(15%)	16.7	11%
Total	$ 532.8	$ 470.6	$ 414.2	$ 62.2	13%	$ 56.4	14%

LUBRIZOL ADDITIVES SEGMENT

2007 COMPARED WITH 2006

Revenues Revenues increased 14% in 2007 when compared with 2006. The increase was due to a 7% improvement in the combination of price and product mix, a 4% increase in volume and a 3% favorable currency impact. This increase includes the impact of acquisitions, which contributed 1% to the volume increase in 2007.

Volume patterns vary in different geographic zones. The following table shows the geographic break-down of our volume in 2007 as well as the percentage changes compared with 2006:

	2007 Volume	% Change
North America	36%	-
Europe	31%	6%
Asia-Pacific / Middle East	26%	4%
Latin America	7%	24%
Total	100%	4%

Volume in 2007 established a record primarily due to business gains in Europe, Asia-Pacific / Middle East and Latin America. North America volumes were level when compared with 2006 as our decision to exit low margin fuel additive business was offset by stronger customer demand in other product areas.

Gross Profit Gross profit increased $123.5 million, or 21%, in 2007 compared with 2006 as we continued to recover margin lost in prior periods. The Lubrizol Additives segment implemented a series of price increases in 2005 and 2006 in response to continued raw material and manufacturing cost increases. The effective dates of the selling price increases varied by geographic sales zone. Gross profit improved primarily due to the combination of price and product mix, increased volume and a favorable currency impact, partially offset by a 6% increase in average material cost in 2007 as compared with 2006. Manufacturing costs on a per-unit-sold basis increased 9% in 2007 compared with 2006 primarily due to higher manufacturing costs for maintenance materials and contract labor costs mostly attributable to our plants in the U.S. Gulf Coast and Europe, an unfavorable currency impact and higher environmental-related charges. These cost increases partially were offset by lower utility costs. In addition, we experienced unfavorable manufacturing cost absorption as we lowered first quarter production to reduce inventory levels from the prior year end.

The gross profit percentage increased to 23.8% in 2007 compared with 22.3% in 2006. The increase in gross profit percentage primarily related to the improvements in the combination of price and product mix, increased volume and a favorable currency impact.

Selling, Technical, Administrative and Research Expenses STAR expenses increased 10% in 2007 compared with 2006. Selling and administrative costs increased $22.0 million primarily from an unfavorable currency impact and increased incentive compensation expense. In addition, technical expenses increased $6.6 million primarily due to higher fuel and test part costs and an unfavorable currency impact.

Other Income - Net Other income in 2007 included a $5.0 million gain on the sale of land recorded in the first quarter of 2007, while other income in 2006 was impacted favorably by $10.4 million due to legal settlements of insurance and commercial matters as well as a $1.5 million gain on the sale of certain properties.

Segment Operating Income Segment operating income increased 29% in 2007 compared with 2006 due to the factors discussed above.

2006 COMPARED WITH 2005

Revenues Revenues increased 14% in 2006 when compared with 2005. The increase primarily was due to an improvement in the combination of price and product mix, while a slight increase in volume was offset by a slight unfavorable impact of currency.

Volume patterns vary in different geographic zones. The following table shows the geographic break-down of our volume in 2006 as well as the percentage changes compared with 2005:

	2006 Volume	% Change
North America	38%	1%
Europe	30%	(3%)
Asia-Pacific / Middle East	26%	2%
Latin America	6%	6%
Total	100%	–

Volume increased slightly in 2006 compared with 2005; however, excluding the impact of nonrecurring, temporary business gains in 2005, volume increased 2% in 2006 compared with 2005.

The decrease in volume in Europe was due in part to a change in a customer sourcing from Europe to North America. The volume growth in the Asia-Pacific / Middle East region primarily resulted from growth in China, which represented our third largest country in terms of volume sold despite the fact that a majority of the 2005 temporary business gains occurred in this region. The volume growth in Latin America primarily was driven by stronger demand by our major international customers.

Gross Profit Gross profit increased 9% in 2006 compared with 2005 as we continued to recover from margin erosion that occurred in 2005 and prior years. The Lubrizol Additives segment implemented a series of price increases in 2006 and 2005 in response to continued raw material and utility cost increases. The effective dates of the selling price increases varied by geographic zone. The gross profit increase primarily was due to an improvement in the combination of price and product mix partially offset by a 19% increase in average material cost in 2006 as compared with 2005. Manufacturing costs on a per-unit-sold basis increased 3% in 2006 compared with 2005. The increase was due in part to higher utility costs as well as higher operating supplies and outside services partially offset by lower depreciation expense, employee benefits and a reclassification of certain expenses from manufacturing to STAR due to a change in organization structure in our European operations. In addition, manufacturing costs were impacted favorably by approximately $5.2 million in 2006 as we curtailed production activity at our Bromborough, U.K. plant in accordance with our previously announced timetable to close this facility.

The gross profit percentage declined to 22.3% in 2006 compared with 23.3% in 2005. The decline in gross profit percentage primarily was due to continuing raw material cost increases throughout most of 2006 outpacing the timing of price increases.

Selling, Technical, Administrative and Research Expenses STAR expenses increased 7% in 2006 compared with 2005. This increase primarily was due to an increase in selling and administrative expenses of $14.8 million. The higher selling and administrative costs primarily resulted from the impact of reclassifying to STAR certain expenses that previously were classified as manufacturing resulting from a change in organization structure in our European operations, increases in base and variable compensation and a change in the timing of annual salary increases. The balance of the change in STAR expenses was due to an increase in technical expenses of $3.5 million primarily associated with technical programs within our driveline and industrial oils additives packages.

Other Income - Net Other income was impacted favorably by $10.4 million due to legal settlements of insurance and commercial matters as well as a $1.5 million gain on the sale of certain properties.

Segment Operating Income Segment operating income increased 15% in 2006 compared with the prior year due to the factors discussed above.

LUBRIZOL ADVANCED MATERIALS SEGMENT

2007 COMPARED WITH 2006

Revenues Revenues for the Lubrizol Advanced Materials segment increased 7% in 2007 compared with 2006. The increase was due to a 3% improvement in the combination of price and product mix, a 2% increase in volume and a 2% favorable currency impact.

Volume patterns vary in different geographic zones. The following table shows the geographic break-down of our volume in 2007 as well as the percentage changes compared with 2006:

	2007 Volume	% Change
North America	67%	(1%)
Europe	17%	2%
Asia-Pacific / Middle East	12%	19%
Latin America	4%	21%
Total	100%	2%

In the first quarter of 2007, we made a minor change to improve the consistency of our reporting of shipment volumes. Volume in our performance coatings product line, and to a much lesser extent, our Noveon consumer specialties product line, was reported previously on a dry basis, or excluding the carrier fluid that is shipped with the base performance material. We are now reporting all product lines on an "as shipped" basis, including carrier fluid that is blended with the base material. This change has been reflected for all periods presented.

Volume in North America decreased 1% in 2007 compared with 2006 as increases in our engineered polymers and Noveon consumer specialties product lines were more than offset by a decrease in our performance coatings product line. The increase in our Noveon consumer specialties product line was due to increased customer demand in our surfactants business and personal care applications. Volume in our engineered polymers product line increased due to strong demand in fire sprinkler and industrial applications. Volume in our performance coatings product line decreased due to reduced customer demand in textiles and inks applications.

Volume in Europe increased 2% in 2007 compared with 2006 as increases in our engineered polymers and Noveon consumer specialties product lines more than offset a decrease in our performance coatings product line. The increase in our engineered polymers product line primarily was due to increased customer demand in industrial and plumbing applications. Volume in our Noveon consumer specialties product line increased due to strong demand in personal care and pharmaceutical applications. Volume in our performance coatings product line decreased due to reduced customer demand in inks applications.

Volume in Asia-Pacific / Middle East increased 19% in 2007 compared with 2006 with increases in all of our product lines. This increase was due to strong customer demand in geophysical, fiber, plumbing, industrial, paints and coatings, inks, textiles, personal care and explosives applications.

Volume in Latin America increased 21% in 2007 compared with 2006 with increases in all of our product lines. The volume increase primarily was attributable to increased customer demand in plumbing, explosives, personal care and paints and coatings applications.

Gross Profit Gross profit increased $1.8 million in 2007 compared with 2006. The slight increase in segment gross profit in 2007 primarily was due to an improvement in the combination of price and product mix and increased volume, offset by higher average raw material cost and manufacturing expenses. Average raw material cost increased 7% in 2007 compared with 2006. Manufacturing costs increased

primarily due to increased compensation expense, an unfavorable currency impact and higher volume. Manufacturing costs on a per-unit-sold basis increased 5% in 2007 compared with 2006.

The gross profit percentage for this segment was 27.1% in 2007 compared with 28.8% in 2006. The decrease in gross profit percentage in 2007 was due to higher average raw material cost and manufacturing expenses.

Selling, Technical, Administrative and Research Expenses STAR expenses increased $25.7 million, or 11%, in 2007 compared with 2006. The increase in STAR was due to increased headcount to support our growth strategy, an unfavorable currency impact, higher compensation expense and higher costs associated with the implementation of a common information systems platform.

Segment Operating Income Segment operating income decreased 15% in 2007 compared with 2006. The decrease in segment operating income primarily was due to the factors discussed above.

2006 COMPARED WITH 2005

Revenues Revenues for the Lubrizol Advanced Materials segment increased 7% in 2006 compared with 2005. The increase was due to a 4% improvement in the combination of price and product mix and a 3% increase in volume. The improvement in the combination of price and product mix primarily occurred in our Noveon consumer specialties product line.

Volume patterns vary in different geographic zones. The following table shows the geographic break-down of our volume in 2006 as well as the percentage changes compared with 2005:

	2006 Volume	% Change
North America	69%	(1%)
Europe	17%	5%
Asia-Pacific / Middle East	10%	28%
Latin America	4%	32%
Total	100%	3%

Our performance coatings product line had a slight decrease in volume in North America in 2006 compared with 2005, which we believe primarily was due to the continued migration of the textile industry from North America to China. Our engineered polymers and Noveon consumer specialties product lines both had increases in volume in North America in 2006 compared with 2005. The increase in our engineered polymers product line was due to increased customer demand in both our Estane® thermoplastic polyurethane business (Estane) and our TempRite® engineered polymers business (TempRite). TempRite benefited from continued conversions from metals to plastics. The increase in the Noveon consumer specialties product line primarily was due to increased customer demand in our personal care and home care businesses and tolling sales to the buyer of our FIIS business.

Our engineered polymers and performance coatings product lines had increases in Europe in 2006 compared with 2005. The increase in our performance coatings product line primarily was due to customer demand and market share gains in the textiles market and customer demand in the paints and coatings market. The increase in our engineered polymers product line was due to market-share gains in our Estane business and business gains in our TempRite business resulting from continued conversions from metals to plastics. Our Noveon consumer specialties product line had a decrease in volume in Europe in 2006 compared with 2005 primarily attributable to our AMPS® specialty monomers business. The increase in Asia-Pacific / Middle East volume for 2006 primarily was due to higher customer demand and market-share gains in both our Estane business and performance coatings product line, predominately in the textiles market, and higher customer demand in our Noveon consumer specialties product line. We also experienced higher customer demand in the TempRite business, particularly in the Middle East and India.

Gross Profit Gross profit increased $23.3 million, or 6%, in 2006 compared with 2005. The increase in segment gross profit in 2006 primarily was the result of higher revenues due to the increase in volume and improvement in the combination of price and product mix partially offset by higher average raw material cost and manufacturing costs. Average raw material cost increased 4% in 2006 compared with 2005. Manufacturing costs primarily were higher due to increased utility costs, the impact of reclassifying certain expenses from STAR to manufacturing as a result of a change in organizational structure in our European operations and higher volume.

The gross profit percentage for this segment was 28.8% in 2006 compared with 29.1% in 2005. The decrease in gross profit percentage in 2006 was due to higher average raw material cost partially offset by an improvement in the combination of price and product mix.

Selling, Technical, Administrative and Research Expenses STAR expenses increased $9.0 million, or 4%, in 2006 compared with 2005. The increase in STAR was due to higher salaries and incentive compensation and increased hiring to support growth initiatives partially offset by the impact of reclassifying certain expenses from STAR to manufacturing as a result of a change in organizational structure in our European operations and reductions in bad debt expense.

Segment Operating Income Segment operating income increased 11% in 2006 compared with 2005. The increase in segment operating income primarily was due to the increase in segment gross profit as described above, partially offset by the increase in STAR expenses.

WORKING CAPITAL, LIQUIDITY AND CAPITAL RESOURCES

SELECTED MEASURES OF LIQUIDITY AND CAPITAL RESOURCES The following table summarizes our financial performance indicators of liquidity:

	2007	2006
Cash and short-term investments (in millions of dollars)	$ 502.3	$ 575.7
Working capital (in millions of dollars)	$ 962.6	$ 1,201.9
Current ratio	2.1	2.9
Debt as a % of capitalization	42.2%	47.8%
Net debt as a % of capitalization	32.1%	36.5%

SUMMARY OF CASH FLOWS The following table summarizes the major components of cash flows:

(In Millions of Dollars)	2007	2006	2005
Cash provided by (used for):			
Operating activities	$ 476.4	$ 334.8	$ 362.2
Investing activities	(309.8)	151.4	(106.8)
Financing activities	(260.0)	(183.9)	(312.8)
Effect of exchange-rate changes on cash	20.0	11.0	(16.1)
Net (decrease) increase in cash and short-term investments	$ (73.4)	$ 313.3	$ (73.5)

OPERATING ACTIVITIES

Cash provided by operating activities increased $141.6 million in 2007 compared with 2006. The increase in cash provided by operating activities primarily related to an increase in net income and an improvement in working capital levels. Specifically, we focused our efforts toward reducing inventory levels and our accounts payable improved due to the timing of raw material purchases and cash disbursements. In addition, the accounts payable we retained at the closing of the FIIS divestiture had an unfavorable impact of $27.0 million to operating cash flows in 2006. We also improved the timeliness of our cash collections, which partially offset our increase in accounts receivable associated with higher revenues.

We manage our levels of inventories and accounts receivable on the basis of average days sales in inventory and average days sales in receivables. Our goal is to minimize our investment in inventories while at the same time ensuring reliable supply for our customers. Our average days sales in inventory improved to 76.6 days for the year ended December 31, 2007 from 80.9 days for the year ended December 31, 2006. Our average days sales in receivables improved to 47.2 days for the year ended December 31, 2007 from 48.7 days for the year ended December 31, 2006.

INVESTING ACTIVITIES

On February 7, 2007, we used $15.7 million to acquire assets from Lockhart. On November 1, 2007, we used $124.6 million to acquire assets from Croda.

Our capital expenditures in 2007 were $182.8 million, as compared with $130.9 million and $136.7 million in 2006 and 2005, respectively. Capital expenditures increased in 2007 as we increased our production capacity in our Lubrizol Advanced Materials product lines in China, North America and Europe to meet growing demand and continued our project to bring both segments onto a common information systems platform. Capital expenditures for the Lubrizol Additives segment primarily are made to maintain existing manufacturing capacity and plant infrastructure. Approximately 35% of the capital expenditures in the Lubrizol Advanced Materials segment related to increasing capacity. In 2008, we estimate annual capital expenditures will be approximately $215.0 million to $225.0 million.

The sales of FIIS and A&I were completed on May 1, 2006 and May 23, 2006, respectively. In consideration for these divested businesses, we received net cash proceeds of approximately $254.8 million and $10.4 million, respectively. The FIIS sale resulted in a taxable gain, which was offset by our net operating loss carryforwards. The sale of Telene was completed in February 2006 for net cash proceeds of $6.2 million.

FINANCING ACTIVITIES

Cash used for financing activities increased $76.1 million in 2007 compared with 2006. Cash used for financing activities of $260.0 million in 2007 primarily consisted of the repayment of €85.0 million against our €250.0 million revolving credit agreement, which repaid our euro credit facility in full, the repurchase of common shares and the payment of dividends, partially offset by proceeds from the exercise of stock options. This compares to $183.9 million used for financing activities in 2006, which primarily consisted of net repayments of long-term debt and the payment of dividends, partially offset by proceeds from the exercise of stock options.

CAPITALIZATION AND CREDIT FACILITIES

At December 31, 2007, our total debt outstanding of $1,428.8 million consisted of 72% fixed-rate debt and 28% variable-rate debt, including $400.0 million of fixed-rate debt that effectively has been swapped to a variable rate. Our weighted-average interest rate at December 31, 2007 was approximately 5.6%.

Our net debt to capitalization ratio at December 31, 2007 was 32.1%. Net debt represents total short-term and long-term debt, excluding original issue discounts and unrealized gains and losses on derivative instruments designated as fair-value hedges of fixed-rate debt, reduced by cash and short-term investments. Capitalization is calculated as shareholders' equity plus net debt. Total debt as a percent of capitalization was 42.2% at December 31, 2007.

Our ratio of current assets to current liabilities was 2.1 and 2.9 at December 31, 2007 and 2006, respectively. The decrease in our current ratio from December 31, 2006 to December 31, 2007 primarily was related to the reclassification of $204.9 million from long-term to short-term debt.

On September 20, 2006, we amended our five-year unsecured committed U.S. bank credit agreement to reduce the revolving credit facility from $500.0 million to $350.0 million and extend the maturity date to September 2011. In addition, as of September 20, 2006, our direct and indirect domestic subsidiaries were

released as guarantors under the credit agreement and we no longer are subject to any investment or acquisition restrictions. This credit facility allows us to borrow at variable rates based upon the U.S. prime rate or LIBOR plus a specified credit spread. At December 31, 2007, we had no outstanding borrowings under this agreement.

In addition, at December 31, 2007, two of our wholly owned foreign subsidiaries had a €250.0 million revolving credit facility that matures in September 2010. This credit agreement permits these foreign subsidiaries to borrow at variable rates based on EURIBOR plus a specified credit spread. We have guaranteed all obligations of the borrowers under the credit agreement. On September 20, 2006, we amended this credit agreement such that we no longer are subject to any investment or acquisition restrictions. No other terms or conditions of the agreement were modified. At December 31, 2007, we had no borrowings under this agreement.

The cash and short-term investments balance of $502.3 million at December 31, 2007 will be used to fund ongoing operations, pay down debt, pursue acquisition opportunities and buy back shares. Given the call premium on our long-term debt, it is unlikely that we will reduce debt significantly before our next scheduled maturity in late 2008. We have no debt that is prepayable without incurring a penalty. Therefore, it is possible that we will carry excess cash until our next scheduled maturity.

CONTRACTUAL CASH OBLIGATIONS

The following table shows our contractual cash obligations under debt agreements, leases, non-cancelable purchase commitments and other long-term liabilities at December 31, 2007:

	Payments Due by Period				
(In Millions of Dollars)	Total	2008	2009 - 2010	2011 - 2012	2013 and After
Total debt (1)	$ 1,433.3	$ 200.3	$ 382.5	$ 0.5	$ 850.0
Interest (2)	873.7	80.9	120.7	103.0	569.1
Operating leases	66.8	18.9	30.6	13.5	3.8
Non-cancelable purchase commitments (3)	177.1	93.2	74.4	5.9	3.6
Other long-term liabilities (4)(5)	66.4	37.5	8.1	0.4	20.4
Total contractual cash obligations	$ 2,617.3	$ 430.8	$ 616.3	$ 123.3	$ 1,446.9

(1) Total debt includes both the current and long-term portions of debt as reported in Note 7 to the consolidated financial statements, excluding original issue discounts and unrealized gains on derivative instruments designated as fair-value hedges of fixed-rate debt.

(2) Represents estimated contractual interest payments for fixed-rate debt only. We are not able to estimate reasonably the cash payments for interest associated with variable-rate debt due to the significant estimation required relating to both market interest rates as well as projected principal payments.

(3) Non-cancelable purchase commitments primarily include raw materials purchased under take-or-pay contracts, drumming, warehousing and service contracts, utility purchase agreements, terminal agreements and toll processing arrangements.

(4) Other long-term liabilities disclosed in the table represent long-term liabilities reported in our consolidated balance sheet at December 31, 2007 under "noncurrent liabilities," excluding pension, postretirement, postemployment, environmental and other non-contractual liabilities. At December 31, 2007, we had gross unrecognized tax benefits of $59.3 million relating to uncertain tax positions. Due to the high degree of uncertainty regarding the timing of future cash outflows associated with these tax positions, we are unable to estimate when cash settlement may occur.

(5) We are required to make minimum contributions to our U.S. qualified defined benefit pension plans pursuant to the minimum funding requirements of the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974, as amended. Funding requirements for plans

outside the United States are subject to applicable local regulations. In 2008, we expect to make employer contributions of approximately $30.5 million to the qualified plans to satisfy these minimum statutory funding requirements. In 2008, we expect to make payments of approximately $1.6 million relating to our unfunded pension plans. The expected payments associated with the unfunded plans represent an actuarial estimate of future assumed payments based upon retirement and payment patterns. Actual amounts paid could differ from this estimate. In addition, non-pension postretirement benefit payments are expected to approximate $5.1 million in 2008. We have included these expected contributions of $37.2 million in the above table. Due to uncertainties regarding significant assumptions involved in estimating future required contributions to our defined benefit pension and other plans, such as interest rate levels, the amount and timing of asset returns and future restructurings, if any, we are not able to reasonably estimate our contributions beyond 2008.

In addition, at December 31, 2007, we had $35.7 million of contingent obligations under standby letters of credit issued in the ordinary course of business to financial institutions, customers and insurance companies to secure short-term support for a variety of commercial transactions, insurance and benefit programs.

We had $1,428.8 million of debt outstanding at December 31, 2007 compared with $1,541.7 million outstanding at December 31, 2006. Our total debt as a percent of capitalization has decreased from 47.8% at December 31, 2006 to 42.2% at December 31, 2007. We believe our future operating cash flows will be sufficient to cover our debt repayments, other contractual obligations, capital expenditures and dividends. In addition, we have untapped borrowing capacity that can provide us with additional financial resources. We currently have a shelf registration statement filed with the Securities and Exchange Commission (SEC) under which $359.8 million of debt securities, preferred shares or common shares may be issued. In addition, at December 31, 2007, we maintained cash and short-term investment balances of $502.3 million and had $350.0 million available under our U.S. revolving credit facility and €250.0 million available under our euro revolving credit facility.

GUARANTEES

On May 1, 2006, we sold the FIIS business to SPM Group Holdings, LLC, now known as Emerald Performance Materials, LLC (Emerald). As a result of the sale, Emerald became responsible for a supplier contract with SK Corporation (SK). We provided a guarantee to SK, revocable by us upon 60 days' prior written notice, for the timely performance of Emerald's payment obligations provided SK is unable to collect payment from Emerald using commercially reasonable efforts. On November 5, 2007, we terminated the guarantee, which originally extended to January 31, 2008.

INDEMNIFICATIONS

We have provided indemnifications to Emerald with respect to the FIIS business sold to them. These indemnifications are associated with the price and quantity of raw material purchases, permit costs, costs incurred due to the inability to obtain permits and environmental matters. For those indemnification agreements where a payment by us is probable and estimable, we recorded a liability at December 31, 2007. We believe that losses incurred in any of these matters would not have a material effect on our business, financial condition or results of operations.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and related disclosures in accordance with U.S. generally accepted accounting principles (U.S. GAAP) requires us to make judgments, assumptions and estimates at a specific point in time that affect the amounts reported in the accompanying consolidated financial statements and related notes. In preparing these financial statements, we have utilized available information including our past history, industry standards and the current economic environment, among other factors, in forming our estimates and judgments of certain amounts included in the consolidated financial statements, giving due consideration to materiality. It is possible that the ultimate outcome as anticipated by management in formulating our estimates inherent in these financial statements may not materialize. Application of the critical accounting policies described below involves the exercise of judgment and the use of assumptions

as to future uncertainties and, as a result, actual results could differ from these estimates. In addition, other companies may utilize different estimates, which may impact the comparability of our results of operations to similar businesses.

ACCOUNTING FOR RESERVES AND CONTINGENCIES

Our accounting policies for reserves and contingencies cover a wide variety of business activities, including reserves for potentially uncollectible receivables, slow-moving or obsolete inventory and legal and environmental exposures. We accrue these reserves when our assessments indicate that it is probable that we have incurred a liability or will not recover an asset and we can reasonably estimate an amount. For tax exposures, we only recognize the economic benefit associated with a tax position if it is more likely than not that we will ultimately sustain a tax position. After this threshold is met, we report a tax position at the largest amount of benefit that is more likely than not to be ultimately sustained. We review these estimates quarterly based on currently available information. Actual results may differ from our estimates and our estimates may be revised depending upon the outcome or changed expectations based on the facts surrounding each exposure. We discuss annually with the audit committee of our board of directors our reserves and contingencies, as well as our policies and processes for evaluating them.

ACCOUNTING FOR SALES DISCOUNTS AND REBATES

We offer sales discounts and rebates to certain customers to promote customer loyalty and to encourage greater product sales. These rebate programs provide that upon the attainment of pre-established volumes or the attainment of revenue milestones for a specified period, the customer receives credits against purchases. We estimate the provision for rebates based upon the specific terms in each agreement at the time of shipment and an estimate of the customer's achievement of the respective revenue milestones. We accrue customer claims, returns and allowances and discounts based upon our history of claims and sales returns and allowances. The estimated provisions significantly could be affected if future occurrences and claims differ from these assumptions and historical trends.

DETERMINATION OF NET PERIODIC PENSION COST

Each year we review with our actuaries the actuarial assumptions used in the determination of net periodic pension cost, as prescribed by SFAS No. 87, "Employers Accounting for Pensions." The determination of net periodic pension cost is based upon a number of actuarial assumptions. The two most critical assumptions are the expected return on plan assets and the discount rate for determining the funded status. Other assumptions include the rate of compensation increase and demographic factors such as retirement age, mortality and turnover. We review the critical assumptions for our U.S. pension plans with the audit committee of our board of directors. Our net periodic pension cost for our U.S. pension plans was $24.0 million in 2007, $31.0 million in 2006 and $25.7 million in 2005. Our net periodic pension cost for all pension plans was $44.8 million in 2007, $52.9 million in 2006 and $43.5 million in 2005. The net periodic pension cost for all plans included a settlement loss of $2.9 million and $0.3 million in 2006 and 2005, respectively. In accordance with U.S. GAAP, actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, affect expense recognized and obligations recorded in future periods.

In developing our assumption for the expected long-term rate of return on plan assets, we considered historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio. At December 31, 2007, our weighted-average assumptions for the U.S. pension plans and non-U.S. pension plans was 8.25% and 6.63% (7.56% on a weighted-average basis for all plans), respectively, based on our investment mix and projected market conditions. We believe our expected long-term rates of return represent a reasonable return that could be achieved over the long term using our current asset allocation. At December 31, 2007, our U.S. pension plans' assets had an investment mix that approximated 68% in equity securities and 32% in debt securities, while our non-U.S. pension plans' assets had an investment mix that approximated 62% in equity securities and 38% in debt securities.

A change in the rate of return of 100 basis points would have the following effects on 2008 net periodic pension cost:

(In Millions of Dollars)	100 Basis Point Increase	100 Basis Point Decrease
U.S. pension plans	$ (2.9)	$ 2.9
International pension plans	(2.2)	2.2
All pension plans	$ (5.1)	$ 5.1

The selection of a discount rate for pension plans is required to determine the value of future pension obligations and represents our best estimate of our cost in the marketplace to settle all pension obligations through annuity purchases. We determined the discount rate based upon current market indicators, including yields from dedicated bond portfolios that provide for a general matching of bond maturities with the projected benefit cash flows from our plans. The dedicated bond portfolios consist of non-callable corporate bonds that are at least AA- quality. We set the December 31, 2007 discount rate assumption for our U.S. pension plans at 6.67%, which was an increase from 6.25% at December 31, 2006. We set the December 31, 2007 weighted-average discount rate assumption for our non-U.S. pension plans at 5.61%, which was an increase from 4.89% at December 31, 2006. On a worldwide basis, the weighted-average discount rate increased to 6.19% at December 31, 2007 from 5.63% at December 31, 2006.

A change in the discount rate of 100 basis points would have the following effects on 2008 net periodic pension cost:

(In Millions of Dollars)	100 Basis Point Increase	100 Basis Point Decrease
U.S. pension plans	$ (2.5)	$ 5.3
International pension plans	(5.9)	5.1
All pension plans	$ (8.4)	$ 10.4

At December 31, 2007, the accumulated benefit obligation for all pension plans worldwide exceeded the value of plan assets by $34.8 million. This represents a $48.5 million improvement in funded status from the $83.3 million in the total unfunded accumulated benefit obligation reported in 2006. The accumulated benefit obligation exceeded the plan assets for the U.S. pension plans by $12.9 million and the non-U.S. plans by $21.9 million in 2007. The primary driver behind the $48.5 million decrease in the unfunded benefit obligations was a result of an increase in discount rates at December 31, 2007.

We expect changes in pension plan assumptions to decrease pension expense for most pension plans worldwide in 2008. We expect the 2008 pension expense to be approximately $40.5 million, excluding the impact of any settlement charges. The expected decrease in pension expense in 2008, excluding the impact of settlement charges, primarily is due to an increase in expected returns on assets due to the increase in fair value of plan assets at December 31, 2007, a reduction in the amortization of actuarial losses and the increase in the discount rate for all plans, offset by an increase in interest cost associated with an increase in the projected benefit obligation.

DETERMINATION OF POSTRETIREMENT BENEFIT COST

Annually, we review with our actuaries the key economic assumptions used in calculating postretirement benefit cost as prescribed by SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions." Postretirement benefits include health care and life insurance plans. The determination of postretirement benefit cost is based upon a number of actuarial assumptions, including the discount rate for determining the accumulated postretirement benefit obligation, the assumed health care cost trend rates and the ultimate health care trend rate. Except for the U.S. plans, the same discount rate selected for the pension plans generally is used to calculate the postretirement benefit obligation by country. Net non-

pension postretirement benefit cost (credit) was $2.6 million in 2007, ($0.1) million in 2006 and $3.4 million in 2005.

A change in the discount rate of 100 basis points would have the following effects on 2008 postretirement benefit cost:

(In Millions of Dollars)	100 Basis Point Increase	100 Basis Point Decrease
U.S. postretirement plans	$ (0.4)	$ 0.4
International postretirement plans	(0.2)	0.5
All postretirement plans	$ (0.6)	$ 0.9

A change in the assumed health care cost trend rate of 100 basis points would have the following effects on 2008 postretirement benefit cost:

(In Millions of Dollars)	100 Basis Point Increase	100 Basis Point Decrease
U.S. postretirement plans	$ 1.1	$ (1.0)
International postretirement plans	0.7	(0.4)
All postretirement plans	$ 1.8	$ (1.4)

ACCOUNTING FOR BUSINESS COMBINATIONS

We allocate the purchase price of business combinations to assets acquired and liabilities assumed based on their relative fair value at the date of acquisition pursuant to the provisions of SFAS No. 141, "Business Combinations." In estimating the fair value of the tangible and intangible assets and liabilities acquired, we consider information obtained during our due diligence process and utilize various valuation methods including market prices, where available, appraisals, comparisons to transactions for similar assets and liabilities and present value of estimated future cash flows. We are required to make subjective estimates in connection with these valuations and allocations.

ACCOUNTING FOR IMPAIRMENT OF LONG-LIVED ASSETS

We review the carrying value of our long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. An impairment loss exists when estimated undiscounted future cash flows expected to result from the use of the asset, including disposition, are less than the carrying value of the asset. The measurement of the impairment loss to be recognized is based on the difference between the fair value and the carrying amounts of the assets. Fair value generally is determined based upon a discounted cash flow analysis. In order to determine if an asset has been impaired, assets are grouped and tested at the lowest level for which identifiable, independent, cash flows are available.

The determination of both undiscounted and discounted cash flows requires us to make significant estimates and considers the expected course of action at the balance sheet date. Subsequent changes in estimated undiscounted and discounted cash flows arising from changes in anticipated actions could impact the determination of whether an impairment exists, the amount of the impairment charge recorded and whether the effects could materially impact our consolidated financial statements.

DISCONTINUED OPERATIONS

In accordance with the requirements of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," we report in discontinued operations the results of a component of our business that either has been disposed of or is classified as held for sale. We classify a component of our business as held for sale if it meets the following criteria as of each balance sheet date:

- We commit to a plan to sell the disposal group.
- The disposal group is available for immediate sale in its present condition, subject only to the terms that are usual and customary for sales of such disposal groups.
- We have initiated an active program to locate a buyer and other actions required to complete the plan to sell.
- We believe the sale of the disposal group is probable and expect the transfer to qualify for recognition as a completed sale within one year.
- We actively market the disposal group for sale at a price that is reasonable in relation to its current fair value.
- Actions necessary to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The results of operations of all entities that have been disposed of or are classified as held for sale have been classified in the income (loss) from discontinued operations - net of tax line item in the consolidated statements of income for 2006 and 2005. The 2007, 2006 and 2005 cash flow statements are presented on a consolidated basis, including both continuing operations and discontinued operations for 2006 and 2005.

ACCOUNTING FOR IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill is to be tested annually and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of an operating segment below its carrying amount. We have elected October 1 as the annual evaluation date to test for potential goodwill impairment. The annual goodwill impairment test requires us to make a number of assumptions and estimates concerning future levels of earnings and cash flow, which are based upon our strategic plans. The combination of a discounted cash flow analysis and terminal value model is used to determine the fair value of each reporting unit. While we use available information to prepare estimates and to perform the impairment evaluation, actual results could differ significantly resulting in future impairment and charges related to recorded goodwill balances. We identified no impairment of goodwill in the annual impairment test completed in 2007. (See Note 6 to the consolidated financial statements.)

Intangible assets resulting from business acquisitions, including customer lists, purchased technology, trademarks, patents, land-use rights and non-compete agreements, are amortized on a straight-line method over periods ranging from 3 to 40 years. Under SFAS No. 142, intangible assets determined to have indefinite lives are not amortized, but are tested for impairment at least annually. We have elected October 1 as the annual evaluation date to test for potential impairment of indefinite lived intangible assets. The combination of a discounted cash flow analysis and terminal value model is used to determine whether the fair value of an intangible asset exceeds its carrying amount. As part of the annual impairment test, the non-amortized intangible assets are reviewed to determine if the indefinite status remains appropriate.

We completed a corporate identity review in the fourth quarter of 2006 and made a final determination in January 2007 to no longer use the trade name "Noveon" to describe the Lubrizol Advanced Materials segment of our company and that its use would be discontinued except in connection with the consumer specialties product line. As a result, we recognized an impairment charge for the Noveon trade name in accordance with SFAS No. 142. We calculated a pretax charge of $41.2 million ($25.4 million after tax) to reduce the related asset to its estimated fair value. We reflected this charge in the fourth quarter of 2006 as we believed at that time we would more likely than not discontinue the use of the Noveon trade name, except in the limited context of the consumer specialties product line.

ASSET-RETIREMENT OBLIGATIONS

We account for asset retirement obligations in accordance with SFAS No. 143, "Accounting for Asset Retirement Obligations" and Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 47, "Accounting for Conditional Asset-Retirement Obligations - an interpretation of FASB Statement No. 143." FIN No. 47 requires the recognition of a liability for the fair value of a legal obligation to perform asset-retirement obligations (AROs) that are conditional on a future event if the amount can be reasonably estimated. We have identified AROs related to certain of our leased facilities and to asbestos remediation activities that may be required at other company-owned facilities in the future. We record liabilities for AROs at the time that they are identified and when they can be reasonably estimated. Due to the long-term, productive nature of some of our manufacturing operations, absent plans or expectation of plans to initiate asset retirement activities, we are unable to reasonably estimate the fair value of such asbestos remediation liabilities since the potential settlement dates cannot be determined at this time.

NEW ACCOUNTING STANDARDS

SFAS No. 141R

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations." This statement replaces SFAS No. 141, "Business Combinations," requires an acquirer to recognize the assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions. SFAS No. 141R requires costs incurred to effect the acquisition to be recognized separately from the acquisition as period costs. SFAS No. 141R also requires the acquirer to recognize restructuring costs that the acquirer expects to incur, but is not obligated to incur, separately from the business combination. In addition, this statement requires an acquirer to recognize assets and liabilities assumed arising from contractual contingencies as of the acquisition date, measured at their acquisition-date fair values. Other key provisions of this statement include the requirement to recognize the acquisition-date fair values of research and development assets separately from goodwill and the requirement to recognize changes in the amount of deferred tax benefits that are recognizable due to the business combination in either income from continuing operations in the period of the combination or directly in contributed capital, depending on the circumstances. At December 31, 2007, we had amounts recorded in our financial statements for unrecognized tax benefits and valuation allowances related to past acquisitions. Any reversal of these amounts prior to the adoption of SFAS No. 141R would affect goodwill. However, subsequent to the adoption of SFAS No. 141R, any reversals would affect the income tax provision in the period of reversal. With the exception of certain tax-related aspects described above, this statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period after December 15, 2008. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

SFAS No. 160

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Financial Statements-an amendment of ARB No. 51." This statement amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to establish accounting and reporting standards for noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement requires consolidated net income attributable to both the parent and the noncontrolling interest to be reported and disclosed in the consolidated financial statements. This statement also requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of a subsidiary. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008 and shall be applied prospectively as of the beginning of the fiscal year in which it is initially adopted, except for the presentation and disclosure requirements, which

are applied retrospectively for all periods presented. Early adoption is prohibited. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

SFAS No. 159

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to make an irrevocable election to measure many financial instruments and certain other items at fair value at specified election dates. The fair value option may be applied instrument by instrument and, if applied, then it must be applied to the entire instrument. Unrealized gains and losses on items for which the entity elects the fair value option are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of the fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157, "Fair Value Measurements." Entities are not permitted to apply this statement retrospectively to the fiscal years preceding the effective date unless the entity chooses early adoption. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

SFAS No. 158

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans-an amendment of FASB Statements No. 87, 88, 106, and 132R." This statement requires an employer to recognize a plan's funded status in its statement of financial position, measure a plan's assets and obligations as of the end of the employer's fiscal year and recognize the changes in a plan's funded status in comprehensive income in the year in which the changes occur. SFAS No. 158's requirement to recognize a plan's funded status and new disclosure requirements are effective for us as of December 31, 2006. The requirement to measure plan assets and benefit obligations as of the date of our fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. Currently, we measure plan assets and benefit obligations as of the date of our fiscal year end. We adopted the required provisions of SFAS No. 158 on December 31, 2006.

SFAS No. 157

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair value measurements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but simplifies and codifies related guidance within U.S. GAAP. SFAS No. 157 establishes a fair value hierarchy using observable market data as the highest level and an entity's own fair value assumptions as the lowest level. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those years. SFAS No. 157 requires adoption prospectively as of the beginning of the fiscal year in which this statement is initially applied, with the exception of certain financial instruments in which adoption is applied retrospectively as of the beginning of the fiscal year in which this statement initially is applied. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

FIN No. 48

In July 2006, the FASB issued FIN No. 48, "Accounting for Uncertainty in Income Taxes," that prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Under FIN No. 48, a contingent tax asset only will be recognized if it is more likely than not that a tax position ultimately will be sustained. After this threshold is met, a tax position is reported at the largest amount of benefit that is more likely than not to be realized. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. FIN No. 48 was effective for fiscal years beginning after December 15, 2006. FIN No. 48 requires the cumulative effect of applying the provisions to be reported separately as an adjustment to the opening balance of retained earnings in the year of adoption. Effective January 1, 2007, we adopted the provisions of FIN No. 48.

As a result of adopting FIN No. 48 on January 1, 2007, we recognized an $8.9 million reduction to retained earnings and a $5.4 million increase to goodwill for pre-acquisition income tax liabilities of Noveon International. At January 1, 2007, after recording this FIN No. 48 adoption impact, we had gross unrecognized tax benefits of $57.8 million, of which $38.8 million, if recognized, would have affected the effective tax rate. At December 31, 2007, we had gross unrecognized tax benefits of $59.3 million, of which $39.3 million, if recognized, would have affected the effective tax rate.

We recognize accrued interest and penalties related to unrecognized tax benefits as a component of the income tax provision. During the year ended December 31, 2007, we recognized gross interest expense of $4.2 million and gross interest income of $3.2 million in our consolidated statements of income. At December 31, 2007 and 2006, we had accrued $7.7 million and $7.1 million, respectively, for the potential payment of interest and penalties.

We operate in numerous taxing jurisdictions and are subject to regular examinations by various U.S. federal, state and foreign jurisdictions. Our income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which we do business. Due to the subjectivity of interpretations of laws and rulings in each jurisdiction, the differences and interplay in tax laws between those jurisdictions and difficulty in estimating the final resolution of complex tax audit matters, our estimates of income tax liabilities may differ from actual payments or assessments.

We do not anticipate that the total unrecognized tax benefits will change significantly due to the settlement of audits and the expiration of statute of limitations within one year of December 31, 2007.

With few exceptions, we no longer are subject to U.S. federal, state and local tax examinations for years before 2001 and foreign jurisdiction examinations for years before 2000.

Effective with the adoption of FIN No. 48, the majority of our unrecognized tax benefits are classified as noncurrent liabilities because payment of cash is not expected within one year. Prior to the adoption of FIN No. 48, we classified unrecognized tax benefits in accrued expenses and other current liabilities.

SFAS No. 123R

In December 2004, the FASB issued SFAS No. 123R. This standard requires compensation costs related to share-based payment transactions to be recognized in the financial statements. With limited exceptions, the amount of compensation cost is measured based on the grant-date fair value of the equity or liability instruments issued. In addition, liability awards are remeasured each reporting period. Compensation cost is recognized over the period that an employee provides service in exchange for the award. This standard replaces SFAS No. 123, "Accounting for Stock-Based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and applies to all awards granted, modified, repurchased or cancelled after July 1, 2005. In April 2005, the SEC amended the compliance date of SFAS No. 123R through an amendment of Regulation S-X. We adopted SFAS No. 123R on January 1, 2006. Our adoption of SFAS No. 123R incrementally increased before-tax compensation expense by approximately $2.4 million during 2006.

CAUTIONARY STATEMENTS FOR SAFE HARBOR PURPOSES

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the federal securities laws. As a general matter, forward-looking statements are those focused upon future plans, objectives or performance as opposed to historical items and include statements of anticipated events or trends and expectations and beliefs relating to matters not historical in nature. Forward-looking statements are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. These uncertainties and factors could cause our actual results to differ materially from those matters expressed in or implied by any forward-looking statements, although we believe our expectations reflected in those forward-looking statements are based upon reasonable assumptions. For

this purpose, any statements contained herein that are not statements of historical fact should be deemed to be forward-looking statements.

We believe that the following factors, among others, could 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:

- The cost, availability and quality of raw materials, especially petroleum-based products.
- Our ability to sustain profitability of our products in a competitive environment.
- The demand for our products as influenced by factors such as the global economic environment, longer-term technology developments and the success of our commercial development programs.
- The risks of conducting business in foreign countries, including the effects of fluctuations in currency exchange rates upon our consolidated results and political, social, economic and regulatory factors.
- The extent to which we are successful in expanding our business in new and existing markets and in identifying, understanding and managing the risks inherent in those markets.
- The effects of required principal and interest payments and the high degree of volatility in the capital markets on our ability to fund capital expenditures and acquisitions and to meet operating needs.
- Our ability to identify, complete and integrate acquisitions for profitable growth and operating efficiencies.
- Our success at continuing to develop proprietary technology to meet or exceed new industry performance standards and individual customer expectations.
- Our ability to implement a new common information systems platform primarily into our Lubrizol Advanced Materials segment successfully, including the management of project costs, its timely completion and realization of its benefits.
- Our ability to continue to reduce complexities and conversion costs and modify our cost structure to maintain and enhance our competitiveness.
- Our success in retaining and growing the business that we have with our largest customers.
- The cost and availability of energy, especially natural gas and electricity.
- The effect of interest rate fluctuations on our net interest expense.
- The risk of weather-related disruptions to our Lubrizol Additives production facilities located near the U.S. Gulf Coast.
- Significant changes in government regulations affecting environmental compliance.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We operate manufacturing and blending facilities, laboratories and offices around the world and utilize fixed-rate and variable-rate debt to finance our global operations. As a result, we are subject to business risks inherent in non-U.S. activities, including political and economic uncertainties, import and export limitations, and market risks related to changes in interest rates and foreign currency exchange rates. We believe the political and economic risks related to our foreign operations are mitigated due to the stability of the countries in which our largest foreign operations are located.

In the normal course of business, we use derivative financial instruments including interest rate and commodity hedges and forward foreign currency exchange contracts to manage our market risks. Our objective in managing our exposure to changes in interest rates is to limit the impact of such changes on our earnings and cash flow. Our objective in managing the exposure to changes in foreign currency exchange rates is to reduce volatility on our earnings and cash flow associated with such changes. Our principal currency exposures are the euro, the pound sterling, the Japanese yen and certain Latin American currencies. Our objective in managing our exposure to changes in commodity prices is to reduce the volatility on earnings of utility expense. We do not hold derivatives for trading purposes.

We measure our market risk related to our holdings of financial instruments based on changes in interest rates, foreign currency rates and commodity prices utilizing a sensitivity analysis. The sensitivity analysis measures the potential loss in fair value, cash flow and earnings based on a hypothetical 10% change (increase and decrease) in interest, currency exchange rates and commodity prices. We use current market rates on our debt and derivative portfolios to perform the sensitivity analysis. Certain items such as lease contracts, insurance contracts and obligations for pension and other postretirement benefits are not included in the analysis.

Our primary interest rate exposures relate to our cash and short-term investments, fixed-rate and variable-rate debt and interest rate swaps. The calculation of potential loss in fair value is based on an immediate change in the net present values of our interest rate-sensitive exposures resulting from a 10% change in interest rates. The potential loss in cash flow and income before tax is based on the change in the net interest income/expense over a one-year period due to an immediate 10% change in rates. A hypothetical 10% increase in interest rates would have had a favorable impact and a hypothetical 10% decrease in interest rates would have had an unfavorable impact on fair values of $49.8 million and $41.1 million at December 31, 2007 and 2006, respectively. In addition, a hypothetical 10% increase in interest rates would have had an unfavorable impact and a hypothetical 10% decrease in interest rates would have had a favorable impact on cash flows and income before tax of $0.8 million and $1.6 million in 2007 and 2006, respectively.

Our primary currency exchange rate exposures are to foreign currency-denominated debt, intercompany debt, cash and short-term investments and forward foreign currency exchange contracts. The calculation of potential loss in fair value is based on an immediate change in the U.S. dollar equivalent balances of our currency exposures due to a 10% shift in exchange rates. The potential loss in cash flow and income before tax is based on the change in cash flow and income before tax over a one-year period resulting from an immediate 10% change in currency exchange rates. A hypothetical 10% increase in currency exchange rates would have had an unfavorable impact and a hypothetical 10% decrease in currency exchange rates would have had a favorable impact on fair values of $17.0 million and $3.5 million at December 31, 2007 and 2006, respectively. In addition, a hypothetical 10% increase in currency exchange rates would have had an unfavorable impact and a hypothetical 10% decrease in currency exchange rates would have had a favorable impact on cash flows of $24.9 million and $21.1 million and on income before tax of $6.5 million and $4.0 million in 2007 and 2006, respectively.

Our primary commodity hedge exposures relate to natural gas and electric utility expenses. The calculation of potential loss in fair value is based on an immediate change in the U.S. dollar equivalent balances of our commodity exposures due to a 10% shift in the underlying commodity prices. The potential loss in cash flow and income before tax is based on the change in cash flow and income before tax over a one-year period resulting from an immediate 10% change in commodity prices. A hypothetical 10% increase in commodity prices would have had a favorable impact and a hypothetical 10% decrease in commodity prices would have had an unfavorable impact on fair values, cash flows and income before tax of $1.4 million and $1.3 million in 2007 and 2006, respectively.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of The Lubrizol Corporation and its subsidiaries (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting. The Lubrizol Corporation's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Lubrizol Corporation's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework.* Based on this assessment, management believes that, as of December 31, 2007, the Company's internal control over financial reporting is effective based on those criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2007 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, who expressed an unqualified opinion as stated in their report, a copy of which is included in this annual report.

/s/ James L. Hambrick
James L. Hambrick
Chairman, President and Chief Executive Officer

/s/ Charles P. Cooley
Charles P. Cooley
Senior Vice President, Treasurer and Chief Financial Officer

/s/ W. Scott Emerick
W. Scott Emerick
Corporate Controller

February 28, 2008

NEW YORK STOCK EXCHANGE CERTIFICATIONS

On April 30, 2007, James L. Hambrick, as chief executive officer, certified, as required by Section 303A.12(a) of the New York Stock Exchange (NYSE) Listed Company Manual, that as of that date he was not aware of any violations by the Company of the NYSE's Corporate Governance listing standards. This certification has been delivered to the NYSE.

The chief executive officer and chief financial officer certifications created by Section 302 of the Sarbanes-Oxley Act of 2002 are included as exhibits to our Form 10-K and are incorporated herein by reference.

REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
The Lubrizol Corporation

We have audited the internal control over financial reporting of The Lubrizol Corporation and subsidiaries (the "Company") as of December 31, 2007, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material

misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2007 of the Company and our report dated February 28, 2008 expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the Company's adoption of new accounting standards.

/s/ Deloitte & Touche LLP
Cleveland, Ohio
February 28, 2008

REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (continued)

To the Shareholders and Board of Directors of
The Lubrizol Corporation

We have audited the accompanying consolidated balance sheets of The Lubrizol Corporation and subsidiaries (the "Company") as of December 31, 2007 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Lubrizol Corporation and subsidiaries at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 2 and 12 to the consolidated financial statements, the Company changed its method of accounting for uncertain income tax positions with the adoption of Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" effective January 1, 2007. As discussed in Notes 2 and 16 to the consolidated financial statements, the Company changed its method of accounting for stock-based compensation with the adoption of Statement of Financial Accounting Standards ("SFAS") No. 123R, "Share-Based Payment" effective January 1, 2006. As discussed in Note 13 to the consolidated financial statements, the Company changed its method of accounting for defined pension and other postretirement plans with the adoption of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" effective December 31, 2006.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations

of the Treadway Commission and our report dated February 28, 2008 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP
Cleveland, Ohio
February 28, 2008

THE LUBRIZOL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(In Millions of Dollars Except Per Share Data)	Year Ended December 31 2007	2006	2005
Revenues	$ 4,499.0	$ 4,040.8	$ 3,622.2
Cost of sales	3,378.1	3,045.2	2,700.1
Gross profit	1,120.9	995.6	922.1
Selling and administrative expenses	422.2	381.7	348.4
Research, testing and development expenses	218.9	205.5	198.9
Amortization of intangible assets	24.3	23.7	23.5
Restructuring and impairment charges	1.5	51.9	15.9
Other income – net	(8.8)	(8.5)	(1.8)
Interest income	(28.0)	(20.4)	(8.1)
Interest expense	91.8	99.7	105.1
Income from continuing operations before income taxes	399.0	262.0	240.2
Provision for income taxes	115.6	82.2	80.8
Income from continuing operations	283.4	179.8	159.4
Income (loss) from discontinued operations – net of tax	–	(76.2)	27.8
Net income	$ 283.4	$ 103.6	$ 187.2
Basic earnings (loss) per share:			
Continuing operations	$ 4.10	$ 2.62	$ 2.35
Discontinued operations	–	(1.11)	0.41
Net income per share, basic	$ 4.10	$ 1.51	$ 2.76
Diluted earnings (loss) per share:			
Continuing operations	$ 4.05	$ 2.59	$ 2.32
Discontinued operations	–	(1.10)	0.40
Net income per share, diluted	$ 4.05	$ 1.49	$ 2.72
Dividends paid per share	$ 1.16	$ 1.04	$ 1.04

The accompanying notes are an integral part of these consolidated financial statements.

THE LUBRIZOL CORPORATION
CONSOLIDATED BALANCE SHEETS

(In Millions of Dollars Except Share Data)	December 31 2007	2006
ASSETS		
Cash and short-term investments	$ 502.3	$ 575.7
Receivables	665.9	573.6
Inventories	600.0	589.0
Other current assets	79.1	98.0
Total current assets	1,847.3	1,836.3
Property and equipment – at cost	2,763.2	2,546.0
Less accumulated depreciation	1,601.7	1,464.7
Property and equipment – net	1,161.5	1,081.3
Goodwill	1,170.8	1,076.1
Intangible assets – net	381.3	322.8
Investments in non-consolidated companies	8.3	7.7
Other assets	74.6	66.7
TOTAL	$ 4,643.8	$ 4,390.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term debt and current portion of long-term debt	$ 204.9	$ 3.7
Accounts payable	404.8	340.5
Accrued expenses and other current liabilities	275.0	290.2
Total current liabilities	884.7	634.4
Long-term debt	1,223.9	1,538.0
Pension obligations	195.2	237.9
Other postretirement benefit obligations	93.1	93.5
Noncurrent liabilities	147.7	72.3
Deferred income taxes	85.5	80.4
Total liabilities	2,630.1	2,656.5
Contingencies and commitments		
Minority interest in consolidated companies	62.4	51.3
Preferred stock without par value – unissued	–	–
Common shares without par value - 68,383,833 and 69,020,569 outstanding shares at December 31, 2007 and 2006, respectively	763.6	710.1
Retained earnings	1,128.7	1,033.8
Accumulated other comprehensive income (loss)	59.0	(60.8)
Total shareholders' equity	1,951.3	1,683.1
TOTAL	$ 4,643.8	$ 4,390.9

The accompanying notes are an integral part of these consolidated financial statements.

THE LUBRIZOL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of Dollars)	Year Ended December 31 2007	2006	2005
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net income	$ 283.4	$ 103.6	$ 187.2
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	161.4	161.8	179.8
Deferred income taxes	20.2	28.6	9.1
Deferred compensation	20.5	19.5	16.3
Restructuring and impairment charges	3.6	105.6	11.1
(Gain) loss from sales of property and equipment and divestitures	(7.5)	9.6	(3.9)
Change in current assets and liabilities, net of acquisitions and divestitures:			
Receivables	(44.8)	(3.4)	(52.9)
Inventories	17.5	(56.2)	(47.5)
Accounts payable, accrued expenses and other current liabilities	20.1	(57.1)	56.1
Other current assets	4.0	3.4	6.9
	(3.2)	(113.3)	(37.4)
Change in noncurrent liabilities	1.8	8.5	8.6
Other items – net	(3.8)	10.9	(8.6)
Total operating activities	476.4	334.8	362.2
INVESTING ACTIVITIES			
Capital expenditures	(182.8)	(130.9)	(136.7)
Acquisitions	(140.3)	–	–
Net proceeds from sales of property and equipment and divestitures	14.5	281.9	30.1
Other items – net	(1.2)	0.4	(0.2)
Total investing activities	(309.8)	151.4	(106.8)
FINANCING ACTIVITIES			
Changes in short-term debt – net	(3.6)	(0.6)	(4.0)
Repayments of long-term debt	(114.0)	(143.4)	(512.2)
Proceeds from the issuance of long-term debt	–	–	235.8
Dividends paid	(80.0)	(71.2)	(70.4)
Payment of debt issuance costs	–	–	(0.8)
Common shares purchased	(100.3)	–	–
Proceeds from the exercise of stock options	28.2	26.5	38.8
Tax benefit from the exercise of stock options and awards	9.7	4.8	–
Total financing activities	(260.0)	(183.9)	(312.8)
Effect of exchange rate changes on cash	20.0	11.0	(16.1)
Net (decrease) increase in cash and short-term investments	(73.4)	313.3	(73.5)
Cash and short-term investments at the beginning of year	575.7	262.4	335.9
Cash and short-term investments at the end of year	$ 502.3	$ 575.7	$ 262.4

The accompanying notes are an integral part of these consolidated financial statements.

THE LUBRIZOL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In Millions)	Number of Shares Outstanding	Shareholders' Equity: Common Shares	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE, JANUARY 1, 2005	66.8	$ 610.6	$ 885.2	$ 12.7	$ 1,508.5
Comprehensive income:					
Net income 2005	–	–	187.2	–	187.2
Other comprehensive loss	–	–	–	(126.2)	(126.2)
Total comprehensive income					61.0
Dividends declared	–	–	(70.7)	–	(70.7)
Deferred stock compensation	–	8.8	–	–	8.8
Common shares – treasury:					
Shares issued upon exercise of stock options and awards	1.2	44.3	–	–	44.3
BALANCE, DECEMBER 31, 2005	68.0	663.7	1,001.7	(113.5)	1,551.9
Comprehensive income:					
Net income 2006	–	–	103.6	–	103.6
Other comprehensive income	–	–	–	115.5	115.5
Total comprehensive income					219.1
Adjustment to recognize pension and other postretirement benefit plans funded status	–	–	–	(62.8)	(62.8)
Dividends declared	–	–	(71.5)	–	(71.5)
Deferred stock compensation	–	11.2	–	–	11.2
Common shares – treasury:					
Shares issued upon exercise of stock options and awards	1.0	35.2	–	–	35.2
BALANCE, DECEMBER 31, 2006	69.0	710.1	1,033.8	(60.8)	1,683.1
Cumulative effect of a change in accounting principle due to the adoption of FIN No. 48	–	–	(8.9)	–	(8.9)
BALANCE, JANUARY 1, 2007	69.0	710.1	1,024.9	(60.8)	1,674.2
Comprehensive income:					
Net income 2007	–	–	283.4	–	283.4
Other comprehensive income	–	–	–	119.8	119.8
Total comprehensive income					403.2
Dividends declared	–	–	(82.6)	–	(82.6)
Deferred stock compensation	–	18.9	–	–	18.9
Common shares – treasury:					
Common shares purchased	(1.7)	(3.3)	(97.0)	–	(100.3)
Shares issued upon exercise of stock options and awards	1.1	37.9	–	–	37.9
BALANCE, DECEMBER 31, 2007	68.4	$ 763.6	$ 1,128.7	$ 59.0	$ 1,951.3

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Financial Statements
(In Millions of Dollars Except Per Share Data)

Note 1 - NATURE OF OPERATIONS

The Lubrizol Corporation (the company) is an innovative specialty chemical company that produces and supplies technologies that improve the quality and performance of its customers' products in the global transportation, industrial and consumer markets. These technologies include lubricant additives for engine oils, other transportation-related fluids and industrial lubricants, as well as additives for gasoline and diesel fuel. In addition, the company makes ingredients and additives for personal care products and pharmaceuticals; engineered polymers, including plastics technology; and performance coatings in the form of specialty resins and additives.

The company is organized into two operating and reportable segments: Lubrizol Additives and Lubrizol Advanced Materials. Refer to Note 15 for a further description of the nature of the company's operations, the product lines within each of the operating segments, segment operating income and related financial disclosures for the reportable segments.

Note 2 - SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION - The consolidated financial statements include the accounts of the company and its consolidated subsidiaries. The company consolidates certain entities in which it owns less than a 100% equity interest if it is either deemed to be the primary beneficiary in a variable interest entity, as defined in Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 46 (revised December 2003), "Consolidation of Variable Interest Entities," or where its ownership interest is at least 50% and the company has effective management control. The equity method of accounting is applied to non-consolidated entities in which the company can exercise significant influence over the entity with respect to its operations and major decisions. The book value of investments carried on the equity method and cost method were immaterial at December 31, 2007 and 2006.

In December 2007, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 160, "Noncontrolling Interests in Financial Statements-an amendment of ARB No. 51." This statement amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to establish accounting and reporting standards for noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement requires consolidated net income attributable to both the parent and the noncontrolling interest to be reported and disclosed in the consolidated financial statements. This statement also requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of a subsidiary. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008 and shall be applied prospectively as of the beginning of the fiscal year in which it is initially adopted, except for the presentation and disclosure requirements, which are applied retrospectively for all periods presented. Early adoption is prohibited. The company currently is evaluating the impact of this recently issued standard on its consolidated financial statements.

DISCONTINUED OPERATIONS - The results of a component of the company that either has been disposed of or is classified as held for sale are reported in discontinued operations in accordance with the requirements of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." A component of an entity is classified as held for sale when the transaction has been approved by the appropriate level of management and there are no known significant contingencies outstanding that would prevent the sale from closing within one year. The results of operations of all entities that have been disposed of or that are classified as held for sale in 2006 and 2005 have been classified as discontinued operations in all periods presented in the consolidated statements of income. The 2006 and 2005 cash flow statements are presented on a consolidated basis, including both continuing operations and discontinued operations.

USE OF ESTIMATES - The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the

financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS - The company invests its excess cash in short-term investments with various banks and financial institutions. Short-term investments are cash equivalents, as they are part of the cash management activities of the company and are comprised of investments having maturities of three months or less when purchased.

INVENTORIES - Inventories are stated at the lower of cost or market value. Cost of inventories is determined by either the first-in, first-out (FIFO) method or the moving-average method, except in the United States for chemical inventories, which primarily are valued using the last-in, first-out (LIFO) method.

The company accrues volume discounts on purchases from vendors where it is probable that the required volume will be attained and the amount can be reasonably estimated. The company records the discount as a reduction in the cost of the purchase (generally raw materials), based on projected purchases over the purchase agreement period.

PROPERTY AND EQUIPMENT - Property and equipment are carried at cost. Repair and maintenance costs are charged against income while renewals and betterments are capitalized as additions to the related assets. Costs incurred for computer software developed or obtained for internal use are capitalized for application development activities and immediately expensed for preliminary project activities or post-implementation activities. Accelerated depreciation methods are used in computing depreciation on certain machinery and equipment for approximately 5% and 6% of the depreciable assets at December 31, 2007 and 2006, respectively. The remaining assets are depreciated using the straight-line method. The estimated useful lives are 10 to 40 years for buildings and building and land improvements. Estimated useful lives range from 3 to 20 years for machinery and equipment.

IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS - The company reviews the carrying value of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. An impairment loss exists when estimated undiscounted future cash flows expected to result from the use of the asset, including disposition, are less than the carrying value of the asset. The measurement of the impairment loss to be recognized is based on the difference between the fair value and the carrying amounts of the assets. Fair value generally is determined based on a discounted cash flow analysis. In order to determine if an asset has been impaired, assets are grouped and tested at the lowest level for which identifiable, independent cash flows are available.

GOODWILL AND INTANGIBLE ASSETS - Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired and is not amortized in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." Goodwill is tested for impairment annually and between annual tests if an event occurs or circumstances change that indicate the carrying amount may be impaired. The company has elected to perform its annual tests for potential impairment of goodwill and indefinite-lived intangible assets as of October 1 of each year. Impairment testing is performed at the reporting unit level. An impairment loss generally would be recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit. The estimated fair value of a reporting unit is determined through a combination of discounted cash flow analysis and terminal value calculations.

Intangible assets resulting from business acquisitions, including customer lists, purchased technology, trademarks, patents, land-use rights and non-compete agreements, are amortized on a straight-line method over periods ranging from 3 to 50 years. Under SFAS No. 142, intangible assets determined to have indefinite lives are not amortized, but are tested for impairment at least annually. As part of the annual impairment test, the non-amortized intangible assets are reviewed to determine if the indefinite status remains appropriate.

DEFERRED FINANCING COSTS - Costs incurred with the issuance of debt and credit facilities are capitalized and amortized over the life of the associated debt as a component of interest expense using the effective interest method of amortization. Net deferred financing costs were $12.9 million and $15.7 million at December 31, 2007 and 2006, respectively. Amortization expense incurred in 2007, 2006 and 2005 was $2.8 million, $2.9 million and $3.6 million, respectively.

ENVIRONMENTAL LIABILITIES - The company accrues for expenses associated with environmental remediation obligations when such expenses are probable and reasonably estimable, based upon current law and existing technologies. These accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

SHARE REPURCHASES - The company uses the par-value method of accounting for its treasury shares. Under this method, the cost to reacquire shares in excess of paid-in capital related to those shares is charged against retained earnings.

FOREIGN CURRENCY TRANSLATION - The assets and liabilities of the company's international subsidiaries are translated into U.S. dollars at exchange rates in effect at the balance sheet date, while revenues and expenses are translated at weighted-average exchange rates in effect during the period. Unrealized translation adjustments are recorded as a component of accumulated other comprehensive income or loss in the consolidated statements of shareholders' equity, except for subsidiaries for which the functional currency is other than the local currency, where translation adjustments are recognized in income. Transaction gains or losses that arise from exchange rate changes on transactions denominated in a currency other than the functional currency, except those transactions that function as a hedge of an identifiable foreign currency commitment or as a hedge of a foreign currency investment, are included in income as incurred.

REVENUE RECOGNITION - Revenues are recognized at the time of shipment of products to customers, or at the time of transfer of title, if later, and when collection is reasonably assured. All amounts in a sales transaction billed to a customer related to shipping and handling are reported as revenues.

Provisions for sales discounts and rebates to customers are recorded, based upon the terms of sales contracts, in the same period the related sales are recorded, as a deduction to the sale. Sales discounts and rebates are offered to certain customers to promote customer loyalty and encourage greater product sales. These rebate programs provide that upon the attainment of pre-established volumes or the attainment of revenue milestones for a specified period, the customer receives credits against purchases. The company estimates the provision for rebates based on the specific terms in each agreement at the time of shipment and an estimate of the customer's achievement of the respective revenue milestones.

COMPONENTS OF COST OF SALES - Cost of sales is comprised of raw material costs including freight and duty, inbound handling costs associated with the receipt of raw materials, direct production, maintenance, utility costs, depreciation, plant and engineering overhead, terminals and warehousing costs, and outbound shipping and handling costs.

RESEARCH, TESTING AND DEVELOPMENT - Research, testing and development costs are expensed as incurred. Research and development expenses, excluding testing, were $148.2 million in 2007, $135.3 million in 2006 and $128.1 million in 2005. Costs to acquire in-process research and development (IPR&D) projects that have no alternative future use and that have not yet reached technological feasibility at the date of acquisition are expensed upon acquisition.

INCOME TAXES - The company provides for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of the assets and liabilities.

In June 2006, the FASB issued FIN No. 48, "Accounting for Uncertainty in Income Taxes," that prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Under FIN No. 48, a contingent tax asset only will be recognized if it is more likely than not that a tax position ultimately will be sustained. After this threshold is met, a tax position is reported at the largest amount of benefit that is more likely than not to be realized. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. FIN No. 48 was effective for fiscal years beginning after December 15, 2006. This interpretation requires the cumulative effect of applying the provisions to be reported separately as an adjustment to the opening

balance of retained earnings in the year of adoption. The company adopted FIN No. 48 on January 1, 2007 (see Note 12).

PER SHARE AMOUNTS - Net income per share is computed by dividing net income by average common shares outstanding during the period, including contingently issuable shares. Net income per diluted share includes the dilutive impact resulting from outstanding stock options and awards. Per share amounts are computed as follows:

	2007	2006	2005
Numerator:			
Income from continuing operations	$ 283.4	$ 179.8	$ 159.4
Income (loss) from discontinued operations - net of tax	–	(76.2)	27.8
Net income	$ 283.4	$ 103.6	$ 187.2
Denominator:			
Weighted-average common shares outstanding	69.2	68.7	67.9
Dilutive effect of stock options and awards	0.8	0.6	0.9
Denominator for net income per share, diluted	70.0	69.3	68.8
Basic earnings (loss) per share:			
Continuing operations	$ 4.10	$ 2.62	$ 2.35
Discontinued operations	–	(1.11)	0.41
Net income per share, basic	$ 4.10	$ 1.51	$ 2.76
Diluted earnings (loss) per share:			
Continuing operations	$ 4.05	$ 2.59	$ 2.32
Discontinued operations	–	(1.10)	0.40
Net income per share, diluted	$ 4.05	$ 1.49	$ 2.72

There were an insignificant number of shares excluded from the diluted earnings per share calculations because they were antidilutive in 2007, 2006 and 2005.

ACCOUNTING FOR DERIVATIVE INSTRUMENTS - Derivative financial instruments are recognized on the balance sheet as either assets or liabilities and are measured at fair value. Derivatives that are not hedges are adjusted to fair value through income. Depending upon the nature of the hedge, changes in fair value of the derivative are either offset against the change in fair value of assets, liabilities or firm commitments through earnings or recognized in other comprehensive income or loss until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in value is recognized immediately in earnings. The company only uses derivative financial instruments to manage well-defined interest rate, foreign currency and commodity price risks. The company does not use derivatives for trading purposes.

COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES - Liabilities for costs associated with exit or disposal activities are recognized and measured initially at fair value when the liability is incurred pursuant to the requirements of SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities."

ASSET-RETIREMENT OBLIGATIONS - The company accounts for asset retirement obligations in accordance with SFAS No. 143, "Accounting for Asset Retirement Obligations" and FIN No. 47, "Accounting for Conditional Asset-Retirement Obligations-an interpretation of FASB Statement No. 143." FIN No. 47 requires the recognition of a liability for the fair value of a legal obligation to perform asset-retirement obligations (AROs) that are conditional on a future event if the amount can be reasonably estimated. The company has identified AROs related to certain of its leased facilities and to asbestos remediation activities that may be required in the future. The company records liabilities for AROs at the time they are identified and when they reasonably can be estimated. However, due to the long-term, productive nature of the company's manufacturing operations, absent plans or

expectation of plans to initiate asset retirement activities, the company is unable to reasonably estimate the fair value of such asbestos remediation liabilities since the potential settlement dates cannot be determined at this time.

GUARANTEES - FIN No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," requires the recognition of a liability for any guarantees entered into or modified. At December 31, 2006, the company had guaranteed the timely performance of payment obligations under supplier contracts by a third-party purchaser of the company's food ingredients and industrial specialties (FIIS) business. The company believed that it was highly unlikely that an event would occur requiring the company to pay any monies pursuant to the guarantee. On November 5, 2007, the company terminated the guarantee, which originally extended to January 31, 2008. Accordingly, no liability was reflected in the accompanying consolidated balance sheets at December 31, 2007 and 2006 (see Note 18). The company did not have any other material guarantees within the scope of FIN No. 45 at December 31, 2007 and 2006, respectively.

STOCK-BASED COMPENSATION - Effective January 1, 2006, the company adopted the fair value recognition provisions of SFAS No. 123R, "Share-Based Payment," using the modified prospective transition method and therefore has not restated results for prior periods. Under this transition method, stock-based compensation expense for 2006 includes compensation expense for all stock-based compensation awards granted prior to, but not yet vested as of, January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Stock-based compensation expense for all stock-based compensation awards granted after January 1, 2006 is based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123R. The company recognizes these compensation costs, net of a forfeiture rate, on a straight-line basis over the requisite service period of the award, which generally is the option vesting term of three years with the options becoming exercisable 50% one year after date of grant, 75% after two years and 100% after three years. The company estimates the forfeiture rate based on its historical experience during the preceding 10 years.

The following table shows the pro forma effect on net income and earnings per share if the company had applied the fair-value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation for 2005. There is no pro forma presentation necessary after December 31, 2005 as the company adopted the fair value recognition provisions of SFAS No. 123R on January 1, 2006.

	2005
Reported net income	$ 187.2
Plus: Stock-based employee compensation (net of tax) included in net income	5.5
Less: Stock-based employee compensation (net of tax) using the fair value method	(6.5)
Pro forma net income	$ 186.2
Reported net income per share, basic	$ 2.76
Pro forma net income per share, basic	$ 2.74
Reported net income per share, diluted	$ 2.72
Pro forma net income per share, diluted	$ 2.71

FAIR VALUE MEASUREMENTS - In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair value measurements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but simplifies and codifies related guidance within U.S. GAAP. SFAS No. 157 establishes a fair value hierarchy using observable market data as the highest level and an entity's own fair value assumptions as the lowest level. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those years. SFAS No. 157 requires adoption prospectively as of the beginning of the fiscal year in which this statement is initially applied, with the exception of certain financial instruments, in which adoption is applied retrospectively as of the beginning of the fiscal year in which this statement initially is applied. The company currently is evaluating the impact of this standard on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to make an irrevocable election to measure many financial instruments and certain other items at fair value at specified election dates. The fair value option may be applied instrument by instrument and, if applied, then it must be applied to the entire instrument. Unrealized gains and losses on items for which the entity elects the fair value option are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of the fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157, "Fair Value Measurements." Entities are not permitted to apply this statement retrospectively to the fiscal years preceding the effective date unless the entity chooses early adoption. The company currently is evaluating the impact of this recently issued standard on its consolidated financial statements.

BUSINESS COMBINATIONS - In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations." This statement replaces SFAS No. 141, "Business Combinations," and requires an acquirer to recognize the assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions. SFAS No. 141R requires costs incurred to effect the acquisition to be recognized separately from the acquisition as period costs. SFAS No. 141R also requires the acquirer to recognize restructuring costs that the acquirer expects to incur, but is not obligated to incur, separately from the business combination. In addition, this statement requires an acquirer to recognize assets and liabilities assumed arising from contractual contingencies as of the acquisition date, measured at their acquisition-date fair values. Other key provisions of this statement include the requirement to recognize the acquisition-date fair values of research and development assets separately from goodwill and the requirement to recognize changes in the amount of deferred tax benefits that are recognizable due to the business combination in either income from continuing operations in the period of the combination or directly in contributed capital, depending on the circumstances. At December 31, 2007, the company had amounts recorded in its financial statements for unrecognized tax benefits and valuation allowances related to past acquisitions. Any reversal of these amounts prior to the adoption of SFAS No. 141R would affect goodwill. However, subsequent to the adoption of SFAS No. 141R, any reversals would affect the income tax provision in the period of reversal. With the exception of certain tax-related aspects described above, this statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period after December 15, 2008. The company currently is evaluating the impact of this recently issued standard on its consolidated financial statements.

RECLASSIFICATIONS - Certain prior period amounts have been reclassified to conform to the current year presentation.

Note 3 - ACQUISITIONS

On November 1, 2007, the company completed the acquisition of the refrigeration lubricants business of Croda International Plc (Croda) for approximately $124.6 million in cash. The acquisition primarily included lubricant technology, trade names, customer lists, manufacturing know-how and inventory. No manufacturing facilities were included in the transaction. The company began consolidating the results of the refrigeration lubricants business of Croda in the company's consolidated financial statements in November 2007. Revenues in 2007 for this business, which were included in the company's consolidated results, were approximately $8.3 million. The preliminary purchase price allocation for this acquisition included goodwill of $53.3 million and intangible assets of $64.7 million.

On February 7, 2007, the company completed the acquisition of a broad line of additive products used in the metalworking markets worldwide from Lockhart Chemical Company (Lockhart) for approximately $15.7 million in cash. The company purchased Lockhart's entire metalworking product line, which included natural, synthetic and gelled sulfonates; emulsifier packages; corrosion inhibitors and lubricity agents; grease additives; oxidates; esters; soap; semi-finished coatings; and rust preventatives. The company began consolidating the results of the metalworking business of Lockhart in the company's consolidated financial statements in February 2007. In 2007, these product lines contributed revenues of $16.8 million to the company's consolidated results. The purchase price allocation for this acquisition included goodwill of $8.3 million and intangible assets of $7.6 million.

The pro forma impacts of acquisitions in 2007 were immaterial to the company's consolidated financial statements.

Note 4 - DIVESTITURES

In May 2006, the company sold the FIIS business and the active pharmaceutical ingredients and intermediate compounds business (A&I), both of which were included in the Lubrizol Advanced Materials segment. A&I and almost all of FIIS were included in the Noveon® consumer specialties product line. A small portion of the FIIS divestiture was included in the performance coatings product line. In consideration for the FIIS and A&I businesses, the company received net cash proceeds of approximately $254.8 million and $10.4 million, respectively. The company recorded a $10.4 million pretax ($15.9 million after tax) loss on the sale of these divested businesses. The tax charge of $5.5 million primarily related to the difference in book and tax basis in goodwill. The net charge of $76.2 million recorded in discontinued operations in 2006 also reflected a $60.6 million after-tax goodwill impairment charge in the first quarter of 2006 to reduce the FIIS business to its estimated fair value. The company performed the impairment test on the FIIS business in connection with its classification as held for sale and estimated its fair value based on expected proceeds from the sale, less transaction costs. In addition, a charge of $4.4 million pretax ($2.9 million after tax) was recorded in the fourth quarter of 2006 to write-off an intangible asset associated with the FIIS business.

In February 2006, the company sold certain assets and liabilities of its Telene® resins business (Telene), which was included in the Lubrizol Advanced Materials segment. The company received net cash proceeds of $6.2 million for the sale of Telene.

The results of the FIIS, A&I and the Telene businesses were reflected in the income (loss) from discontinued operations - net of tax line item in the consolidated statements of income for 2006 and 2005.

In December 2005, the company sold certain assets, liabilities and stock of its Engine Control Systems (ECS) business and, in September 2005, the company sold certain assets and liabilities of its U.S. and U.K. Lubrizol Performance Systems (LPS) operations, both of which were included in the Lubrizol Additives segment. The company reflected the results of these businesses in the income (loss) from discontinued operations - net of tax line item in the consolidated statement of income for 2005.

Revenues from discontinued operations were $143.8 million and $476.7 million in 2006 and 2005, respectively. Loss from discontinued operations - net of tax was $76.2 million in 2006 and primarily related to a $60.6 million after-tax goodwill impairment charge on the FIIS business recorded in the first quarter of 2006 and a $16.6 million after-tax loss on the sale of divested businesses. Loss from discontinued operations - net of tax in 2006 included income tax expense of $9.4 million. Income from discontinued operations - net of tax in 2005 was $27.8 million and included income tax expense of $15.5 million.

The company's consolidated balance sheets at December 31, 2007 and 2006 do not reflect any businesses classified as discontinued operations as all activities related to discontinued operations were completed during 2006.

Note 5 - INVENTORIES

	2007	2006
Finished products	$ 332.7	$ 315.0
Products in process	105.0	108.2
Raw materials	132.2	138.2
Supplies and engine test parts	30.1	27.6
Total inventory	$ 600.0	$ 589.0

Inventories valued using the LIFO method were 37% and 40% of consolidated inventories at December 31, 2007 and 2006, respectively. The current replacement cost of these inventories exceeded the LIFO cost at December 31, 2007 and 2006 by $147.4 million and $132.8 million, respectively.

Note 6 - GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill is tested for impairment at the reporting unit level as of October 1 of each year or if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying amount. No impairment of goodwill was identified in connection with the 2007, 2006 or 2005 annual impairment test. However, during the first quarter of 2006, the company recognized a $60.6 million impairment charge related to the FIIS business (see Note 4).

The carrying amount of goodwill by reporting segment follows:

	Lubrizol Advanced Materials	Lubrizol Additives	Total
Balance, January 1, 2006	$ 1,043.0	$ 95.8	$ 1,138.8
Goodwill of divestitures	(87.6)	–	(87.6)
Translation and other adjustments	22.9	2.0	24.9
Balance, December 31, 2006	978.3	97.8	1,076.1
Goodwill acquired	–	61.6	61.6
Translation and other adjustments	32.6	0.5	33.1
Balance, December 31, 2007	$ 1,010.9	$ 159.9	$ 1,170.8

The goodwill acquired in 2007 related to the acquisitions from Lockhart and Croda.

Intangible Assets

The major components of the company's identifiable intangible assets are customer lists, technology, trademarks, patents, land-use rights and non-compete agreements. Definite-lived intangible assets are amortized over their useful lives, which range between 3 and 50 years. The company's indefinite-lived intangible assets include certain trademarks that are tested for impairment each year as of October 1 or more frequently if impairment indicators arise. Indefinite-lived trademarks are assessed for impairment separately from goodwill. No impairment of indefinite-lived trademarks was identified in connection with the 2007, 2006 or 2005 annual impairment test. However, during the fourth quarter of 2006, the company recognized a $41.2 million write-down of the Noveon trade name in the Lubrizol Advanced Materials segment (see Note 17).

The following table shows the components of identifiable intangible assets at December 31, 2007 and 2006:

	2007		2006	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Customer lists	$ 195.5	$ 34.6	$ 145.0	$ 24.0
Technology	155.1	55.1	139.8	44.9
Trademarks	23.6	7.2	20.7	5.5
Patents	14.4	5.7	14.0	4.2
Land-use rights	10.3	1.5	7.5	1.2
Non-compete agreements	2.6	1.0	8.2	7.2
Other	–	–	0.9	0.7
Total amortized intangible assets	401.5	105.1	336.1	87.7
Non-amortized trademarks	84.9	–	74.4	–
Total	$ 486.4	$ 105.1	$ 410.5	$ 87.7

The increase in intangible assets in 2007 primarily related to the acquisitions of Lockhart and Croda. Annual intangible amortization expense for the next five years will approximate $25.8 million in 2008, $24.1 million in 2009, $23.9 million in 2010, $23.8 million in 2011 and $23.4 million in 2012.

Note 7 - DEBT

The company's debt was comprised of the following at December 31, 2007 and 2006:

	2007	2006
Short-term debt:		
Current portion of long-term debt	$ 204.9	$ 1.0
Yen denominated, at weighted-average rate of 0.8%	–	2.5
Other	–	0.2
Total short-term debt	$ 204.9	$ 3.7
Long-term debt:		
5.875% notes, due 2008, including a fair value adjustment of $2.1 million and $(1.1) million in 2007 and 2006, respectively, for unrealized gains (losses) on derivative hedge instruments and remaining unamortized gain on termination of swaps of $2.5 million and $5.2 million in 2007 and 2006, respectively	$ 204.6	$ 204.1
4.625% notes, due 2009, net of original issue discount of $0.1 million and $0.2 million in 2007 and 2006, respectively, and fair value adjustments of $(2.0) million and $(4.1) million for unrealized losses on derivative hedge instruments in 2007 and 2006, respectively	379.7	377.5
5.5% notes, due 2014, net of original issue discount of $2.2 million and $2.4 million in 2007 and 2006, respectively	447.8	447.6
7.25% debentures, due 2025	100.0	100.0
6.5% debentures, due 2034, net of original issue discount of $4.8 million in 2007 and 2006	295.2	295.2
Debt supported by long-term banking arrangements:		
Euro revolving credit borrowing, at EURIBOR plus 0.4% (4.1% at December 31, 2006)	–	112.2
Other	1.5	2.4
	1,428.8	1,539.0
Less: current portion of long-term debt	204.9	1.0
Total long-term debt	$ 1,223.9	$ 1,538.0

The scheduled principal payments for all outstanding debt are $200.3 million in 2008, $382.2 million in 2009, $0.3 million in 2010, $0.3 million in 2011, $0.2 million in 2012 and $850.0 million thereafter.

During the third quarter of 2006, the company repurchased $18.2 million of its 4.625% notes due in 2009. The weighted-average purchase price was 97.298% per note, resulting in a gain on retirement of $0.5 million. The company also accelerated amortization of $0.6 million in debt issuance costs, original issue discounts and losses on Treasury rate lock agreements associated with the repurchased notes. The remaining outstanding balance on the 4.625% notes due in 2009 was $381.8 million at December 31, 2007.

In September 2005, certain wholly owned international subsidiaries of the company entered into a five-year unsecured committed €250.0 million revolving credit agreement. This credit agreement permits these designated international subsidiaries to borrow at variable rates based on EURIBOR plus a specified credit spread. In September 2006, two of the company's wholly owned foreign subsidiaries amended their five-year unsecured

committed €250.0 million credit agreement such that neither the company nor its subsidiaries are subject any longer to any investment or acquisition restrictions. No other terms or conditions of the agreement were modified. At December 31, 2007, the company had no outstanding borrowings under this agreement. At December 31, 2006, borrowings of €85.0 million were outstanding under this agreement.

In November 2004, the company entered into interest rate swap agreements that effectively converted the interest on $200.0 million of outstanding 4.625% notes due 2009 to a variable rate of six-month LIBOR plus 40 basis points. In June 2004, the company entered into interest rate swap agreements that effectively converted the interest on $200.0 million of outstanding 5.875% notes due 2008 to a variable rate of six-month LIBOR plus 111 basis points. In addition, the company had an interest rate swap agreement, which expired in October 2006, that exchanged variable-rate interest obligations on a notional principal amount of Japanese yen 500.0 million for a fixed rate of 2.0%.

In September 2004, the company issued senior unsecured notes and debentures having an aggregate principal amount of $1,150.0 million including: $400.0 million 4.625% notes due October 1, 2009; $450.0 million 5.5% notes due October 1, 2014; and $300.0 million 6.5% debentures due October 1, 2034. The price to the public was 99.911% per 2009 note, 99.339% per 2014 note and 98.341% per 2034 debenture. The resulting original issue discount from the issuance of these notes and debentures of $8.3 million was recorded as a reduction of the underlying debt issuances and is being amortized over the life of the debt using the effective interest method. Interest is payable semi-annually on April 1 and October 1 of each year, beginning April 1, 2005. The notes and debentures have no sinking fund requirement, but are redeemable, in whole or in part, at the option of the company. The proceeds from these notes and debentures were used to repay a portion of the 364-day credit facility that was utilized to bridge finance the Noveon International, Inc. (Noveon International) acquisition. Including debt issuance costs, original issue discounts and losses on Treasury rate lock agreements, the 2009 notes, 2014 notes and 2034 debentures have effective annualized interest rates of approximately 5.3%, 6.3% and 6.7%, respectively, with a weighted-average interest rate for the aggregate issuances of approximately 6.1%.

In August 2004, the company entered into a five-year $1,075.0 million unsecured bank credit agreement consisting of: $575.0 million in term loans and a $500.0 million committed revolving credit facility. This credit agreement permits the company to borrow at variable rates based upon the U.S. prime rate or LIBOR plus a specified spread. The spread is dependent on the company's long-term unsecured senior debt rating from Standard and Poor's and Moody's Investor Services. In September 2004, the company borrowed $575.0 million in term loans, the proceeds of which were used to repay a portion of the 364-day credit facility used to bridge finance the Noveon International acquisition. Principal on the term loans was due quarterly in equal installments of $14.4 million beginning March 31, 2005, with any remaining unpaid balance due in September 2009. In the fourth quarter of 2004, the company prepaid $75.0 million and, in 2005, the company prepaid the remaining $500.0 million to pay off the bank term loan. The loans were prepayable at any time without penalty. In September 2006, the company amended its five-year unsecured committed U.S. bank credit agreement to reduce the amount of revolving credit available under the agreement from $500.0 million to $350.0 million and extended the maturity date to September 2011. In addition, the company's direct and indirect domestic subsidiaries were released as guarantors under the credit agreement, and the company no longer is subject to any investment or acquisition restrictions. Due to provisions in each of the three indentures underlying the company's outstanding public debt, upon effectiveness of the amendment to the credit agreement described above, the company's direct and indirect domestic subsidiaries were released as guarantors of the outstanding public debt effective in September 2006. At December 31, 2007 and 2006, the company had $350.0 million available under the revolving credit facility.

In July 2002, the company terminated its interest rate swap agreements expiring December 2008, which converted fixed-rate interest on $100.0 million of its 5.875% debentures to a variable rate. In terminating the swaps, the company received cash of $18.1 million, which is being amortized as a reduction of interest expense through December 1, 2008, the due date of the underlying debt. Gains and losses on terminations of interest rate swap agreements designated as fair value hedges are deferred as an adjustment to the carrying amount of the outstanding obligation and amortized as an adjustment to interest expense related to the obligation over the remaining term of the original contract life of the terminated swap agreement. In the event of early extinguishment of the outstanding obligation, any unamortized gain or loss from the swaps would be recognized in the consolidated statement of income at the time of such extinguishment. In 2002, the company recorded a $17.3 million unrealized gain, net of accrued interest, on the termination of the interest rate swaps as an increase in the underlying long-term debt. The remaining unrealized gain was $2.5 million and $5.2 million at December 31, 2007 and 2006, respectively.

In November 1998, the company issued notes having an aggregate principal amount of $200.0 million. The notes are unsecured, senior obligations of the company that mature on December 1, 2008, and bear interest at 5.875% per annum, payable semi-annually on June 1 and December 1 of each year. The notes have no sinking fund requirement but are redeemable, in whole or in part, at the option of the company. The company incurred debt issuance costs aggregating $10.5 million, including a loss of $6.5 million related to closed Treasury rate lock agreements originally entered into as a hedge against changes in interest rates relative to the anticipated issuance of these notes.

The company has debentures outstanding, issued in June 1995, in an aggregate principal amount of $100.0 million. These debentures are unsecured, senior obligations of the company that mature on June 15, 2025, and bear interest at an annualized rate of 7.25%, payable semi-annually on June 15 and December 15 of each year. The debentures are not redeemable prior to maturity and are not subject to any sinking fund requirements.

The company's credit facilities contain restrictive covenants and require compliance with financial ratios, including debt to consolidated earnings before income taxes, depreciation and amortization (EBITDA) (as defined in the credit facilities) and consolidated EBITDA (as defined in the credit facilities) to interest expense. At December 31, 2007, the company was in compliance with all of its debt covenants.

At December 31, 2007 and 2006, the company had $35.7 million and $45.7 million, respectively, of contingent obligations under standby letters of credit issued in the ordinary course of business to financial institutions, customers and insurance companies to secure short-term support for a variety of commercial transactions, insurance and benefit programs.

Interest paid, net of amounts capitalized, was $91.5 million, $98.2 million and $104.3 million during 2007, 2006 and 2005, respectively. The amount of interest capitalized during 2007, 2006 and 2005 was $1.7 million, $1.5 million and $0.7 million, respectively.

Note 8 - FINANCIAL INSTRUMENTS

The company has various financial instruments, including cash and short-term investments, investments in nonconsolidated companies, foreign currency forward contracts, commodity forward contracts, interest rate swaps and short-term and long-term debt. The company has determined the estimated fair value of these financial instruments by using available market information and generally accepted valuation methodologies. The use of different market assumptions or estimation methodologies could have a material effect on the estimated fair value amounts. The estimated fair value of the company's debt instruments at December 31, 2007 and 2006 approximated $1,406.1 million and $1,533.5 million, compared with the carrying value of $1,428.8 million and $1,541.7 million, respectively.

The company is exposed to market risk from changes in interest rates. The company's policy is to manage interest expense using a mix of fixed-rate and variable-rate debt. To manage this mix in a cost-efficient manner, the company may enter into interest rate swaps in which the company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Interest payments receivable and payable under the terms of the interest rate swap agreements are accrued over the period to which the payment relates and the net difference is treated as an adjustment of interest expense related to the underlying liability.

In November 2004, the company entered into interest rate swap agreements that effectively convert the interest on $200.0 million of outstanding 4.625% notes due 2009 to a variable rate of six-month LIBOR plus 40 basis points. The fair value of the interest rate swaps included in long-term debt was $(2.0) million and $(4.1) million at December 31, 2007 and 2006, respectively. In June 2004, the company entered into interest rate swap agreements that effectively convert the interest on $200.0 million of outstanding 5.875% notes due 2008 to a variable rate of six-month LIBOR plus 111 basis points. The fair value of the interest rate swaps included in short-term and long-term debt was $2.1 million and $(1.1) million at December 31, 2007 and 2006, respectively. These swaps are designated as fair-value hedges of underlying fixed-rate debt obligations and are recorded as an adjustment to either short-term or long-term debt and current or noncurrent assets or liabilities. These interest rate swaps qualify for the short-cut method for assessing hedge effectiveness per SFAS No. 133, "Accounting for Derivative Instruments and Hedging

Activities." Changes in fair value of the swaps are offset by the change in fair value of the underlying debt. As a result, there was no impact to earnings in 2007, 2006 or 2005 due to hedge ineffectiveness.

The company also had an interest rate swap agreement that matured in October 2006 that exchanged variable-rate interest obligations for a fixed rate on a notional principal amount of Japanese yen 500.0 million. This interest rate swap was designated as a cash-flow hedge.

In June 2004, the company entered into several Treasury rate lock agreements with an aggregate notional principal amount of $900.0 million, all maturing September 30, 2004, whereby the company had locked in Treasury rates relating to a portion of the then anticipated public debt securities issuance. These rate locks were designated as cash-flow hedges of the forecasted semi-annual interest payments associated with the expected debt issuance. In September 2004, the company incurred a pretax loss on the termination of these agreements in an aggregate amount of $73.9 million. Gains and losses on terminations of Treasury rate lock agreements designated as cash-flow hedges are deferred and amortized as an adjustment to interest expense over the life of the corresponding debt issuance using the effective interest method. The unamortized balance of the Treasury rate lock recorded in accumulated other comprehensive income, net of tax, was $38.2 million and $41.2 million at December 31, 2007 and 2006, respectively.

The company is exposed to the effect of changes in foreign currency rates on its earnings and cash flow as a result of doing business internationally. In addition to working capital management, pricing and sourcing, the company selectively uses foreign currency forward contracts to lessen the potential effect of currency changes. The maximum amount of foreign currency forward contracts outstanding at any one time was $94.3 million in 2007, $35.5 million in 2006 and $34.4 million in 2005. At December 31, 2007, the company had short-term forward contracts to buy or sell currencies at various dates during 2008 for $12.9 million. At December 31, 2006, the company had short-term forward contracts to buy or sell currencies at various dates during 2007 for $28.8 million. Changes in the fair value of these contracts are recorded in other income. The fair value of these instruments at December 31, 2007 and 2006, and the related adjustments recorded in other income, were an unrealized gain of $0.1 million and $0.2 million, respectively.

The company is exposed to market risk from changes in commodity prices. The company uses financial instruments to manage the cost of natural gas and electricity purchases. These contracts have been designated as cash-flow hedges and, accordingly, any effective unrealized gains or losses on open contracts are recorded in other comprehensive income or loss, net of related tax effects. At December 31, 2007 and 2006, the notional amounts of open contracts totaled $15.1 million and $15.0 million, respectively. A hedge liability of $0.8 million ($0.5 million net of tax) and $1.9 million ($1.2 million net of tax) was recorded at December 31, 2007 and 2006, respectively, which represents the net unrealized losses or gains based upon current futures prices at that date. Ineffectiveness was determined to be immaterial in 2007 and 2006. Contract maturities are less than 24 months. The company expects that approximately $0.8 million of these losses will be reclassified into earnings within the next 12 months.

Note 9 - OTHER BALANCE SHEET INFORMATION

	2007	2006
Receivables:		
Customers	$ 582.4	$ 509.3
Affiliates	7.4	4.0
Other	76.1	60.3
Total	$ 665.9	$ 573.6

Receivables are net of allowance for doubtful accounts of $6.3 million and $7.5 million at December 31, 2007 and 2006, respectively.

	2007	2006
Property and equipment - at cost:		
Land and improvements	$ 171.8	$ 177.0
Buildings and improvements	458.8	457.8
Machinery and equipment	1,994.0	1,820.2
Construction in progress	138.6	91.0
Total	$ 2,763.2	$ 2,546.0

Depreciation expense of property and equipment from continuing operations was $137.1 million, $133.3 million and $139.4 million in 2007, 2006 and 2005, respectively. Depreciation expense of property and equipment from discontinued operations was $4.4 million in 2006 and $15.2 million in 2005.

	2007	2006
Accrued expenses and other current liabilities:		
Employee compensation	$ 113.0	$ 108.1
Income taxes	21.2	48.5
Sales allowances and rebates	38.2	33.8
Taxes other than income	27.3	31.2
Interest	16.4	17.9
Other	58.9	50.7
Total	$ 275.0	$ 290.2

Dividends payable at December 31, 2007 and 2006 were $20.5 million and $17.9 million, respectively, and are included in accounts payable in the consolidated balance sheets.

Note 10 - SHAREHOLDERS' EQUITY

The company has 147.0 million authorized shares consisting of 2.0 million shares of serial preferred stock, 25.0 million shares of serial preference shares and 120.0 million common shares, each of which is without par value. Common shares outstanding exclude common shares held in treasury of 17.8 million and 17.2 million at December 31, 2007 and 2006, respectively.

The company previously had a shareholder rights plan, which expired in October 2007. No rights were issued under the plan and they were delisted from the New York Stock Exchange and deregistered with the Securities and Exchange Commission.

Accumulated other comprehensive income (loss) shown in the consolidated statements of shareholders' equity at December 31, 2007, 2006 and 2005 is comprised of the following:

	Foreign Currency Translation Adjustment	Treasury Rate Locks	Unrealized (Losses) Gains on Cash Flow Hedges	Unrecognized Pension Plan and Other Postretirement Benefit Costs	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2005	$ 89.0	$(47.4)	$ –	$ (28.9)	$ 12.7
Other comprehensive (loss) income:					
Pretax	(116.5)	4.4	(0.8)	(19.1)	(132.0)
Tax benefit (provision)	1.6	(1.5)	0.3	5.4	5.8
Total	(114.9)	2.9	(0.5)	(13.7)	(126.2)
Balance, December 31, 2005	(25.9)	(44.5)	(0.5)	(42.6)	(113.5)
Other comprehensive income (loss):					
Pretax	80.2	5.0	(1.0)	46.8	131.0
Tax (provision) benefit	(0.2)	(1.7)	0.3	(13.9)	(15.5)
Total	80.0	3.3	(0.7)	32.9	115.5
Adjustment to recognize pension and other postretirement benefit plans funded status:					
Pretax	–	–	–	(92.8)	(92.8)
Tax benefit	–	–	–	30.0	30.0
Total	–	–	–	(62.8)	(62.8)
Balance, December 31, 2006	54.1	(41.2)	(1.2)	(72.5)	(60.8)
Other comprehensive income:					
Pretax	84.4	4.7	1.1	45.6	135.8
Tax benefit (provision)	–	(1.7)	(0.4)	(13.9)	(16.0)
Total	84.4	3.0	0.7	31.7	119.8
Balance, December 31, 2007	$ 138.5	$(38.2)	$ (0.5)	$ (40.8)	$ 59.0

Note 11 - OTHER INCOME - NET

	2007	2006	2005
Gain on sale of Bayport, Texas property	$ 5.0	$ –	$ –
Currency exchange / transaction gain (loss)	4.0	(2.9)	(0.6)
Settlement of insurance and legal matters	0.6	11.6	–
Equity earnings of nonconsolidated companies	1.2	1.0	0.8
Minority interest in earnings of consolidated companies	(6.4)	(4.1)	(1.7)
Other - net	4.4	2.9	3.3
Total	$ 8.8	$ 8.5	$ 1.8

Dividends received from nonconsolidated companies were $0.9 million in 2007, $0.2 million in 2006 and $0.9 million in 2005.

Note 12 - INCOME TAXES

Income from continuing operations before income taxes consists of the following:

	2007	2006	2005
United States	$131.0	$ 75.5	$ 40.2
Foreign	268.0	186.5	200.0
Total	$399.0	$262.0	$240.2

The provision for income taxes from continuing operations consists of the following:

	2007	2006	2005
Current:			
United States:			
Federal	$ 32.1	$ (3.9)	$ 4.0
State	3.6	(0.7)	(0.2)
Foreign	59.7	48.2	67.5
	95.4	43.6	71.3
Deferred:			
United States:			
Federal	12.5	28.6	9.5
State	0.7	8.5	6.1
Foreign	7.0	1.5	(6.1)
	20.2	38.6	9.5
Total	$115.6	$82.2	$80.8

The differences between the provision for income taxes at the U.S. statutory rate and the tax shown in the consolidated statements of income are summarized as follows:

	2007	2006	2005
Tax at statutory rate of 35%	$139.7	$ 91.7	$ 84.1
U.S. and foreign tax on foreign dividends	4.2	7.7	8.1
U.S. tax benefit on exports	(0.5)	(4.1)	(5.0)
State and local income taxes	2.8	5.1	3.8
Untaxed translation gains	(5.4)	(0.5)	(0.8)
Provision impacts of foreign operations	(26.8)	(19.3)	(11.4)
Other - net	1.6	1.6	2.0
Provision for income taxes	$115.6	$ 82.2	$ 80.8

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31 are as follows:

	2007	2006
Deferred tax assets:		
Accrued compensation and benefits	$ 138.4	$ 148.4
Inventory	22.4	22.4
Cash flow hedges	20.8	22.9
Net operating losses and tax credits carried forward	13.9	29.9
Other	35.6	23.8
Total gross deferred tax assets	231.1	247.4
Less: valuation allowance	(18.7)	(17.8)
Net deferred tax assets	212.4	229.6
Deferred tax liabilities:		
Depreciation and other basis differences	217.6	203.8
Foreign subsidiary and affiliate undistributed earnings	7.1	7.9
Other	14.2	11.9
Total gross deferred tax liabilities	238.9	223.6
Net deferred tax (liabilities) assets	$ (26.5)	$ 6.0

At December 31, 2007, the company had state and foreign net operating loss carryforwards (NOLs). The company had $8.4 million of state tax benefit from NOLs that expire in 2008 through 2027. Foreign NOLs totaled $19.2 million, of which $15.2 million expire in 2009 through 2022 and $4.0 million have an indefinite life. Additionally, the company has incurred losses in a foreign jurisdiction where realization of the future economic benefit is so remote that the benefit is not reflected as a deferred tax asset.

Gross deferred tax assets at December 31, 2007 and 2006 were reduced by valuation allowances of $18.7 million and $17.8 million, respectively, to reflect the amounts expected to be realized. Of the $18.7 million in valuation allowances at December 31, 2007, $9.6 million relates to certain Noveon International deferred tax assets existing at the time of the 2004 acquisition. Any reversal of this portion of the valuation allowance reduces goodwill. U.S. income taxes and foreign withholding taxes are not provided on undistributed earnings of foreign subsidiaries, which are considered to be indefinitely reinvested in the operations of such subsidiaries. The amount of these earnings was approximately $753.0 million at December 31, 2007. Determination of the net amount of unrecognized taxes with respect to these earnings is not practicable.

Income taxes paid during 2007, 2006 and 2005 were $81.4 million, $72.9 million and $75.7 million, respectively.

Effective January 1, 2007, the company adopted the provisions of FIN No. 48, "Accounting for Uncertainty in Income Taxes." FIN No. 48 prescribes a recognition threshold and measurement attribute for tax positions taken or expected to be taken in tax returns. Under FIN No. 48, the economic benefit associated with a tax position only will be recognized if it is more likely than not that a tax position ultimately will be sustained. After this threshold is met, a tax position is reported at the largest amount of benefit that is more likely than not to be ultimately sustained. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. Prior to January 1, 2007, the company regularly assessed positions with regard to tax exposures and recorded liabilities for uncertain income tax positions in accordance with SFAS No. 5, "Accounting for Contingencies."

As a result of adopting FIN No. 48 on January 1, 2007, the company recognized an $8.9 million reduction to retained earnings and a $5.4 million increase to goodwill for pre-acquisition income tax liabilities of Noveon International. At January 1, 2007, after recording this FIN No. 48 adoption impact, the company had gross unrecognized tax benefits of $57.8 million, of which $38.8 million, if recognized, would have affected the effective tax rate. At December 31, 2007, the company had gross unrecognized tax benefits of $59.3 million, of which

$39.3 million, if recognized, would have affected the effective tax rate. Following is a reconciliation of unrecognized tax benefits:

Balance at January 1, 2007	$ 57.8
Additions:	
Current year tax positions	9.2
Prior years tax positions	7.7
Reductions for prior years tax positions	(4.5)
Expirations of statutes of limitations	(10.8)
Settlements	(0.1)
Balance at December 31, 2007	$ 59.3

The increase in prior-year tax positions primarily was due to an unfavorable foreign currency translation impact. The company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of the income tax provision. During the year ended December 31, 2007, the company recognized gross interest expense of $4.2 million and gross interest income of $3.2 million in its consolidated statement of income. At December 31, 2007 and 2006, the company had accrued $7.7 million and $7.1 million, respectively, for the potential payment of interest and penalties.

The company operates in numerous taxing jurisdictions and is subject to regular examinations by various U.S. federal, state and foreign jurisdictions. The company's income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which the company does business. Due to the subjectivity of interpretations of laws and rulings in each jurisdiction, the differences and interplay in tax laws between those jurisdictions and difficulty in estimating the final resolution of complex tax audit matters, the company's estimates of income tax liabilities may differ from actual payments or assessments.

The company does not anticipate that the total unrecognized tax benefits will change significantly due to the settlement of audits and the expiration of statute of limitations within one year of December 31, 2007.

With few exceptions, the company no longer is subject to U.S. federal, state and local tax examinations for years before 2001 and foreign jurisdiction examinations for years before 2000.

Effective with the adoption of FIN No. 48, the majority of the company's unrecognized tax benefits are classified as noncurrent liabilities because payment of cash is not expected within one year. Prior to the adoption of FIN No. 48, the company classified unrecognized tax benefits in accrued expenses and other current liabilities.

Note 13 - PENSION, PROFIT SHARING AND OTHER POSTRETIREMENT BENEFIT PLANS

The company has noncontributory defined benefit pension plans covering most employees. Pension benefits under these plans are based on years of service and the employee's compensation. The company's funding policy in the United States is to contribute amounts to satisfy the funding standards of the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974, as amended, and elsewhere to fund amounts in accordance with local regulations. Several of the company's smaller defined benefit plans are not funded.

The investment objective of the funded pension plans sponsored by the company and certain subsidiaries is to assure the timely payment of promised benefits at a minimum cost consistent with prudent standards of investment, given the strength of the company and the subsidiaries, their earnings record, the adequacy of each plan's funding and the age of each entity's work force. The plans utilize diversified investment portfolios and seek to earn returns consistent with a reasonable level of risk. The long-term expected return on plan assets used to determine the net periodic pension cost is based upon each entity's investment allocation and anticipated returns for specific investment classes. In 2006, the company lowered the expected long-term rate of return assumption for the U.S. pension plans 25 basis points to 8.25% (7.48% on a weighted-average basis for all plans) based on investment mix and projected market conditions. For 2007, the 8.25% long-term rate of return assumption for the U.S. plans was still applicable.

As long-term asset allocation is recognized as the primary determinant of performance, the sponsoring entities generally utilize the following asset allocation targets to achieve their plan investment objectives: 70% equity securities and 30% debt securities. The non-U.S. plans have a slightly higher allocation to debt securities than the U.S. plans. As appropriate, allocation targets and ranges may be established for various subcategories. Allocations are reviewed periodically and adjusted as necessary.

Approved pension plan investments include, but are not limited to: equities, fixed-income securities, venture capital, cash and cash equivalent instruments and such other instruments (including mutual fund investments), as the company may approve. Investments in tax-exempt securities, commodities and options, other than covered calls, and the use of leverage are prohibited. Plan investment managers may use derivatives to hedge currency risk and to maintain full investment. Any other use of derivative instruments must be approved by the sponsoring entity.

The market values of pension plan assets periodically are compared to the value of plan benefit obligations. The future value of assets, as calculated based on the expected long-term rate of return, also are compared to expected future plan benefit distributions and contributions to determine the sufficiency of expected plan funding levels. Investment asset allocations are revised as appropriate.

Plan assets are invested in marketable equity securities and fixed-income instruments. The allocation of pension plan assets by major asset class is shown below on a weighted-average basis:

	Percentage of Plan Assets at December 31	
	2007	2006
Asset category:		
Equity securities	65%	68%
Debt securities	35%	32%
Total	100%	100%

No equity or debt securities of the company or any of its subsidiaries were included in the pension plans' assets in 2007 and 2006, respectively.

The company also provides certain non-pension postretirement benefits, primarily health care and life insurance benefits, for retired employees. Most of the legacy Lubrizol full-time employees in the United States may become eligible for health care benefits upon retirement. Full-time employees who retired between January 1, 1992 and December 31, 2002 also are eligible for life insurance benefits. Participants contribute a portion of the cost of these benefits. The company's non-pension postretirement benefit plans are not funded. As part of the Noveon International integration efforts to provide consistent benefits, the company communicated to employees in May 2005 changes to the benefits structure of certain of its U.S. pension and postretirement benefit plans. This communication triggered a remeasurement of the related benefit obligations and net periodic benefit cost in 2005 for both the legacy Noveon International U.S. pension plans as well as for the U.S. postretirement benefit plan. The net impact of the benefit and actuarial assumption changes reduced the company's aggregate net periodic pension and postretirement benefit cost by $3.5 million in 2005. The annualized savings resulting from this benefits change was estimated to be approximately $5.3 million.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)." SFAS No. 158 requires an employer to recognize a plan's funded status in its statement of financial position, measure a plan's assets and obligations as of the end of the employer's fiscal year and recognize the changes in a plan's funded status in comprehensive income in the year in which the changes occur. SFAS No. 158's requirement to recognize a plan's funded status and new disclosure requirements were effective for the company as of December 31, 2006. The requirement to measure plan assets and benefit obligations as of the date of the company's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. Currently, the company measures plan assets and benefit obligations as of the date of its fiscal year-end. The company adopted the required provisions of SFAS No. 158 on December 31, 2006.

The change in the projected benefit obligation and plan assets for 2007 and 2006 and the amounts recognized in the consolidated balance sheets at December 31 of the company's defined benefit pension plans were as follows:

	Pension Plans					
	2007			2006		
	U.S. Plans	Non-U.S. Plans	Total	U.S. Plans	Non-U.S. Plans	Total
Change in Projected Benefit Obligation:						
Projected benefit obligation at beginning of year	$ 390.2	$ 320.8	$ 711.0	$ 369.4	$ 290.4	$ 659.8
Service cost	18.8	12.7	31.5	19.5	12.2	31.7
Interest cost	24.0	16.0	40.0	20.8	14.1	34.9
Plan participants' contributions	–	0.9	0.9	–	0.9	0.9
Actuarial gain	(16.3)	(27.4)	(43.7)	(3.9)	(17.1)	(21.0)
Currency exchange rate change	–	14.1	14.1	–	35.0	35.0
Plan amendments	2.1	1.1	3.2	2.5	–	2.5
Adjustments	–	3.0	3.0	–	–	–
Settlements / curtailments	–	–	–	0.6	(3.4)	(2.8)
Divestitures	–	–	–	(3.6)	–	(3.6)
Benefits paid	(18.3)	(14.6)	(32.9)	(15.1)	(11.3)	(26.4)
Projected benefit obligation at end of year	400.5	326.6	727.1	390.2	320.8	711.0
Change in Plan Assets:						
Fair value of plan assets at beginning of year	269.5	201.8	471.3	236.6	164.5	401.1
Actual return on plan assets	19.4	11.9	31.3	37.0	13.6	50.6
Employer contributions	29.0	23.2	52.2	10.8	13.2	24.0
Plan participants' contributions	–	0.9	0.9	–	0.9	0.9
Currency exchange rate change	–	8.0	8.0	–	19.9	19.9
Adjustments	–	1.6	1.6	0.2	1.0	1.2
Benefits paid	(18.3)	(14.6)	(32.9)	(15.1)	(11.3)	(26.4)
Fair value of plan assets at end of year	299.6	232.8	532.4	269.5	201.8	471.3
Funded Status	$ (100.9)	$ (93.8)	$ (194.7)	$ (120.7)	$ (119.0)	$ (239.7)
Net amounts recognized in the consolidated balance sheets:						
Other assets	$ –	$ 2.0	$ 2.0	$ –	$ 1.0	$ 1.0
Accrued expenses and other current liabilities	(0.4)	(1.1)	(1.5)	(0.2)	(2.6)	(2.8)
Pension obligations	(100.5)	(94.7)	(195.2)	(120.5)	(117.4)	(237.9)
Funded Status	$ (100.9)	$ (93.8)	$ (194.7)	$ (120.7)	$ (119.0)	$ (239.7)

The company's defined benefit non-pension postretirement plan liabilities predominately relate to U.S. plans. The change in the projected benefit obligation and plan assets for 2007 and 2006 and the amounts recognized in the consolidated balance sheets at December 31 of the company's defined benefit non-pension postretirement plans were as follows:

	Non-Pension Postretirement Plans	
	2007	2006
Change in Projected Benefit Obligation:		
Projected benefit obligation at beginning of year	$ 98.3	$103.2
Service cost	1.8	1.8
Interest cost	5.8	5.4
Plan participants' contributions	4.5	3.6
Actuarial gain	(6.2)	(0.7)
Currency exchange rate change	2.2	1.1
Settlements / curtailments	–	(1.5)
Divestitures	–	(6.2)
Benefits paid	(9.2)	(8.4)
Projected benefit obligation at end of year	97.2	98.3
Change in Plan Assets:		
Fair value of plan assets at beginning of year	–	–
Employer contributions	4.7	4.8
Plan participants' contributions	4.5	3.6
Benefits paid	(9.2)	(8.4)
Fair value of plan assets at end of year	–	–
Funded Status	$(97.2)	$ (98.3)
Net amounts recognized in the consolidated balance sheets:		
Accrued expenses and other current liabilities	(4.1)	(4.8)
Other postretirement benefit obligations	(93.1)	(93.5)
Funded Status	$(97.2)	$ (98.3)

The amount of net loss, prior service cost and transition obligation recognized in accumulated other comprehensive income (loss) related to the company's defined benefit pension and other postretirement benefit plans is comprised of the following:

	Pension Plans			Non-Pension Postretirement Plans			
	Actuarial Net loss	Prior Service Cost	Transition Obligation	Actuarial Net loss	Prior Service Cost	Transition Obligation	Total
Balance at January 1, 2007	$ (62.9)	$ (17.0)	$ (0.3)	$ (18.5)	$ 28.2	$ (2.0)	$ (72.5)
Reclassification adjustments:							
Pretax	5.1	2.8	0.1	1.3	(6.7)	0.4	3.0
Tax (provision) benefit	(1.6)	(0.9)	–	(0.4)	2.4	(0.1)	(0.6)
Total	3.5	1.9	0.1	0.9	(4.3)	0.3	2.4
Adjustment to recognize changes in actuarial assumptions:							
Pretax	40.2	(3.3)	–	5.7	–	–	42.6
Tax (provision) benefit	(12.6)	1.0	–	(1.7)	–	–	(13.3)
Total	27.6	(2.3)	–	4.0	–	–	29.3
Balance at December 31, 2007	$ (31.8)	$ (17.4)	$ (0.2)	$ (13.6)	$ 23.9	$ (1.7)	$ (40.8)

The accumulated benefit obligation for all defined benefit pension plans was $567.2 million and $554.6 million at December 31, 2007 and 2006, respectively. The projected benefit obligation and fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets were $703.3 million and $506.6 million, respectively, at December 31, 2007, and $697.4 million and $456.6 million, respectively, at December 31, 2006.

The accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were $366.6 million and $316.5 million, respectively, at December 31, 2007, and $539.0 million and $450.6 million, respectively, at December 31, 2006.

The company amortizes gains and losses, as well as the effects of changes in actuarial assumptions and plan provisions, over the average remaining service period of participating employees expected to receive benefits under the plans.

Net periodic pension cost of the company's defined benefit pension plans consists of:

	2007		
	U.S. Plans	Non-U.S. Plans	Combined
Service cost – benefits earned during period	$ 18.8	$ 12.7	$ 31.5
Interest cost on projected benefit obligation	24.0	16.0	40.0
Expected return on plan assets	(21.9)	(12.8)	(34.7)
Amortization of prior service costs	2.1	0.7	2.8
Amortization of initial net obligation	–	0.1	0.1
Recognized net actuarial loss	1.0	4.1	5.1
Net periodic pension cost	$ 24.0	$ 20.8	$ 44.8

	2006		
	U.S. Plans	Non-U.S. Plans	Combined
Service cost – benefits earned during period	$ 19.5	$ 12.2	$ 31.7
Interest cost on projected benefit obligation	20.8	14.1	34.9
Expected return on plan assets	(18.2)	(10.1)	(28.3)
Amortization of prior service costs	1.8	0.7	2.5
Amortization of initial net obligation	–	0.7	0.7
Recognized net actuarial loss	3.5	5.0	8.5
Settlement / curtailment loss (gain)	3.6	(0.7)	2.9
Net periodic pension cost	$ 31.0	$ 21.9	$ 52.9

	2005		
	U.S. Plans	Non-U.S. Plans	Combined
Service cost – benefits earned during period	$ 19.0	$ 10.3	$ 29.3
Interest cost on projected benefit obligation	19.9	12.3	32.2
Expected return on plan assets	(17.1)	(9.8)	(26.9)
Amortization of prior service costs	1.7	0.7	2.4
Amortization of initial net obligation	–	0.7	0.7
Recognized net actuarial loss	2.2	3.3	5.5
Settlement / curtailment loss	–	0.3	0.3
Net periodic pension cost	$ 25.7	$ 17.8	$ 43.5

The amount of net loss, prior service cost and transition obligation that is expected to be recognized as a component of net periodic pension cost in 2008 is $2.9 million, $2.9 million and $0.1 million, respectively.

Net periodic non-pension postretirement benefit cost consists of:

	2007	2006	2005
Service cost – benefits earned during period	$ 1.8	$ 1.8	$ 2.2
Interest cost on projected benefit obligation	5.8	5.4	6.4
Amortization of prior service credits	(6.7)	(8.4)	(7.7)
Amortization of initial net obligation	0.4	0.4	0.4
Recognized net actuarial loss	1.3	1.8	2.1
Settlement / curtailment gain	–	(1.1)	–
Net periodic non-pension postretirement benefit (credit) cost	$ 2.6	$(0.1)	$ 3.4

The amount of net loss, prior service cost (credit) and transition obligation that is expected to be recognized as a component of net periodic non-pension postretirement benefit cost (credit) in 2008 is $0.9 million, $(6.8) million and $0.4 million, respectively.

The company's weighted-average actuarial assumptions used to determine pension benefit obligations for its U.S. and non-U.S. defined benefit pension plans were as follows:

	December 31, 2007			December 31, 2006		
	U.S. Plans	Non-U.S. Plans	Combined	U.S. Plans	Non-U.S. Plans	Combined
Discount rate	6.67%	5.61%	6.19%	6.25%	4.89%	5.63%
Rate of compensation increase	4.29%	3.97%	4.15%	4.29%	3.63%	3.99%

The company's weighted-average assumptions used to determine net periodic pension cost were as follows:

	2007			2006		
	U.S. Plans	Non-U.S. Plans	Combined	U.S. Plans	Non-U.S. Plans	Combined
Discount rate	6.25%	4.89%	5.63%	5.75%	4.63%	5.25%
Expected long-term return on plan assets	8.25%	6.63%	7.56%	8.25%	6.37%	7.48%
Rate of compensation increase	4.29%	3.63%	3.99%	4.32%	3.41%	3.92%

	2005		
	U.S. Plans	Non-U.S. Plans	Combined
Discount rate	6.20%	5.12%	5.72%
Expected long-term return on plan assets	8.50%	6.62%	7.71%
Rate of compensation increase	4.32%	3.66%	4.03%

The weighted-average discount rates used to determine the company's other postretirement benefit obligations were 6.45% and 5.99% at December 31, 2007 and 2006, respectively. The weighted-average discount rates used to determine net periodic non-pension postretirement benefit cost were 5.99%, 5.50% and 6.15% for the years ended December 31, 2007, 2006 and 2005, respectively.

The following table shows the amounts the company contributed to its postretirement plans in 2006 and 2007 and the expected contributions for 2008:

	Pension Plans	Other Plans	Total
2006	$ 24.0	$ 4.8	$ 28.8
2007	52.2	4.7	56.9
2008 (expected)	32.1	5.1	37.2

Expected employer contributions for pension benefits in 2008 include $1.6 million for unfunded plans. The expected contributions to these plans represent an actuarial estimate of future assumed payments based on historic retirement and payment patterns. Actual amounts paid could differ from this estimate.

Contributions by participants to the non-pension postretirement benefit plans were $4.5 million and $3.6 million for the years ending December 31, 2007 and 2006, respectively.

The following table shows the benefits expected to be paid in each of the next five years and the aggregate benefits expected to be paid for the subsequent five years:

	Pension Benefits	Other Benefits	Total Benefits
2008	$ 31.1	$ 5.1	$ 36.2
2009	36.2	5.5	41.7
2010	38.9	6.0	44.9
2011	40.8	6.5	47.3
2012	46.6	6.9	53.5
2013-2017	262.5	40.5	303.0

The other benefits in the above table are presented net of expected Medicare Part D subsidy payments of $0.7 million in 2008, $0.8 million in 2009, $0.9 million in 2010, $1.0 million in 2011, $1.1 million in 2012 and $6.1 million in 2013-2017. The weighted-average of the assumed health care cost trend rates used in measuring the accumulated postretirement benefit obligation for the company's postretirement benefit plans at December 31, 2007 was 8.28% (9.11% at December 31, 2006), with subsequent annual decrements to an ultimate trend rate of 5.14% by 2012. The assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in the assumed health care cost trend rate would have the following effects as of and for the year ended December 31, 2007:

	One-Percentage-Point	
	Increase	Decrease
Effect on postretirement benefit obligation	$ 11.3	$(9.4)
Effect on total service and interest cost components	$ 1.1	$(0.9)

The company also has defined contribution plans, principally involving profit sharing plans and/or 401(k) savings plans, covering most employees in the United States and at certain non-U.S. subsidiaries. Expense for all defined contribution retirement plans was $17.8 million in 2007, $16.3 million in 2006 and $15.3 million in 2005.

Note 14 - LEASES

The company has commitments under operating leases primarily for office space, terminal facilities, land, railcars and various computer and office equipment. Rental expense from continuing operations was $28.7 million in 2007, $26.4 million in 2006 and $28.2 million in 2005. Future minimum rental commitments under operating leases having initial or remaining non-cancelable lease terms exceeding one year are, $18.9 million in 2008, $17.0 million in 2009, $13.6 million in 2010, $8.6 million in 2011, $4.9 million in 2012 and $3.8 million thereafter.

Note 15 - SEGMENT AND GEOGRAPHIC INFORMATION

The company is organized into two operating and reportable segments: Lubrizol Additives and Lubrizol Advanced Materials. The Lubrizol Additives segment represented 66% of the company's consolidated revenues for 2007 and is comprised of the company's businesses in engine additives and driveline and industrial oil additives. The Lubrizol Advanced Materials segment represented 34% of the company's consolidated revenues for 2007 and is comprised of the businesses in Noveon consumer specialties, engineered polymers and performance coatings.

Lubrizol Additives consists of two product lines: engine additives and driveline and industrial oil additives. Engine additives is comprised of additives for lubricating engine oils, such as for gasoline, diesel, marine and stationary gas engines and additive components, additives for fuel products and refinery and oil field chemicals, as well as outsourcing strategies for supply chain and knowledge center management. In addition, this product line sells

additive components and viscosity improvers within its lubricant and fuel additives product areas. Driveline and industrial oil additives is comprised of additives for driveline oils, such as automatic transmission fluids, gear oils and tractor lubricants and industrial oil additives, such as additives for hydraulic, grease and metalworking fluids, as well as compressor lubricants. Lubrizol Additives product lines generally are produced in company-owned shared manufacturing facilities and largely sold to a common customer base. During 2005, the company sold the equipment companies, ECS and LPS, and recorded the results of operations of these businesses in the income (loss) from discontinued operations - net of tax line item in the consolidated statement of income in 2005 (see Note 4).

The Lubrizol Advanced Materials segment consists of Noveon consumer specialties, engineered polymers and performance coatings product lines. The Noveon consumer specialties product line is characterized by global production of acrylic thickeners, specialty monomers, film formers, fixatives, emollients, silicones, surfactants and process chemicals. The company markets products in the Noveon consumer specialties product line to the personal care and pharmaceutical primary end-use industries. The Noveon consumer specialties products are sold to customers worldwide and these customers include major manufacturers of cosmetics, personal care products, water soluble polymers and household products. The engineered polymers product line is characterized by products such as TempRite® engineered polymers and Estane® thermoplastic polyurethane. Engineered polymers products are sold to a diverse customer base comprised of major manufacturers in the construction, automotive, telecommunications, electronics and recreation industries. The performance coatings product line includes high-performance polymers and additives for specialty paper, graphic arts, paint and textile coatings applications. During the second quarter of 2006, the company completed the sale of the FIIS and A&I businesses, while the sale of the Telene business was completed during the first quarter of 2006. The company recorded the results of operations of these divested businesses in the income (loss) from discontinued operations-net of tax line item in the consolidated statements of income for 2006 and 2005 (see Note 4).

The company primarily evaluates performance and allocates resources based on segment operating income, defined as revenues less expenses identifiable to the product lines included within each segment, as well as projected future returns. Segment operating income reconciles to consolidated income from continuing operations before income taxes by deducting corporate expenses and corporate other income (expense) that are not attributed to the operating segments, restructuring and impairment charges and net interest expense.

The following table summarizes the results of the company's reportable segments for the years ended December 31, 2007, 2006 and 2005:

	2007	2006	2005
Lubrizol Additives:			
Revenues from external customers	$2,961.1	$2,600.5	$2,280.0
Equity earnings	1.2	1.0	0.8
Amortization of intangibles	4.5	3.1	3.0
Operating income	391.0	303.0	263.3
Total assets	1,663.4	1,397.6	1,324.0
Capital expenditures	84.6	77.1	70.0
Depreciation	70.6	71.7	79.7
Lubrizol Advanced Materials:			
Revenues from external customers	$1,537.9	$1,440.3	$1,342.2
Amortization of intangibles	19.8	20.6	20.5
Operating income	141.8	167.6	150.9
Total assets	2,240.0	2,193.7	2,536.8
Capital expenditures	77.2	40.2	51.3
Depreciation	63.2	61.0	59.0
Corporate:			
Total assets	$ 740.4	$ 799.6	$ 510.4
Capital expenditures	21.0	8.4	0.6
Depreciation	3.3	0.6	0.7
Discontinued operations:			
Capital expenditures	$ –	$ 5.2	$ 14.8
Depreciation	–	4.4	15.2
Reconciliation to income from continuing operations before income taxes:			
Segment operating income	$ 532.8	$ 470.6	$ 414.2
Corporate expenses	(73.3)	(73.6)	(61.1)
Corporate other income (expense) – net	4.8	(3.8)	–
Restructuring and impairment charges	(1.5)	(51.9)	(15.9)
Interest expense – net	(63.8)	(79.3)	(97.0)
Income from continuing operations before income taxes	$ 399.0	$ 262.0	$ 240.2

Revenues from external customers by product line are as follows:

	2007	2006	2005
Engine additives	$ 1,930.6	$ 1,665.4	$ 1,404.7
Driveline and industrial oil additives	1,030.5	935.1	875.3
Total Lubrizol Additives	2,961.1	2,600.5	2,280.0
Performance coatings	540.2	543.7	537.6
Engineered polymers	584.1	523.1	462.3
Noveon consumer specialties	413.6	373.5	342.3
Total Lubrizol Advanced Materials	1,537.9	1,440.3	1,342.2
Total revenues from external customers	$ 4,499.0	$ 4,040.8	$ 3,622.2

Revenues are attributable to countries based on the location of the customer. The United States is the only country where sales to external customers comprise in excess of 10% of the company's consolidated revenues. Revenues from external customers by geographic zone are as follows:

	2007	2006	2005
United States	$ 1,687.7	$ 1,637.0	$ 1,492.3
Canada	192.5	187.2	178.3
Europe	1,347.2	1,144.7	1,045.0
Asia-Pacific / Middle East	956.2	823.5	708.8
Latin America	315.4	248.4	197.8
Total revenues from external customers	$ 4,499.0	$ 4,040.8	$ 3,622.2

The company's sales and receivables are concentrated in the oil and chemical industries. Lubrizol Additives' customers consist primarily of oil refiners and independent oil blenders located in more than 100 countries. The company's 10 largest customers, most of which are international oil companies, comprised approximately 39% of consolidated revenues in 2007, 2006 and 2005, respectively. In 2007, 2006 and 2005, there was no single customer that accounted for more than 10% of consolidated revenues.

Segment assets include receivables, inventories and long-lived assets including goodwill and intangible assets. Corporate assets include cash and short-term investments and other current and noncurrent assets.

The company's property and equipment are located in the following countries at December 31:

	2007	2006
United States	$ 730.3	$ 708.9
France	123.6	102.4
Belgium	84.2	76.4
China	51.2	35.1
United Kingdom	43.5	42.8
India	30.5	22.7
Other	98.2	93.0
Total property and equipment – net	$1,161.5	$1,081.3

Income from continuing operations of non-U.S. subsidiaries was $201.3 million in 2007, $136.8 million in 2006 and $138.6 million in 2005. Dividends received from these subsidiaries were $16.6 million, $0.4 million and $151.8 million in 2007, 2006 and 2005, respectively.

Note 16 - STOCK COMPENSATION PLANS

All references to the number of shares and share units in this Note are based on actual share and unit numbers and are not shown in millions.

Effective January 1, 2006, the company adopted the fair value recognition provisions of SFAS No. 123R, "Share-Based Payment," using the modified prospective transition method and therefore has not restated results for prior periods. Under this transition method, stock-based compensation expense for 2006 includes compensation expense for all stock-based compensation awards granted prior to, but not yet vested, as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Stock-based compensation expense for all stock-based compensation awards granted after January 1, 2006 is based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123R. The company recognizes these compensation costs, net of a forfeiture rate, on a straight-line basis over the requisite service period of the award. The company estimates the forfeiture rate based on its historical experience during the preceding 10 years. The impact of adopting SFAS No. 123R in 2006 resulted in an increase in compensation expense of $2.4 million pretax ($1.6 million after tax).

Prior to January 1, 2006, the company accounted for stock-based compensation using the intrinsic value method under the recognition and measurement principles of APB Opinion 25, "Accounting for Stock Issued to Employees," and related interpretations and applied SFAS No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," for disclosure purposes only. SFAS No. 123 disclosures included pro forma net income and earnings per share as if the fair value-based method of accounting had been used. Under the provisions of APB No. 25, no stock-based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying stock on the date of grant.

The company utilizes the 2005 Stock Incentive Plan (2005 Plan) and other deferred compensation plans to provide equity awards to its key employees. The 2005 Plan, approved by the company's shareholders on April 25, 2005, provides for the granting of stock appreciation rights, restricted and unrestricted shares, share units and options to buy common shares up to an amount equal to 4,000,000 common shares, of which no more than 2,000,000 can be settled as full-value awards. After the 2,000,000 limit has been reached, full-value awards are counted in a 3-to-1 ratio against the 4,000,000 limit. Options become exercisable 50% one year after date of grant, 75% after two years, 100% after three years and expire up to 10 years after grant. In addition, the 2005 Plan provides each nonemployee director of the company an automatic annual grant of restricted stock units worth approximately $0.1 million based on the fair market value of the company's common shares on the date of each Annual Meeting of Shareholders. These restricted stock units vest one year after the grant date. For all grants made prior to November 14, 2006, fair market value was defined as the average of the high and low common share prices of the company on the date of grant. For grants made on or after November 14, 2006, fair market value is defined as the closing price of the company's common shares on the date of grant.

Option activity as of December 31, 2007 and changes during the year ended December 31, 2007 were as follows:

	Shares	Weighted-Average Exercise Price
Outstanding, January 1, 2007	3,339,329	$ 32.72
Granted	213,200	$ 53.07
Exercised	(957,217)	$ 30.89
Forfeited	(1,475)	$ 32.60
Outstanding, December 31, 2007	2,593,837	$ 35.07
Options exercisable, December 31, 2007	2,231,962	$ 32.95

The aggregate intrinsic value of options outstanding at December 31, 2007 based on the company's closing stock price on the last trading day of 2007, which would have been received by the option holders had all options been

exercised on that date, was $49.5 million. The aggregate intrinsic value of options exercisable at December 31, 2007 based on the company's closing stock price on the last trading day of 2007, which would have been received by the option holders had all options exercisable been exercised on that date, was $47.3 million. The total intrinsic value of stock options exercised was $26.8 million, $13.5 million and $13.0 million in 2007, 2006 and 2005, respectively. Intrinsic value is the amount by which the company's closing share price exceeds the exercise price of the options multiplied by the number of in-the-money options. The weighted-average remaining contractual term of options outstanding and exercisable at December 31, 2007 was 5.3 years and 4.7 years, respectively.

The fair value of share-based payment awards are estimated using the Black-Scholes option pricing model. The weighted-average assumptions used to value the stock options granted during 2007, 2006 and 2005 were as follows:

	2007	2006 [1]	2005 [2]
Risk-free interest rate	4.8%	N/A	4.3%
Dividend yield	2.0%	N/A	2.5%
Volatility	17.8%	N/A	21.2%
Expected life (years)	10.0	N/A	8.0
Weighted-average fair value of options granted during the year	$ 14.68	N/A	$ 9.87

(1) Not applicable. There were no stock options granted during 2006.

(2) If the fair-value method to measure compensation cost for the 2005 awards had been used, the compensation cost, which is required to be charged against income, would have been $6.5 million in 2005.

The company issued 957,217 and 938,950 common shares from treasury upon exercise of employee stock options during 2007 and 2006, respectively. Cash received from option exercises during 2007 was $28.2 million. The company realized a reduction in its income tax payable of $9.7 million in 2007 relating to the exercise of nonqualified stock options and awards. For accounting purposes, these tax benefits were realized as increases in paid-in capital included in the common shares caption in the consolidated statement of shareholders' equity.

At December 31, 2007, there was $16.2 million of total pretax unrecognized compensation cost related to all stock-based awards that were not vested. That cost is expected to be recognized over a weighted-average period of 1.7 years. The company is using previously purchased treasury shares for all net shares issued for option exercises, long-term incentive plans and restricted share unit awards.

Nonvested restricted share unit awards at December 31, 2007 and changes during 2007 were as follows:

	Share Units	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2007	57,777	$ 29.46
Granted	10,755	$ 58.57
Vested	(12,777)	$ 42.27
Forfeited	(1,195)	$ 58.57
Nonvested at December 31, 2007	54,560	$ 31.57

In 2006, there were 12,777 restricted share units granted with a weighted-average grant-date fair value of $42.27. In 2006, there were 13,689 restricted share units that vested with a weighted-average fair value of $39.45.

Under the company's long-term incentive program, dollar-based target awards are determined by the organization and compensation committee of the board of directors for three-year performance periods. The company recognized compensation expense of $0.6 million, $4.9 million and $8.0 million in 2007, 2006 and 2005, respectively, related to the cash portion of these awards that are not share-based. In addition, a portion of each of the awards was converted into a number of share units based on the price of the company common stock on the date of the award. There are no voting or dividend rights associated with the share units until the end of the performance period and a distribution

of shares from the 2005 Plan, if any, is made. The target awards correspond to pre-determined three-year earnings before interest, taxes, depreciation and amortization (EBITDA) and/or earnings per share growth rate targets. Prior to the adoption of SFAS No. 123R, compensation expense for these awards was based on variable accounting and was calculated using the closing stock price at period end. Upon adoption of SFAS No. 123R on January 1, 2006, compensation expense for these performance awards, except for the 2004-2006 award, was calculated based on the grant-date fair value. The terms of the 2004-2006 award state that payment would be in cash and as such liability accounting was used for this award and compensation expense was calculated based on the year-end share closing price on December 31, 2006. During 2007, the award for the 2004-2006 performance period was paid resulting in the issuance of 178,541 shares as well as a cash distribution.

The following table identifies the number of shares expected to be issued based on current performance measures and the stock price on the date of grant for the performance shares granted:

Award	Expected Number of Units to be Issued	Average Stock Price on Date of Grant
2005 – 2007	232,594	$ 39.44
2006 – 2008	288,652	$ 43.07
2007 – 2009	255,346	$ 53.07

Performance-based stock awards at December 31, 2007 and changes during 2007 were as follows:

	Share Units	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2007	370,448	$ 40.95
Granted	129,930	$ 53.07
Performance increase	289,299	$ 47.26
Vested	(232,594)	$ 39.44
Forfeited	(13,085)	$ 44.51
Nonvested at December 31, 2007	543,998	$ 47.76

In 2006, no performance-based stock awards were granted.

Total stock-based compensation expense recognized in the consolidated statements of income for 2007, 2006 and 2005 was $20.4 million, $14.8 million and $9.2 million, respectively. The related tax benefit for 2007, 2006 and 2005 was $7.1 million, $5.2 million and $3.2 million, respectively.

In prior years, certain international employees received stock-based awards that are similar to stock appreciation rights. These awards vested 50% one year after grant, 75% two years after grant and 100% three years after grant and have a 10-year exercise period from the date of grant. The value of these awards is based on Lubrizol common shares and is paid in cash upon employee exercise. At December 31, 2007, the unexercised portion of these fully vested stock-based awards is accounted for as a liability award. Compensation expense recognized in the consolidated statements of income for 2007, 2006 and 2005 was $0.3 million, $1.7 million and $1.1 million, respectively. These amounts are included in the total stock-based compensation expense reported above.

The following table summarizes information about stock options outstanding, excluding the performance share stock awards, restricted share stock awards and long-term incentive plan awards at December 31, 2007:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/07	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/07	Weighted-Average Exercise Price
$ 19 – $ 28	40,737	1.3 years	$ 21.88	40,737	$ 21.88
$ 28 – $ 37	1,720,600	4.1 years	$ 31.01	1,720,600	$ 31.01
$ 37 – $ 46	619,300	7.5 years	$ 41.02	470,425	$ 40.99
$ 46 – $ 55	213,200	9.3 years	$ 53.07	–	–
	2,593,837	5.3 years	$ 35.07	2,231,762	$ 32.95

Note 17 - RESTRUCTURING AND IMPAIRMENT CHARGES

In 2007, the company recorded aggregate restructuring and impairment charges of $1.5 million. These charges primarily related to asset impairment charges in the Lubrizol Advanced Materials segment, partially offset by a gain recorded on the sale of a Lubrizol Additives manufacturing facility located in Bromborough, United Kingdom.

The following tables show the reconciliation of the restructuring liability beginning from January 1, 2005 to December 31, 2007 by major restructuring activity:

	Liability January 1, 2007	Restructuring and Impairment Charges	Cash Paid	Non-cash Adjustments	Liability December 31, 2007
Bromborough, U.K. plant closure and sale	$ 1.0	$ (0.7)	$ (0.1)	$ (0.1)	$ 0.1
Lubrizol Advanced Materials plant closures, production line impairments and workforce reductions	0.7	4.1	(1.0)	(3.4)	0.4
Corporate / other workforce reductions	0.2	0.1	(0.3)	–	–
Noveon International restructuring liabilities assumed	0.9	–	(0.4)	–	0.5
	$ 2.8	$ 3.5	$ (1.8)	$ (3.5)	$ 1.0

Included in restructuring and impairment charges for the year ended December 31, 2007 was a $2.0 million gain on the sale of the U.K. plant.

	Liability January 1, 2006	Restructuring and Impairment Charges	Cash Paid	Non-cash Adjustments	Liability December 31, 2006
Noveon trade name impairment	$ –	$ 41.2	$ –	$ (41.2)	$ –
Bromborough, U.K. plant closure	2.3	6.7	(8.2)	0.2	1.0
Lubrizol Advanced Materials facility and line closures and workforce reductions	2.5	4.1	(2.5)	(3.4)	0.7
Corporate / other workforce reductions	0.3	(0.1)	–	–	0.2
Noveon International restructuring liabilities assumed	1.3	–	(0.4)	–	0.9
	$ 6.4	$ 51.9	$ (11.1)	$ (44.4)	$ 2.8

	Liability January 1, 2005	Restructuring and Impairment Charges	Cash Paid	Non-cash Adjustments	Liability December 31, 2005
Bromborough, U.K. plant closure	$ –	$ 6.1	$ (3.1)	$ (0.7)	$ 2.3
Lubrizol Advanced Materials facility closures and workforce reductions	–	9.0	(2.3)	(4.2)	2.5
Corporate / other workforce reductions	2.7	0.7	(3.1)	–	0.3
Noveon International restructuring liabilities assumed	6.1	0.1	(5.0)	0.1	1.3
	$ 8.8	$ 15.9	$ (13.5)	$ (4.8)	$ 6.4

In September 2006, the company entered into an agreement to sell the manufacturing facility located in Bromborough, United Kingdom. The sale closed in January 2007. In connection with the sale, the company received net cash proceeds of $5.9 million and recorded a pretax gain of $2.8 million during the first quarter of 2007. The gain was classified as a reduction to restructuring charges associated with closure of the facility. Production from the Bromborough facility was transferred to higher-capacity company facilities in France and the United States. On January 17, 2005, the company announced its plans to phase-out production at the Bromborough facility by the end of 2006. At that time, the company estimated that total restructuring costs, including employee severance and other plant closure costs (including planned demolition costs), would be approximately $15.0 million. Cumulative pretax charges of approximately $12.8 million were incurred through 2006, of which $6.7 million were incurred in 2006, to satisfy severance and retention obligations, plant dismantling, site restoration and other site environmental evaluation costs. The company has invested approximately $20.6 million in capital related to the Bromborough plant closure for capacity upgrades in France and the United States. At December 31, 2007, the company had completed its capital spending associated with the replacement of productive capability as a result of the Bromborough plant closure.

As part of its corporate goal to enhance its "one company" identity and to reflect more accurately its positioning in the marketplace, the company completed a corporate identity review in the fourth quarter of 2006. Senior management of the company made a final determination in January 2007 that the trade name "Noveon" no longer would be used to describe the Lubrizol Advanced Materials segment of the company and that its use would be discontinued except in connection with the Noveon consumer specialties product line. The company acquired the rights to the Noveon trade name in June 2004 when it acquired Noveon International. At the time of acquisition, an appraised value was attached to the Noveon trade name. The company calculated a pretax charge of $41.2 million ($25.4 million after-tax) to reduce the related asset to its estimated fair value. This charge was reflected in the fourth quarter of 2006 as the company believed at that time it would more likely than not discontinue the use of the Noveon trade name, except in the limited context of its Noveon consumer specialties product line.

In 2005, management made the decision and the announcement to close two Lubrizol Advanced Materials performance coatings production facilities located in the United States. The aggregate restructuring charges recorded for these closures were $8.0 million, of which $1.4 million was recorded in 2006. Total charges were comprised of $4.8 million in asset impairments, $1.1 million in exit costs and $2.1 million in severance costs. The impairment charges for both facilities were recorded to reduce the related assets to their estimated fair values, which were determined primarily from third-party appraisals. Production from these sites was transferred to other facilities in the United States. One facility, located in Mountaintop, Pennsylvania, was closed in October 2005 and sold in January 2006. The other facility, located in Linden, New Jersey, was closed in the third quarter of 2006. These closures resulted in a workforce reduction of 62 employees. Additional asset impairment charges of $2.7 million were recorded in 2006, which primarily related to the planned closure of a performance coatings production line in the first quarter of 2007. In May 2005, the company announced the reorganization of the Lubrizol Advanced Materials performance coatings product line. This product line includes businesses acquired from Noveon International as well as businesses included in the company's legacy operations. In connection with the reorganization, management eliminated 26 positions in North America and Europe. These reductions were completed during 2005 and resulted in a severance-related charge of $1.9 million for the year ended December 31, 2005.

In the second quarter of 2005, the company began a process of identifying opportunities to increase efficiency and productivity, reduce costs and support the company's integration strategy of the Noveon International acquisition. As a result, the company reduced headcount in the general and administrative area of its Ohio headquarters. Through these restructuring efforts, the company eliminated seven positions resulting in a severance-related charge of $0.7 million for the year ended December 31, 2005. All of the affected employees had left their positions by June 30, 2005 and the remaining personnel-related costs were paid in 2006.

The charges for these cost reduction initiatives and impairments are reported as a separate line item in the consolidated statements of income entitled "Restructuring and impairment charges."

Note 18 - CONTINGENCIES

The company has numerous purchase commitments for materials, supplies and energy in the ordinary course of business. The company also has numerous sales commitments for product supply contracts in the ordinary course of business.

General

There are pending or threatened claims, lawsuits and administrative proceedings against the company or its subsidiaries, all arising from the ordinary course of business with respect to commercial, product liability and environmental matters, which seek remedies or damages. The company believes that any liability that finally may be determined with respect to commercial and product liability claims should not have a material adverse effect on the company's consolidated financial position, results of operations or cash flows. From time to time, the company also is involved in legal proceedings as a plaintiff involving contract, patent protection, environmental and other matters. Environmental matters and liabilities are addressed specifically below. Gain contingencies, if any, are recognized when they are realized.

Environmental

The company's environmental engineers and consultants review and monitor environmental issues at operating facilities and, where appropriate, the company initiates corrective and/or preventive environmental projects to ensure environmental compliance and safe and lawful activities at its current operations. The company also conducts compliance and management systems audits.

The company and its subsidiaries are generators of both hazardous and non-hazardous wastes, the treatment, storage, transportation and disposal of which are regulated by various laws and governmental regulations. These laws and regulations generally impose liability for costs to investigate and remediate contamination without regard to fault and, under certain circumstances, liability may be joint and several resulting in one party being held responsible for the entire obligation. Liability also may include damages to natural resources. Although the company believes past operations were in substantial compliance with the then-applicable regulations, either the company or the predecessor of Noveon International, the Performance Materials Segment of Goodrich Corporation (Goodrich), has been designated under a country's laws and/or regulations as a potentially responsible party (PRP) in connection with several sites including both third party sites and/or current operating facilities.

The company participates in the remediation process for onsite and third party waste management sites at which the company has been identified as a PRP. This process includes investigation, remedial action selection and implementation, as well as discussions and negotiations with other parties, which primarily include PRPs, past owners and operators and governmental agencies. The estimates of environmental liabilities are based on the results of this process. Inherent uncertainties exist in these estimates primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability, remediation standards and evolving technologies for managing investigations and remediations. The company revises its estimates accordingly as events in this process occur and additional information is obtained.

The company's environmental reserves, measured on an undiscounted basis, totaled $18.7 million at December 31, 2007 and $14.2 million at December 31, 2006. Of these amounts, $5.3 million and $4.5 million were included in accrued expenses and other current liabilities at December 31, 2007 and 2006, respectively. Goodrich provided

Noveon International with an indemnity for various environmental liabilities. The company estimates Goodrich's share of such currently identified liabilities under the indemnity, which extends through February 2011, to be approximately $3.7 million of which $0.5 million of the recovery is included in receivables and $3.2 million is included in other assets. There are specific environmental contingencies for company-owned sites for which third parties such as past owners and/or operators are the named PRPs and also for which the company is indemnified by Goodrich. Goodrich currently is indemnifying Noveon International for several environmental remediation projects. Goodrich's share of all of these liabilities may increase to the extent such third parties fail to honor their obligations through February 2011.

The company believes that its environmental accruals are adequate based on currently available information. The company believes that it is reasonably possible that $9.0 million in additional costs may be incurred at certain locations beyond the amounts accrued as a result of new information, newly discovered conditions, changes in remediation standards or technologies or a change in the law. Additionally, as the indemnification from Goodrich extends through February 2011, changes in assumptions regarding when costs will be incurred may result in additional expenses to the company. Additional costs in excess of $9.0 million cannot currently be estimated.

GUARANTEES

On May 1, 2006, the company sold the FIIS business to SPM Group Holdings, LLC, now known as Emerald Performance Materials, LLC (Emerald). As a result of the sale, Emerald became responsible for a supplier contract with SK Corporation (SK). The company provided a guarantee to SK, revocable by the company upon 60 days' prior written notice, for the timely performance of Emerald's payment obligations provided SK is unable to collect payment from Emerald using commercially reasonable efforts. On November 5, 2007, the company terminated the guarantee, which originally extended to January 31, 2008.

INDEMNIFICATIONS

In connection with the sale of the FIIS business, the company has provided indemnifications to Emerald with respect to the business sold. These indemnifications have been associated with the price and quantity of raw material purchases, permit costs, costs incurred due to the inability to obtain permits and environmental matters. In each of these circumstances, payment by the company is dependent on Emerald filing a claim. In addition, the company's obligations under these agreements may be limited in terms of time and/or amount. It is not possible to predict the maximum potential amount of future payments under certain of these agreements due to the conditional nature of the company's obligations and the unique facts and circumstances involved in each particular agreement. For those indemnification agreements where a payment by the company is probable and estimable, a liability has been recorded at December 31, 2007. The company believes that if it were to incur a loss in any of these matters, such loss would not have a material effect on the company's business, financial condition or results of operations.

Note 19 - QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table sets forth the quarterly results of operations for the years ended December 31, 2007 and 2006:

	2007				
	First [1]	Second [1]	Third [1]	Fourth [1]	Full Year
Revenues	$ 1,076.7	$ 1,154.6	$ 1,121.4	$ 1,146.3	$ 4,499.0
Gross profit	$ 278.5	$ 295.8	$ 275.4	$ 271.2	$ 1,120.9
Net income	$ 71.3	$ 81.0	$ 71.4	$ 59.7	$ 283.4
Net income per common share:					
Basic	$ 1.03	$ 1.17	$ 1.03	$ 0.87	$ 4.10
Diluted	$ 1.02	$ 1.15	$ 1.02	$ 0.86	$ 4.05

	2006				
	First [2]	Second [2]	Third [2]	Fourth [2]	Full Year
Revenues	$ 984.1	$ 1,041.1	$ 1,031.0	$ 984.6	$ 4,040.8
Gross profit	$ 244.8	$ 265.8	$ 248.2	$ 236.8	$ 995.6
Income from continuing operations	$ 45.3	$ 63.0	$ 50.1	$ 21.4	$ 179.8
Discontinued operations	(60.7)	(12.4)	(0.5)	(2.6)	(76.2)
Net income	$ (15.4)	$ 50.6	$ 49.6	$ 18.8	$ 103.6
Per common share - basic:					
Continuing operations	$ 0.66	$ 0.92	$ 0.73	$ 0.31	$ 2.62
Discontinued operations	(0.89)	(0.18)	(0.01)	(0.04)	(1.11)
Net income	$ (0.23)	$ 0.74	$ 0.72	$ 0.27	$ 1.51
Per common share - diluted:					
Continuing Operations	$ 0.65	$ 0.91	$ 0.72	$ 0.31	$ 2.59
Discontinued operations	(0.88)	(0.18)	–	(0.04)	(1.10)
Net income	$ (0.23)	$ 0.73	$ 0.72	$ 0.27	$ 1.49

(1) The company recorded restructuring and impairment (credits) charges of $(2.4) million, $0.9 million, $2.1 million and $0.9 million in the first, second, third and fourth quarters of 2007, respectively.

(2) The company recorded restructuring and impairment charges of $1.8 million, $1.8 million, $2.7 million and $45.6 million in the first, second, third and fourth quarters of 2006, respectively.

Historical Summary

(In Millions Except Shareholders, Employees and Per Share Data)	2007	2006	2005	2004*	2003
OPERATING RESULTS:					
Revenues	$ 4,499.0	$ 4,040.8	$ 3,622.2	$ 2,864.4	$ 1,984.2
Cost of sales	3,378.1	3,045.2	2,700.1	2,104.6	1,460.2
Gross profit	1,120.9	995.6	922.1	759.8	524.0
Selling, administrative, technical and research expenses	641.1	587.2	547.3	469.6	355.1
Amortization of intangible assets	24.3	23.7	23.5	16.9	4.8
Write-off of acquired in-process research and development	–	–	–	34.0	–
Restructuring and impairment charges	1.5	51.9	15.9	38.1	22.5
Net interest expense and other income	55.0	70.8	95.2	66.7	17.8
Income from continuing operations before income taxes	399.0	262.0	240.2	134.5	123.8
Provision for income taxes	115.6	82.2	80.8	49.0	36.2
Income from continuing operations	283.4	179.8	159.4	85.5	87.6
Income (loss) from discontinued operations – net of tax	–	(76.2)	27.8	6.3	1.9
Net income	$ 283.4	$ 103.6	$ 187.2	$ 91.8	$ 89.5
Income from continuing operations per diluted share	$ 4.05	$ 2.59	$ 2.32	$ 1.53	$ 1.70
Discontinued operations per diluted share	–	(1.10)	0.40	0.11	0.04
Diluted earnings per share	$ 4.05	$ 1.49	$ 2.72	$ 1.64	$ 1.74
FINANCIAL RATIOS:					
Gross profit percentage	24.9	24.6	25.5	26.5	26.4
Percent of revenues:					
Selling and administrative expenses	9.4	9.4	9.6	9.9	9.6
Research and testing expenses	4.9	5.1	5.5	6.5	8.3
Return on average shareholders' equity (%)	15.6	6.4	12.2	7.5	9.9
Debt to capitalization (%)	42.2	47.8	51.8	56.5	28.6
Current ratio	2.1	2.9	2.4	2.4	3.1
OTHER INFORMATION:					
Dividends declared per share	$ 1.16	$ 1.04	$ 1.04	$ 1.04	$ 1.04
Average common shares outstanding:					
Basic	69.2	68.7	67.9	55.7	51.7
Diluted	70.0	69.3	68.8	56.0	51.9
Capital expenditures – continuing operations	$ 182.8	$ 125.7	$ 121.9	$ 122.6	$ 88.2
Depreciation expense – continuing operations	$ 137.1	$ 133.3	$ 139.4	$ 123.8	$ 93.7
At Year End:					
Total assets	$ 4,643.8	$ 4,390.9	$ 4,371.2	$ 4,571.1	$ 1,944.9
Long-term debt	$ 1,223.9	$ 1,538.0	$ 1,662.9	$ 1,964.1	$ 386.7
Total debt	$ 1,428.8	$ 1,541.7	$ 1,670.8	$ 1,972.3	$ 389.6
Total shareholders' equity	$ 1,951.3	$ 1,683.1	$ 1,551.9	$ 1,508.5	$ 941.0
Shareholders' equity per basic share	28.53	24.39	22.81	22.58	18.24
Common share price	$ 54.16	$ 50.13	$ 43.43	$ 36.86	$ 32.52
Number of shareholders	3,029	3,265	3,500	3,698	3,903
Number of employees	6,921	6,746	7,515	7,725	5,032

* The 2004 results include the revenues and expenses of Noveon International, Inc. since June 3, 2004, the date of acquisition.

Exhibit 21.1

LIST OF SIGNIFICANT SUBSIDIARIES OF THE LUBRIZOL CORPORATION

AS OF DECEMBER 31, 2007

NAME	COUNTRY OR STATE OF INCORPORATION
Lubrizol Advanced Materials FCC, Inc.	USA — Delaware
Lubrizol Advanced Materials, Inc.	USA — Delaware
Lubrizol Advanced Materials International, Inc.	USA — Delaware
Lubrizol Advanced Materials Gibraltar, Inc.	USA — Delaware
Lubrizol Overseas Trading Corporation	USA — Delaware
CPI Engineering Services, Inc.	USA — Michigan
Lubrizol International Management Corporation	USA — Nevada
Lubrizol Advanced Materials Europe BVBA	Belgium
Lubrizol Europe Coordination Center BVBA	Belgium
Lubrizol do Brasil Aditivos Ltda.	Brazil
Lubrizol Canada Limited	Canada
Lubrizol International, Inc.	Cayman Islands
Lanzhou Lubrizol Lanlian Additive Co. Ltd.	People's Republic of China
Lubrizol France SAS	France
Lubrizol Holdings France SAS	France
Lubrizol Deutschland GmbH	Germany
Lubrizol (Gibraltar) Limited	Gibraltar
Lubrizol (Gibraltar) Minority Limited	Gibraltar
Lubrizol Advanced Materials Asia Pacific Limited	Hong Kong
Lubrizol Advanced Materials Hong Kong Limited	Hong Kong
Lubrizol India Private Limited	India
Lubrizol Japan Limited	Japan
Lubrizol (Gibraltar) Limited Luxembourg SCS	Luxembourg
Lubrizol Luxembourg S.à r.l.	Luxembourg
Lubrizol Advanced Materials Holland B.V.	The Netherlands
Lubrizol Southeast Asia (Pte.) Ltd.	Singapore
Lubrizol South Africa (Pty) Limited	South Africa
Lubrizol Adibis Holdings (UK) Limited	United Kingdom
Lubrizol Limited	United Kingdom

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 33-61091, 33-42211, 333-42338 and 333-124763 on Form S-8 and 333-115662 on Form S-3 of our reports dated February 28, 2008, relating to the financial statements and financial statement schedule of The Lubrizol Corporation (the "Company") (which report relating to the consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph regarding the Company's adoption of new accounting standards in 2007 and 2006) and the effectiveness of the Company's internal control over financial reporting, appearing in and incorporated by reference in this Annual Report on Form 10-K of the Company for the year ended December 31, 2007.

/s/ Deloitte & Touche LLP

Cleveland, Ohio
February 28, 2008

Exhibit 31.1

THE LUBRIZOL CORPORATION
Rule 13a-14(a) Certification

I, James L. Hambrick, certify that:

1. I have reviewed this annual report on Form 10-K of The Lubrizol Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

(d) disclosed in this report any change in registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James L. Hambrick
James L. Hambrick
Chief Executive Officer and President
February 28, 2008

Exhibit 31.2

I, Charles P. Cooley, certify that:

1. I have reviewed this annual report on Form 10-K of The Lubrizol Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

(d) disclosed in this report any change in registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Charles P. Cooley
Charles P. Cooley
Chief Financial Officer
February 28, 2008

Exhibit 32.1

THE LUBRIZOL CORPORATION
Certification of Chief Executive Officer and Chief Financial Officer of
The Lubrizol Corporation Pursuant to 18 U.S.C. Section 1350

I certify that, to the best of my knowledge and belief, the Annual Report on Form 10-K of The Lubrizol Corporation for the period ending December 31, 2007:

(1) *fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and*

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of The Lubrizol Corporation.

/s/ James L. Hambrick
James L. Hambrick
Chief Executive Officer and President
February 28, 2008

I certify that, to the best of my knowledge and belief, the Annual Report on Form 10-K of The Lubrizol Corporation for the period ending December 31, 2007:

(1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of The Lubrizol Corporation.

/s/ Charles P. Cooley
Charles P. Cooley
Chief Financial Officer
February 28, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

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

For the fiscal year ended December 31, 2006

☐ **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 1-5263

THE LUBRIZOL CORPORATION

(Exact name of registrant as specified in its charter)

OHIO	34-0367600
(State of incorporation)	(I.R.S. Employer Identification No.)

29400 Lakeland Boulevard
Wickliffe, Ohio 44092-2298
(Address of principal executive officers, including zip code)

Registrant's telephone number, including area code: (440) 943-4200

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

Title of each class	Name of each exchange on which registered
Common Shares without par value	New York Stock Exchange
Common Share purchase rights	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act of 1933. Yes ☑ No ☐

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

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 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 ☑ 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/A or any amendment to this Form 10-K/A. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer: ☑ Accelerated filer: ☐ Non-accelerated filer ☐

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

Aggregate market value (on basis of closing sale price) of voting stock held by nonaffiliates as of June 30, 2006: $2,722,535,900.

Number of the registrant's Common Shares, without par value, outstanding as of February 15, 2007: 69,160,429.

Documents Incorporated by Reference

Portions of the proxy statement for the 2007 Annual Meeting of Shareholders (Incorporated into Part III of this Form 10-K/A)

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References to "Lubrizol", the "company", "we", "us" or "our" refer to The Lubrizol Corporation and its subsidiaries, except where the context makes clear that the reference is only to The Lubrizol Corporation itself and not its subsidiaries.

EXPLANATORY NOTE

On October 22, 2007, we concluded to restate our previously issued financial statements because of reporting errors relating to five postemployment employee benefit plans in three foreign countries. Accordingly, we have restated our consolidated balance sheets as of December 31, 2006 and 2005 and our consolidated statements of income, consolidated statements of cash flows and consolidated statements of shareholders' equity for fiscal years 2006, 2005 and 2004 as well as the related financial statement disclosures included in Item 15 to this annual report on Form 10-K/A. This annual report on Form 10-K/A also includes the effects of the restatement in "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 6 - Selected Financial Data" for the 2002 through 2006 fiscal years.

The impact of the restatement decreased income from continuing operations and net income for 2006 by $2.0 million or 1.1% and 1.9%, respectively, for 2005 by $2.1 million or 1.3% and 1.1%, respectively, and for 2004 by $1.7 million, or 1.9% and 1.8%, respectively, from amounts previously reported. The restatement had no effect on our previously reported revenues or net cash flows. The cumulative effect of the errors decreased shareholders' equity as of December 31, 2006 by $24.3 million or 0.6% of total liabilities and shareholders' equity and 1.4% of total shareholders' equity. The cumulative effect of the errors decreased shareholders' equity as of December 31, 2005 by $15.3 million or less than one-half percent of total liabilities and shareholders' equity and 1.0% of total shareholders' equity.

The errors primarily arose in three different postemployment employee benefit plans at a wholly owned subsidiary and in postemployment employee benefit plans at two of our consolidated joint ventures. Four of these postemployment employee benefit plans had been accounted for inappropriately on a cash basis rather than an accrual basis as required by U.S. generally accepted accounting principles (U.S. GAAP), while the accrual recorded in the financial statements for the fifth plan was not calculated in accordance with U.S. GAAP. The cumulative effect of the errors resulted in an understatement of postemployment employee benefit plan liabilities of $38.9 million and $27.1 million at December 31, 2006 and 2005, respectively.

See "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Note 20 - Restatement of Consolidated Financial Statements" contained in the Notes to Financial Statements for more information regarding the restatement and changes to previously issued financial statements.

We also concluded that a material weakness in internal control over financial reporting existed for deficiencies at some international locations due to insufficient requisite technical knowledge of accounting for postemployment employee benefit plans in accordance with U.S. GAAP for the 2004 through 2006 fiscal years and through June 30, 2007, and that our disclosure controls were not effective solely because of this material weakness. As such, we have modified our discussion of disclosure controls and procedures included in Item 9A and our report on internal control over financial reporting contained in this annual report on Form 10-K/A to disclose how the restatement affected our chief executive officer's and chief financial officer's assessment of internal controls over financial reporting.

Except as noted herein, we have not modified or updated disclosures presented in the original annual report on Form 10-K for the year ended December 31, 2006 except as required to reflect the effects of the restatement on this Form 10-K/A. Accordingly, this annual report on Form 10-K/A does not reflect events occurring after the filing of our original annual report on Form 10-K on February 28, 2007. This annual report on Form 10-K/A should be read in conjunction with our filings made with the Securities and Exchange Commission subsequent to the filing of the original annual report on Form 10-K, including any amendments to those filings. The following items have been amended as a result of the restatement:

- Part I - Item 1. Business (page 5)
- Part II - Item 6. Selected Financial Data

- Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
- Part II - Item 9A. Controls and Procedures
- Part IV - Item 15. Exhibits and Financial Statement Schedules

PART I

ITEM 1. BUSINESS

Overview

We are an innovative specialty chemical company that produces and supplies technologies that improve the quality and performance of our customers' products in the global transportation, industrial and consumer markets. Our business is founded on technological leadership. Innovation provides opportunities for us in growth markets as well as advantages over our competitors. From a base of approximately 1,700 patents, we use our product development and formulation expertise to sustain our leading market positions and fuel our future growth. We create additives, ingredients, resins and compounds that enhance the performance, quality and value of our customers' products, while minimizing their environmental impact. Our products are used in a broad range of applications, and are sold into stable markets such as those for engine oils, specialty driveline lubricants and metalworking fluids, as well as higher-growth markets such as personal care and over-the-counter pharmaceutical products and performance coatings and inks. Our specialty materials products also are used in a variety of industries, including the construction, sporting goods, medical products and automotive industries.

We are an industry leader in many of the markets in which our product lines compete. We also produce products with well-recognized brand names, such as Anglamol® (gear oil additives), Carbopol® (acrylic thickeners for personal care products), Estane® (thermoplastic polyurethane) and TempRite® (engineered polymers resins and compounds used in plumbing, industrial and fire sprinkler systems).

We are geographically diverse, with an extensive global manufacturing, supply chain, technical and commercial infrastructure. We operate facilities in 29 countries, including production facilities in 20 countries and laboratories in 13 countries, in key regions around the world through the efforts of more than 6,700 employees. We derived approximately 45% of our consolidated total revenues from North America, 29% from Europe, 20% from the Asia/Pacific and the Middle East region and 6% from Latin America. We sell our products in more than 100 countries and believe that our customers recognize and value our ability to provide customized, high quality, cost-effective performance formulations and solutions worldwide. We also believe our customers value highly our global supply chain capabilities.

Our consolidated results for the year ended December 31, 2006 included total revenues of $4,040.8 million. We have generated consistently strong cash flows from our diverse product lines, leading market positions, disciplined capital expenditure programs and working capital management. We believe our strong cash flow will enable us to maintain our leading market positions and to invest in targeted growth strategies while continuing to reduce indebtedness.

We are organized into two operating and reporting segments. We made the final determination in January 2007 to change the names of our two reporting segments. The new segment names are Lubrizol Additives, previously known as Lubricant Additives, and Lubrizol Advanced Materials, previously known as Specialty Chemicals. The change was in name only as the management structure of the segments and product lines included in each segment remain unchanged.

Our principal executive offices are located at 29400 Lakeland Boulevard, Wickliffe, Ohio 44092-2298 and our telephone number is 440-943-4200. Our website is located at *www.lubrizol.com*. Information contained on our website does not constitute part of this annual report on Form 10-K/A. We make available free of charge on our website the annual reports on Form 10-K, the 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 soon as reasonably practicable after we electronically file or furnish the material to the Securities and Exchange Commission.

Acquisitions and Divestitures

On February 7, 2007, we acquired a broad line of additive products in the metalworking markets worldwide from Lockhart Chemical Company (Lockhart), a private company with headquarters in Gibsonia, Pennsylvania. We purchased Lockhart's entire metalworking product line, which includes: natural, synthetic and gelled sulfonates; emulsifier packages; corrosion inhibitors and lubricity agents; grease additives; oxidates; esters; soap; semi-finished coatings; and rust preventatives. In 2006, these product lines had annualized revenues of approximately $20.0 million.

In May 2006, we sold the food ingredients and industrial specialties business (FIIS) and the active pharmaceutical ingredients and intermediate compounds business (A&I), both of which were included in the Lubrizol Advanced Materials segment. A&I and most of the FIIS divestiture reported in to the Noveon consumer specialties product line, while a small portion of the FIIS divestiture reported into the performance coatings product line. We recorded a $15.9 million after-tax loss on the sale of these divested businesses.

In February 2006, we sold certain assets and liabilities of Noveon International, Inc.'s Telene® resins business (Telene), which was included in the Lubrizol Advanced Materials segment.

In December 2005, we sold certain assets, liabilities and stock of our Engine Control Systems (ECS) business, with facilities located in Canada, the United States and Sweden. In September 2005, we sold certain assets and liabilities of our U.S. and U.K. Lubrizol Performance Systems (LPS) operations. Both of these businesses had been included in the Lubrizol Additives segment.

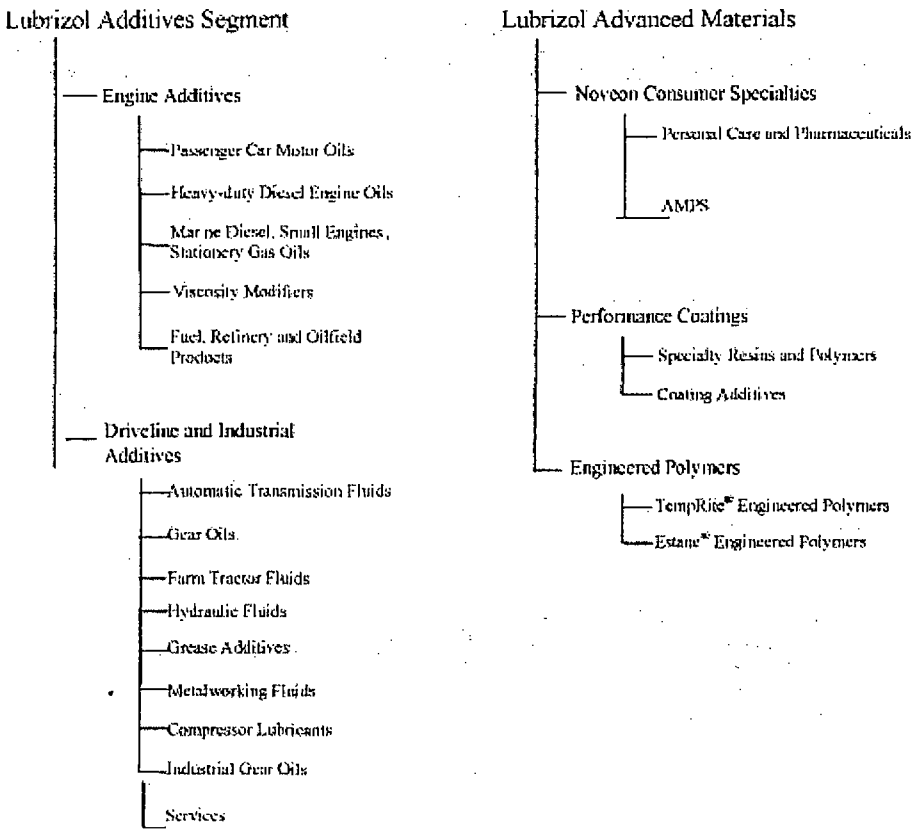
On June 3, 2004, we acquired Noveon International, Inc. (Noveon International) a leading global producer and marketer of technologically advanced specialty materials and chemicals used in the industrial and consumer markets.

In January 2004, we acquired the coatings hyperdispersants business from Avecia for cash totaling $129.7 million, including transaction costs of $2.2 million. This business is included in the Lubrizol Advanced Materials segment and develops, manufactures and markets high-value additives that are used in coatings and inks.

Business Segments

The Lubrizol Additives segment represents 64% of our 2006 consolidated revenues and is comprised of our businesses in engine additives and driveline and industrial additives. The Lubrizol Advanced Materials segment represents 36% of our 2006 consolidated revenues and is comprised of the businesses of the acquired Noveon International and our former performance chemicals product group.

The following chart summarizes the product groupings within each of our key product lines.



Lubrizol Additives Segment

The Lubrizol Additives segment is the leading global supplier of additives for transportation and industrial lubricants. We pioneered the development of lubricant additives over 75 years ago and continue to maintain leadership in what we estimate to be an $8.0 billion industry. Our customers rely on our products to improve the performance and lifespan of critical components, such as engines, transmissions and gear drives for cars, trucks, buses, off-highway equipment, marine engines and industrial applications.

For the year ended December 31, 2006, the Lubrizol Additives segment generated revenues of $2,600.5 million and segment operating income of $303.0 million.

Our products serve to increase cost-effectiveness by reducing friction and heat, resisting oxidation, minimizing deposit formation, and preventing corrosion and wear. Through our in-house research, development and testing programs, we have the capability to invent and develop a broad range of proprietary chemical components, including antioxidants, anti-wear agents, corrosion inhibitors, detergents, dispersants, friction modifiers and viscosity modifiers. We formulate proprietary additive packages by combining these different components to create unique products targeting specific customer problems. We are recognized by our customers for innovative technology, the broadest product line and high-quality products. Our key components of our additive packages include:

- antioxidants that retard oil thickening;
- anti-wear agents that prevent surfaces metal-to-metal contact;

- corrosion inhibitors that prevent rust;
- detergents that prevent deposit build-up;
- dispersants that protect equipment by suspending contaminant particles;
- friction modifiers that control friction at surfaces;
- polymer-based viscosity modifiers that allow lubricants to operate over broad temperature ranges; and
- pour point depressants that control low temperature fluid thickening.

Our products are essential to the performance of the finished lubricant, yet represent a relatively small portion of its volume. Our products are often designed to meet specific customer requirements. For example, we work with customers to develop additive packages that perform in combination with their proprietary base oil or that meet their marketing objectives to differentiate their lubricant. Extensive testing is conducted in our world-class laboratories, global mechanical testing facilities and in the field to determine additive performance under actual operating conditions. With this testing, we provide proof of performance, which enables our customers to label and certify the lubricant as meeting the exact performance specifications required for these products by the industry. The majority of our products are designed to meet an industry standard or specification.

During 2006, we had two primary product lines within our Lubrizol Additives segment: engine additives and driveline and industrial additives.

Engine Additives. Our engine additives products hold a leading global position for a wide range of additives for lubricating engine oils, such as for gasoline, diesel, marine and stationary gas engines. We also produce additives for fuel and refinery and oilfield chemicals. In addition, this product line sells additive components and viscosity improvers within its lubricant and fuel additives product areas. Our customers, who include major global and regional oil companies, refineries and specialized lubricant producers and marketers, blend our additive products with their base oil and distribute the finished lubricant to end users via retail, commercial or vehicle original equipment manufacturer (OEM) channels. Passenger car motor oils and diesel engine oils are approximately 80% of our engine additive sales. In 2006, our engine additives products generated total revenues of $1,665.4 million.

The following is a list of representative uses for and a description of our engine additives products:

Category	Product/Brand	Description
Engine Additives	Passenger car motor oils, heavy-duty diesel engine oils, marine diesel, small engines, stationery gas and viscosity modifiers	Additives that extend engine life, lower emissions and enhance fuel economy.
	Fuel, refinery and oilfield products and other components	Additives designed to eliminate deposits and provide fuel system cleanliness, prevent rust and corrosion, enhance fuel economy, provide anti-knock, lower volatility and improve storage stability.

Driveline and Industrial Additives. We are a global supplier of specialty driveline and industrial oil additive products for use in driveline and industrial applications. This product line also provides outsourcing services for supply chain and knowledge center management. In 2006, our driveline and industrial additives generated total revenues of $935.1 million.

Driveline Additives

Our driveline additives products include additives for driveline oils, such as automatic transmission fluids, gear oils and tractor lubricants. Relative to engine oils, specialty driveline additives are more complex formulations that carry higher average pricing and value and have longer product life cycles. We sell our products to major global and regional oil companies, specialized lubricant producers and marketers. Our customers use our products

to blend with their lubricant fluids and distribute the finished lubricant to end users via retail, commercial or vehicle OEM channels. The specialty driveline additives industry is characterized by well-established product lines that meet OEM specifications and carry OEM approvals.

Industrial Additives

Our industrial oil additives products include additives for hydraulic lubricants, metalworking fluids, industrial gear oils and grease, as well as compressor lubricants. We sell our products to major global and regional oil companies, specialized lubricant producers and marketers. Our customers use our products to blend with their fluid products and distribute the finished lubricant to end users via retail, commercial or OEM channels. Because our products are sold to industrial end-markets, our industrial oil additives products are exposed to economic cycles more than other products within the Lubrizol Additives segment.

The following is a list of representative uses for and a description of our driveline and industrial oil additives products:

Category	Product/Brand	Description
Driveline and Industrial Additives	Driveline additives for automatic transmission fluids, gear oils and farm tractor fluids	Additives that provide multiple and complex performance properties, including reducing friction in order to prevent wear of transmissions, gears and farm tractor components.
	Additives for industrial fluids, including hydraulics, metalworking, industrial gear, grease and compressor fluids	A wide range of additives to meet the lubricant performance requirements of industrial equipment.

Lubrizol Advanced Materials Segment

The Lubrizol Advanced Materials segment represents a diverse portfolio of performance chemicals used in consumer and industrial applications, such as ingredients for personal care and pharmaceutical products, emulsions and additives for coatings and inks, and specialty plastics and materials.

For the year ended December 31, 2006, the Lubrizol Advanced Materials segment generated revenues of $1,440.3 million and segment operating income of $167.6 million.

We have three primary product lines within our Lubrizol Advanced Materials segment: Noveon consumer specialties, performance coatings and engineered polymers.

Noveon Consumer Specialties. We are a global producer of specialty chemicals targeting the personal care and pharmaceutical industries. Key products include Carbopol acrylic thickeners, film formers, fixatives, emollients, silicones, botanicals and process chemicals. In 2006, our Noveon consumer specialties products generated total revenues of $373.5 million.

We are a global producer of specialty chemicals targeting the personal care and pharmaceutical industries. Our products impart physical and sensory properties, such as texture, stability and thickness to products, including lotions, shampoos, hair gels, cosmetics and personal and oral hygiene products. Key products in this area include selected functional specialties and formulation additives such as specialty surfactants, methyl glucoside and lanolin derivatives, and acrylic thickeners, specialty monomers, film formers and fixatives. Our products are an important component of the functionality and aesthetics of the end product, but typically represent a small portion of the customer's total product costs. Key product families include:

- Carbopol acrylic thickener, which is a global leader in synthetic thickeners due to its efficient stabilizing properties and superior thickening capabilities. Primary end-uses in the personal care industry include hair care, skin care and personal and oral hygiene products. Pharmaceutical primary end-uses include topical and controlled-release applications.

- Methyl glucoside and lanolin derivatives that enhance the functional and aesthetic properties of personal care products by delivering characteristics such as emulsification, thickening and moisturizing, as well as imparting the elegant feel to lotions and creams.
- AMPS® specialty monomers that are used in the manufacture of polymers for a variety of applications such as dishwashing detergents to reduce spotting, skin creams to improve lubricity and feel, medical gels for defibrillator pads to enhance conductivity, and coatings and adhesives to improve adhesion.
- Specialty surfactants and additives that enhance the functional and aesthetic properties of personal care products and household and industrial cleaners by improving characteristics such as foaming, cleansing, conditioning and mildness. Surfactants primarily are used in hair care products, such as shampoos and body washes.

The following is a list of representative uses for and a description of our personal care and pharmaceuticals products:

Category	Product/Brand	Description
Personal Care and Pharmaceuticals	Carbopol®	Acrylic thickener, which imparts stability and improves aesthetics. Often used as a controlled release agent.
	Pemulen®	Polymeric emulsifier reducing formulation irritancy and providing unique sensory properties.
	Avalure®	Polymers for color cosmetics and skin care.
	Specialty silicones	Polymers affecting slip-and-feel.
	Fixate®	Resin for hair styling.
	Emollients	Improve skin feel and appearance.
	Botanical extracts	Specialty additives for cosmetic and skin care formulations.
	Methyl glucoside derivatives, including Glucamate®	Natural thickeners, emulsifiers and moisturizers for shampoos, liquid cleansers, face and body creams and lotions.
	Lanolin derivatives	Natural emollients, emulsifiers and conditioners for creams, lotions and color cosmetics.
	AMPS® monomers	Specialty monomer for high performance polymers.
	Specialty surfactants, including Sulfochem®	Enhance cleansing, foaming and moisturizing of shampoos, body washes and industrial and household cleaners.
	Polycarbophil	Active agent for bulk laxatives.
	Cassia gum	Gelling agents for human food (Japan) and pet food.

Performance Coatings. We are a leading supplier of specialty resins and additives for the coatings and ink markets worldwide. We offer a wide range of products for formulating paints, coatings and inks. In 2006, our performance coatings products generated total revenues of $543.7 million.

Our business strategy for performance coatings is centered on our ability to formulate and compound polymer emulsions to create customized solutions meeting the specific needs of our customers. The performance coatings product line includes high-performance polymers and additives for specialty paper, graphic arts, paint and textile coating applications.

Specialty Resins and Polymers

Our water-based polymer emulsions and dispersions, including resins and auxiliaries, are used in the production of high-end paint and coatings for wood, paper, metal, concrete, plastic, textiles and other surfaces. Our acrylic emulsions and polyurethane dispersions, which are environmentally attractive substitutes for solvent-based and hydrocarbon products, are valued for the superior gloss and durability properties they provide. In addition, our polymers are used as ink vehicles, overprint varnishes and functional coatings for specialty paper, printing and packaging applications. We supply acrylic emulsions used to improve the appearance, texture, durability and flame retardance of high-end specialty textiles sold to the home furnishings and technical fabrics industries. In addition to water-based polymers, we specialize in unique, non-aqueous acrylic and other proprietary polymer resins for the paint and coatings, printing ink, laminating, adhesives and sealants markets. These value-added Doresco® specialty resins not only function as carriers for pigment, but also provide surface protection and adhesion properties. We work closely with our customers to develop resins that address their specific needs.

The following is a list of representative uses for and a description of our resins and polymer products:

Category	Product-line	Description
Specialty Resins and Polymers	Acrylic Emulsions, Polyurethane Dispersions and Other Water-based Systems, Hycar®, Sancure®, Algan®, Performax®	Provide superior gloss and durability properties to paints and coatings. End markets include wood, paper, metal, concrete, plastic and textiles.
	Acrylic and Other Polymer Resins, Doresco®	Function as carriers for pigments, and provide surface protection and adhesion properties. End-markets include paint and coatings, printing ink, laminating, adhesives and sealants.

Coating Additives

Our additives for coatings and inks are used to enhance the appearance and durability of coatings in architectural and industrial uses, as well as to improve their processing and application characteristics. Additives such as pigment dispersants enhance the processing and performance of printing ink, while also maximizing color strength and stability in coatings and plastics. We expanded this product line by purchasing the dispersants business of Avecia in January 2004. We are a leading global supplier of surface modifiers that improve the abrasion resistance properties, gloss, leveling and film characteristics of printing ink and coatings. Our products include:

- High-performance hyperdispersants for coatings, inks, thermoplastics and thermoset composites. We are a world leader in polymeric hyperdispersant technology, sold under the Solsperse® and Solplus® trade names. Hyperdispersants improve the dispersion of almost any solid particulate (including pigments, fillers, flame retardants and fibers) into almost any liquid medium (water, solvents and resins). They are primarily used to achieve even color saturation. They enrich and strengthen color, while reducing production costs and solvent emissions. We also produce Ircosperse® pigment dispersants for coatings and COLORBURST™ pigment dispersants for printing inks.
- Surface modifiers improve the performance of industrial, architectural, can, coil, wood and powder coatings by enhancing and protecting surfaces. Lanco®, Lanco® Glidd, Lanco® Matt and Aquaslip™ surface modifiers impart a variety of properties to a coating, including enhanced slip, improved abrasion and scratch resistance, matting, texturing and a silky, soft feel.
- Rheology control additives improve the performance of coatings by providing thickening, sag control, pigment anti-settling and improved surface appearance. Rheology control additives are sold under the brand names Ircothix®, Ircogel® and Solthix®.
- Specialized additives for inks improve rub resistance properties and film characteristics.

The following is a list of representative uses for and a description of our coating additives products:

Category	Product/Brand	Description
Coating Additives	Dispersants, Solsperse® Ircosperse®, COLORBURST™	Improve the dispersion of solid particulates into liquid mediums. End-markets include paints and printing inks.
	Surface Modifiers Lanco®, Lanco® Glidd, Lanco® Matt, Aquaslip™	Impart a variety of properties to a coating, including enhanced slip, improved abrasion and scratch resistance, matting and texturing. End markets include industrial, architectural, can and coil, wood and powder coatings.
	Rheology Control Additives, Ircothix®, Ircogel® and Solthix®	Provide thickening, sag control and improved surface appearance of coatings.
	Specialized Additives for Inks, *Duotron®, Liquitron®, Fluotron®*	Improve the processing, performance and rub resistance properties.

Engineered Polymers. We are a leading global supplier of engineered polymers (EP) resins and compounds sold under the trademark TempRite. Applications for TempRite resins and compounds include piping for residential and commercial plumbing and fire sprinkler systems. In addition to TempRite, we are also a leading producer of thermoplastic polyurethane (TPU) sold under the trademark Estane. Applications for Estane TPU include plastic film and sheet for various coatings processes. In 2006, the engineered polymers product line generated total revenues of $523.1 million.

TempRite Engineered Polymers

TempRite EP is a technologically advanced heat, fire and chemical resistant polymer that we developed to serve technically demanding applications not well served by traditional PVC and other commodity plastics. Our TempRite EP is sold to customers who produce plastic piping for residential and commercial plumbing, fire sprinkler systems and industrial piping applications. TempRite EP piping has inherent advantages over copper and other metals due to its heat and corrosion resistance, increased insulation properties, mold resistance, ease of installation and lower installed cost. We market our branded TempRite EP products for specific applications: FlowGuard® and FlowGuard Gold® for residential and commercial plumbing, BlazeMaster® for fire sprinkler systems and Corzan® for industrial piping. We believe we have built strong end-user awareness of our brands by using a sales force that markets directly to builders, contractors, plumbers, architects, engineers and building owners.

In 2001, Noveon International purchased select assets and technology to manufacture PEX compounds, further used to produce PEX pipe. TempRite PEX enables us to add a flexible piping compound to our rigid piping product offering. TempRite PEX is a small but growing product for applications that demand flexible piping systems.

In January 2007, TempRite EP introduced two new piping products, FlowGuard Gold® Bendable and FlowGuard™ Flex. Both products are used in residential and commercial plumbing.

The following is a list of representative uses for and a description of our EP and PEX products:

Category	Product/Brand	Description
EP	TempRite®	Residential plumbing
	FlowGuard®	Residential and commercial plumbing
	FlowGuard Gold®	Residential and commercial plumbing
	Corzan®	Industrial and commercial piping
	BlazeMaster®	Fire sprinkler piping
PEX	TempRite®	Flexible piping systems

Estane Engineered Polymers

Estane TPU, an engineered, highly versatile thermoplastic, provides a high performance alternative to rigid plastics and flexible rubber. Performance attributes of Estane TPU include abrasion, heat and chemical resistance, minimal fatigue from bending, ease of processing and good paintability. These performance characteristics make Estane TPU attractive for use in a broad range of end-uses, including film and sheet for various coating processes, wire and cable insulation, athletic equipment (such as footwear), medical applications, pneumatic tubing and automotive molded parts. In addition, Estane TPU has expanded into products that can be melt spun into elastic spandex fibers and materials that offer enhanced breathability for garments. We believe that Estane TPU is one of the industry's leading brand names. We also market Stat-Rite® conductive polymers, which are static dissipative materials used in packaging for the electronics industry. In addition, we market fiber-reinforced TPU under the Estaloc® brand. Estaloc reinforced engineering thermoplastics offer the functional properties of traditional TPU, yet are reinforced for higher stiffness to provide the strength, dimensional stability and impact resistance required to withstand a variety of tough applications and harsh environments. Applications include sporting goods, agricultural equipment and other mechanical components.

The following is a list of representative uses for and a description of our Estane engineered polymers products:

Category	Product/Brand	Description
TPU	Estane®	Aromatic grades for film and sheet, wire and cable insulation, athletic equipment, medical applications, pneumatic tubing, automotive molded parts and adhesives.
	Estaloc®	Automotive trim, sporting goods, agricultural equipment and other mechanical components.
	Stat-Rite®	Packaging of semiconductors, sensitive electronic components, disk drive heads and cell phone components.
	Tecoflex®	Aliphatic grades for optical film, medical tubing and general industrial applications.

Competition

Our Lubrizol Additives segment is highly competitive in terms of price, technology development, product performance and customer service. Our principal competitors, both in the United States and overseas, are: Infineum, a joint venture involving Shell Oil Company and Exxon Mobil Corporation; Chevron Oronite Company, a subsidiary of Chevron Corporation; and Afton Chemical Corporation, a subsidiary of NewMarket Corporation (formerly Ethyl Corporation). Petroleum companies also produce, either directly or indirectly, lubricants and fuel additives for their own use and also sell additives to others. These petroleum companies also are our customers, and some of them sell raw materials to us. We believe, based on volume sold, that we are a leading supplier of performance additives for lubricants to the petroleum industry.

Our Lubrizol Advanced Materials segment faces a variety of competitors in each of our product lines, but we believe no single company competes with us across all of our existing product lines. The advanced materials industry is highly fragmented. Individual products or service offerings compete on a global, regional and local level due to the nature of the businesses and products, as well as the applications and customers served. The following chart sets forth our principal competitors of the Lubrizol Advanced Materials segment by product line:

Product Line	Principal Competitors
Noveon consumer specialties	Cognis, Croda, Degussa Goldschmidt, ISP, NK Chemicals, Rhodia, Rohm and Haas, Stepan, Sumitomo Seika, 3V Sigma, Toagosei, Vinati
Performance coatings	BASF, Bayer, Byk, Ciba, Clariant, Cytec, Dow Chemical, DSM, Eastman, OMNOVA, Parachem, Reichhold, Rohm and Haas, Tego
Engineered polymers	Atofina, BASF, Bayer, Dow, Georgia Gulf, Huntsman, Kaneka, Merquinsa, Sekisui Chemical, SK, Vanguard, Victaulic, Wirsbo

Sales and Marketing

We primarily market our lubricant and fuel additives products worldwide through our own direct sales organization. In addition, we use sales agents and distributors where necessary. Our additive customers primarily consist of oil refiners and independent oil blenders and are located in more than 100 countries. Our 10 largest customers, most of which are international oil companies and a number of which are groups of affiliated entities, accounted for approximately 39% of our consolidated net sales in 2006. In 2006, there was no single customer that accounted for more than 10% of consolidated net sales.

In order to maximize our understanding of customer needs as well as emerging trends, our sales and marketing activities for our advanced materials products are organized by end-use applications. Each sales team includes representatives from sales, marketing and research and development.

Our sales and marketing staff is technically oriented and works closely with customers to develop products and formulations that deliver the desired product attributes. Some of our laboratories are equipped with small-scale equipment that replicates our customers' processing capabilities, which ensure our solutions are easily and efficiently implemented at our customers' facilities.

Finally, many of our sales and marketing resources are dedicated to stimulating end-use demand for our products. For example, in the case of our TempRite plumbing, fire sprinkler and industrial piping applications, our resources are focused on marketing to building contractors, plumbers, distributors and construction code officials to convince them to specify our products in their projects or building codes.

Backlog

We have no material backlog of orders in either business segment at December 31, 2006 or December 31, 2005. All unfilled orders that were placed by December 31, 2006 are reasonably expected to be filled during 2007.

Research, Development and Technology

Technology leadership in design and formulation of additives and specialty chemicals drives our business. Historically, we have emphasized consistent investment in research. We have developed internally a large percentage of the products we manufacture and sell. Our internal technical resources encompass chemical synthesis, world-class physical and analytical science, statistical and computer modeling expertise and extensive applications technology and testing laboratories. We balance centralized research facilities with applications technology capabilities that are closely tied to their counterparts in the commercial organizations. Our technical facilities are located all over the world. We provide tools and processes for knowledge sharing and for leveraging our technology globally and across product lines.

Lubrizol Additives. In our Lubrizol Additives segment, the majority of the additives we manufacture and sell are developed by our in-house research group. Technological advances in materials and in the design of engines and other automotive equipment, combined with rising demands for environmental protection and fuel economy, require increasingly sophisticated research capabilities to meet industry performance standards.

We have technical facilities in Wickliffe, Ohio; Hazelwood, United Kingdom; and Kinuura, Japan for lubricant additives research. We also conduct a limited program of corporate research designed to leverage technology across our product lines. We maintain mechanical testing laboratories at those three locations, equipped with a variety of gasoline and diesel engines, driveline and other mechanical equipment to evaluate the performance of additives for lubricants and fuels. In addition, we make extensive use of independent research firms. Global field testing is conducted through various arrangements with fleet operators and others.

We maintain offices in Southfield, Michigan; Hazelwood, United Kingdom; Paris, France; Hamburg, Germany; Shanghai, China; Mumbai, India; Tokyo, Japan; and Seoul, South Korea to maintain close contact with the principal automotive OEMs of the world and to keep us abreast of the performance requirements for our products. These liaison activities also serve as contacts for cooperative development and evaluation of products for future applications.

Lubrizol Advanced Materials. Our Lubrizol Advanced Materials segment has had a long history as an industry innovator, creating proprietary, high-performance materials for our customers, including ingredients for personal care products, the invention of Carbopol acrylic thickener, additives for coatings and the commercial development of TempRite engineered polymers. We have leveraged our core surface activity chemistry into new specialty chemicals and materials markets through acquisitions and application technology expertise. Our specialty chemical and materials products are derived from a broad range of technology platforms developed either internally or externally through licensing, acquisition or joint technological alliances with global suppliers and customers.

Our primary research facility for our Lubrizol Advanced Materials segment is located in Brecksville, Ohio, where we develop new technologies and products and conduct applications development and technical service for our customers. We maintain other smaller technical facilities in various locations in the United States, Europe and Asia.

Patents. We own approximately 1,700 patents worldwide relating to our products and manufacturing processes. Although these domestic and foreign patents expire from time to time, we continue to apply for and obtain patent protection for new products on an ongoing basis. We believe that, in the aggregate, our patents constitute an important asset. However, we do not regard our business as being materially dependent upon any single patent or any group of related patents. We use patents in both of our reporting segments.

Research, Testing and Development Expenditures. Our consolidated research and development expenditures were $135.3 million in 2006, $128.1 million in 2005 and $103.7 million in 2004. These amounts were equivalent to 3.3%, 3.5% and 3.6% of the respective consolidated total revenues for those years. These amounts include expenditures for the performance evaluation of additive developments in engines and other types of mechanical equipment as well as expenditures for the development of specialty chemicals for industrial applications. In addition, we spent $70.2 million, $70.8 million and $81.1 million in 2006, 2005 and 2004, respectively, for technical service (testing) activities, principally for evaluation in mechanical equipment of specific lubricant formulations designed for the needs of petroleum industry customers throughout the world.

Our research and development staff works with both our sales force and customers to use our wide spectrum of technology platforms and processing capabilities to enhance our product offerings in the specialty chemicals industry. We have developed many of our products in cooperation with our customers, often as a result of their specific needs, resulting in long-standing customer relationships.

Raw Materials

We use a broad variety of specialty and commodity chemical raw materials in our manufacturing processes, and use oil in processing and blending additives. These raw materials are obtainable from several sources. The materials that we choose to purchase from a single source generally have long-term supply contracts as a basis to guarantee supply reliability. For the most part, our raw materials are derived from petroleum and petrochemical-based feedstocks.

Lubricant base oil is our single largest purchased raw material, representing approximately 30% of our purchases, by weight, for the Lubrizol Additives segment. Other major categories of raw materials for the Lubrizol Additives segment include olefins and esters (approximately 20% of purchases); inorganic acids, bases and oxides (approximately 10%); and alcohols and glycols (approximately 5%). We believe that raw materials derived from petrochemicals are approximately 80% of our purchases for the Lubrizol Additives segment. For our Lubrizol

Advanced Materials segment, no single raw material represents more than 9% of purchases. The top eight raw materials total about 40% of our purchases for the Lubrizol Advanced Materials segment. Principal raw materials for the Lubrizol Advanced Materials segment include three different acrylates for personal care and coatings, styrene for coatings, and PVC, PTMEG, MDI and BDO for engineered polymers.

Environmental Matters

We are subject to foreign, federal, state and local laws and regulations designed to protect the environment and limit manufacturing wastes and emissions. We believe that, as a general matter, our policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and the consequent financial liability to us. Compliance with environmental laws and regulations requires continuing management effort and expenditures. We have incurred, and will continue to incur, costs and capital expenditures to comply with these laws and regulations and to obtain and maintain all necessary permits. We believe that the cost of complying with environmental laws and regulations will not have a material affect on our earnings, liquidity or competitive position, although we cannot provide you assurance in that regard.

We believe that our business, operations and facilities are being operated in compliance, in all material respects, with applicable environmental laws and regulations, many of which provide for substantial fines, penalties and criminal sanctions for violations. The operation of manufacturing plants entails environmental risks, and we may incur material costs or liabilities in the future that could adversely affect us. For example, we may be required to comply with evolving environmental laws, regulations or requirements that may be adopted or imposed in the future or to address newly discovered contamination or other conditions or information that require a response on our part.

Among other environmental laws, we are subject to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (commonly known as Superfund), under which we have been designated as a "potentially responsible party" that may be liable for cleanup costs associated with various waste or operating sites, some of which are on the U.S. Environmental Protection Agency Superfund priority list. Our experience, consistent with what we believe to be the experience of others in similar cases, is that Superfund site liability tends to be apportioned among parties based upon the contribution of materials to the Superfund site. Accordingly, we measure our liability and carry out our financial reporting responsibilities with respect to Superfund sites based upon this standard, even though Superfund site liability is technically joint and several in nature. We accrue for estimated environmental liabilities with charges to cost of sales. We believe our environmental accrual is adequate to provide for our portion of the costs of all such known environmental liabilities. Based upon consideration of currently available information, we believe liabilities for environmental matters will not have a material adverse affect on our financial position, operating results or liquidity, although we cannot provide you assurance in that regard.

Noveon International is the beneficiary of agreements with Goodrich Corporation (Goodrich) that require Goodrich to indemnify Noveon International for, among other things, certain environmental liabilities and costs relating to facilities of the former Performance Materials Segment of Goodrich. However, we cannot assure you that Goodrich or other third party indemnitors will, in the future, honor their indemnification obligations to us.

Employees

At December 31, 2006, we had approximately 6,700 employees of which approximately 53% were in the United States. We believe that our relationship with our employees is good. Three of our U.S. sites, and approximately 4% of our domestic employees, are organized by labor unions with collective bargaining agreements that are subject to periodic renegotiation. There are five agreements covering two plants expiring in 2007 and one agreement expiring in 2008. We expect to enter into new agreements with these unions as the current agreements expire.

Manufacturing and Properties

We possess global manufacturing, laboratory and sales and technical service facilities enabling us to provide customers with worldwide service and a reliable supply of products. Our corporate headquarters are located in Wickliffe, Ohio. We have manufacturing facilities and laboratories, which we own or lease, at 22 sites in the United States and approximately 41 sites in 19 other countries. We also have entered into long-term contracts for the exclusive use of major marine terminal facilities at various ports and leases for storage facilities. We

maintain a capital expenditure program to support our operations and believe our facilities are adequate for our present operations and for the foreseeable future.

Geographic Area Information

Financial information with respect to our domestic and foreign operations is contained in Note 15 to our consolidated financial statements.

We supply our customers abroad through exports from the United States and from overseas manufacturing plants. We believe the political and economic risks related to our foreign operations are mitigated due to the stability of the countries in which our largest foreign operations are located.

ITEM 1A. RISK FACTORS

If any of the events contemplated by the following discussion of risks should occur, our business, results of operations and financial condition could suffer significantly. The risks described below are not the only risks that we face. Additional risks not currently known to us or that we currently deem immaterial may also impair our business.

Financial Risks

The limits imposed on us by the restrictive covenants contained in our credit facilities could prevent us from making acquisitions or capital improvements or cause us to lose access to these facilities.

Our existing credit facilities contain restrictive covenants that limit our ability to, among other things:

- borrow money or guarantee the debts of others;
- use assets as security in other transactions;
- change our business or enter into new lines of business; and
- sell assets or merge with or into other companies.

In addition, our credit facilities require us to meet financial ratios, including debt to consolidated earnings before income taxes, depreciation and amortization (EBITDA) (as defined in the credit facilities) and consolidated EBITDA (as defined in the credit facilities) to interest expense. These restrictions could limit our ability to plan for or react to market conditions or meet extraordinary capital needs and could otherwise restrict our financing activities.

Our ability to comply with the covenants and other terms of our credit facilities will depend on our future operating performance. If we fail to comply with such covenants and terms, we will be in default and the maturity of the related debt could be accelerated and become immediately due and payable. We may be required to obtain waivers from our lenders in order to maintain compliance under our credit facilities, including waivers with respect to our compliance with certain financial covenants. If we are unable to obtain any necessary waivers and the debt under our credit facilities is accelerated, our financial condition would be adversely affected.

We may not have access to capital in the future.

We may need new or additional financing in the future to expand our business or refinance existing indebtedness. If we are unable to access capital on satisfactory terms and conditions, we may not be able to expand our business or meet our payment requirements under our existing credit facilities. Our ability to obtain new or additional financing will depend on a variety of factors, many of which are beyond our control. We may not be able to obtain new or additional financing because we have substantial debt or because we may not have sufficient cash flow to service or repay our existing or future debt. In addition, depending on market conditions and our financial performance, equity financing may not be available on satisfactory terms or at all.

We could be adversely affected if our debt is downgraded.

Our ability to complete offerings of debt securities on satisfactory terms in the future will depend on the status of our credit rating. The current rating of our senior unsecured long-term indebtedness is BBB- by Standard & Poor's Ratings Group (S&P) and Baa3 by Moody's Investors Service, Inc. (Moody's). Either S&P or Moody's or both may downgrade our credit rating at any time, which would make it more difficult to complete offerings of debt securities on satisfactory terms and generally would result in increased future borrowing costs and adversely affect our access to debt and capital markets.

Risks Relating to our Business

Volatility in raw material prices could reduce our profitability and reductions in the availability of raw material supplies could disrupt our operations.

Some of the raw materials that we use are derived from petrochemical-based feedstocks, such as crude oil and natural gas, which have been subject to historical periods of rapid and significant movements in price. These fluctuations in price could be aggravated by political instability, terrorist attacks or other hostilities in oil-producing countries or elsewhere in the world, and supply and demand factors, including OPEC production quotas and increased global demand for petroleum-based products. We also use natural gas as fuel at our facilities, and increases in the price of natural gas may reduce our profitability. Any significant variations in the cost and availability of our specialty and commodity materials or energy may negatively affect our business, financial condition or results of operations. We typically do not enter into hedging arrangements with respect to raw materials or energy, other than for natural gas and electricity. We selectively pass changes in the prices of raw materials to our customers from time to time. However, we cannot always do so, and any limitation on our ability to pass through any price increases could affect our financial performance.

We use significant quantities of a variety of specialty and commodity chemicals in our manufacturing processes, such as lubricant base oils (a derivative of crude oil); C4 feedstreams; acrylates; PVC; inorganic acids, bases and oxides; alcohols, glycols and polyols; olefins and esters; sulfonates; phenates; alkylates; sulfonic acids; and amines. These raw materials generally are available from numerous independent suppliers. However, some of our raw material needs are met by a sole supplier or only a few suppliers. If any supplier that we rely on for raw materials ceases or limits production, we may incur significant additional costs, including capital costs, in order to find alternate, reliable raw material suppliers. We may also experience significant production delays while locating new supply sources.

We face competition from other chemical companies, which could adversely affect our revenue and financial condition.

We actively compete with companies producing the same or similar products and, in some instances, with companies producing different products designed for the same uses. We encounter competition in price, delivery, service, performance, product innovation and product recognition and quality, depending on the product involved. For some of our products, our competitors are larger and have greater financial resources and less debt than we do. As a result, these competitors may be better able to withstand a change in conditions within the industries in which we operate, a change in the prices of raw materials or a change in the economy as a whole.

Our competitors can be expected to continue to develop and introduce new and enhanced products, which could cause a decline in market acceptance of our products. Current and future consolidation among our competitors and customers also may cause a loss of market share as well as put downward pressure on pricing. Additionally, a number of our niche product applications are customized or sold for highly specialized uses. Our competitors could cause a reduction in the prices for some of our products as a result of intensified price competition. Competitive pressures can also result in the loss of major customers. If we cannot compete successfully, our business, financial condition and consolidated results of operations could be adversely affected.

Failure to make continued improvements in our technology and productivity could hurt our competitive position.

We believe that we must continue to enhance our existing products and to develop and manufacture new products with improved capabilities in order to continue to be a market leader. We also believe that we must continue to make improvements in our productivity in order to maintain our competitive position. When we invest in new technologies, processes or production facilities, we face risks related to construction delays, cost over-runs

and unanticipated technical difficulties. Our inability to anticipate, respond to or utilize changing technologies could have a material adverse effect on our business and our consolidated results of operations.

Our and our suppliers' production facilities are subject to operating risks that may adversely affect our operations.

We are dependent upon the continued safe operation of our and our suppliers' production facilities. These production facilities are subject to 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. Incidents at our or our suppliers' production facilities could temporarily shut down or otherwise disrupt our manufacturing operations, causing production delays and, with respect to our facilities, resulting in liability for workplace injuries and fatalities. In addition, some of our and our suppliers' production facilities are highly specialized, which limits our ability to shift production to other facilities in the event of an incident at a particular facility. If a production facility, or a critical portion of a production facility, were temporarily shut down, we likely would incur higher costs for alternate sources of supply for our products. Some of our products involve the manufacture and/or handling of a variety of reactive, explosive and flammable materials. Use of these products by our customers also could result in liability if an explosion, fire, spill or other accident were to occur. We cannot assure you that we will not experience these types of incidents in the future or that these incidents will not result in production delays or otherwise have a material adverse effect on our business, financial condition or results of operations.

Some of our businesses are cyclical and demand by our customers for our products weakens during economic downturns.

A portion of our product sales is attributable to industries and markets, such as the construction and metalworking industries, that historically have been cyclical and sensitive to relative changes in supply and demand and general economic conditions. The demand for our products depends, in part, on the general economic conditions of the industries or national economies of our customers. Downward economic cycles in our customers' industries or countries may reduce sales of some of our products. It is not possible to predict accurately the factors that will affect demand for our products in the future. Any significant downturn in the health of the general economy, either globally or regionally, or the markets in which we sell products could have an adverse effect on our revenues and financial performance.

Failure to implement our common information system platform successfully could negatively impact our ability to integrate our core business processes.

In 2006 we launched a company-wide initiative to extend our current information system platform to the entire organization so that our core business processes are integrated globally. We successfully implemented a common information system platform in 1998 and now we have begun rolling out the system to the acquired Lubrizol Advanced Materials segment and to those parts of Lubrizol Additives that are not yet utilizing it. Currently, this substantial investment is progressing on schedule; we expect to have more than 75% of our revenue base utilizing the same information system platform by mid-2008 and anticipate completing the migration to our entire company by mid-2009.

We consider the risk to be low that our information system implementation may significantly disrupt our business processes and impact our ability to serve customers. We essentially are implementing an existing design of the system that has worked for the past six years in our Lubrizol Additives segment. Moreover, we have put together a seasoned project management team. However, we face the risks that the common information system platform will not be completed on a timely basis, it may cost more than projected or we may not realize its anticipated benefits.

We face numerous risks relating to our foreign operations, including foreign currency exchange rate fluctuations, exchange controls and currency devaluations, that may adversely affect our results of operations.

In 2006 approximately 33% of our consolidated revenues were generated in currencies other than the U.S. dollar, which is our reporting currency, and 31% of our consolidated cost of sales and 30% of selling, technical, administrative and research (STAR) expenses were generated in currencies other than the U.S. dollar. We recognize foreign currency transaction gains and losses arising from our operations in the period incurred. As a result, currency fluctuations between the U.S. dollar and the currencies in which we do business have caused and

will continue to cause foreign currency transaction gains and losses, which historically have been material and could continue to be material. We cannot predict the effects of exchange rate fluctuations upon our future operating results because of the number of currencies involved, the variability of currency exposures and the potential volatility of currency exchange rates. We take actions to manage our foreign currency exposure such as entering into hedging transactions, where available, but we cannot assure you that our strategies will adequately protect our consolidated operating results from the effects of exchange rate fluctuations.

We also face risks arising from the imposition of exchange controls and currency devaluations. Exchange controls may limit our ability to convert foreign currencies into U.S. dollars or to remit dividends and other payments by our foreign subsidiaries or businesses located in or conducted within a country imposing controls. Currency devaluations result in a diminished value of funds denominated in the currency of the country instituting the devaluation and, if they occur or continue for significant periods, could adversely affect our earnings or cash flow.

International social, political and economic conditions may adversely affect our operating performance.

Our international operations are also subject to the risk of labor unrest, regional economic uncertainty, political instability, terrorism, expropriation of property, restrictions on the transfer of funds into or out of a country, trade restrictions, export duties, taxes and quotas, domestic and foreign customs and tariffs, and current and changing regulatory environments. Any of these events could have an adverse effect on our international operations in the future by reducing the demand for our products, increasing the prices at which we can sell our products or otherwise having an adverse effect on our operating performance.

Our production facilities are of the type that may attract terrorist attacks, and any attack may disrupt our operations and cause us to incur significant costs and liabilities.

Uncertainty surrounding the possibility and scope of terrorist attacks may affect our operations in unpredictable ways, including the possibility that our chemical production facilities may become direct targets, or indirect casualties, of terrorist attacks. Although our production facilities are under a heightened level of security, this level of security may be insufficient to prevent a terrorist attack. The resulting damage may be severe and could include loss of life and property damage. In addition, some of our production and other facilities are located at sites near to other chemical plants that may be potential targets of terrorist attacks. The resulting collateral damage may be significant and substantial. Available insurance coverage may not be sufficient to cover all of the damage incurred or may be prohibitively expensive.

Certain of our employees are covered by collective bargaining agreements, and the failure to renew these agreements could result in labor disruptions and increased labor costs.

Employees at three of our U.S. sites, who constitute approximately 4% of our domestic employees, are organized by labor unions that have collective bargaining agreements with us that are subject to renegotiation. Five agreements covering two plants expire in 2007 and one agreement expires in 2008. Although we believe that our present labor relations are satisfactory, our failure to renew these agreements on reasonable terms as the current agreements expire could result in labor disruptions and increased labor costs, which could adversely affect our financial performance.

The applicability of numerous environmental laws to our manufacturing facilities could cause us to incur significant costs and liabilities.

We are subject to extensive federal, state, local and foreign environmental, safety and health laws and regulations concerning, among other things, emissions to the air, discharges to land and water and the generation, handling, treatment and disposal of hazardous waste and other materials. Under certain environmental laws, we can be held strictly liable for hazardous substance contamination of any real property we have ever owned, operated or used as a disposal site or for natural resource damages associated with such contamination. We are also required to maintain various environmental permits and licenses, many of which require periodic modification and renewal. 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 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 their enforcement may become more stringent in the future. Although we cannot predict the ultimate cost of compliance with any such requirements, the costs could be significant. Non-compliance could subject us to significant liabilities, such as government fines, third-party lawsuits or the suspension of non-compliant operations. We also may be required to make significant site or operational modifications at substantial cost. Future developments also could restrict or eliminate the use of or require us to make modifications to our products, which could have a significant negative impact on our results of operations and cash flows.

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 hazardous 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 a material adverse effect on our results of operations or cash flows.

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. One liable party could be held responsible for all costs at a site, regardless of fault, percentage of contribution to the site or the legality of the original disposal. We may also face liability with respect to acquired businesses for violations under environmental laws occurring prior to the date of our acquisition, and some or all of these liabilities may not be covered by indemnification from the sellers from which we acquired these businesses. We could incur significant costs, including cleanup costs, natural resources 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.

If we are unable to protect our intellectual property rights, our product sales and financial performance could be adversely affected.

We rely on a combination of patent, trade secret, copyright and trademark law, nondisclosure agreements and technical security measures to protect our intellectual property rights in our various lines of business. Our performance may depend in part on our ability to establish, protect and enforce intellectual property rights with respect to our patented technologies and proprietary rights and to defend against any claims of infringement, which involves complex legal, scientific and factual questions and uncertainties.

In the future, we may have to rely on litigation to enforce our intellectual property rights and contractual rights. In addition, we may face claims of infringement that could interfere with our ability to use technology or other intellectual property rights that are material to our business operations. If litigation that we initiate is unsuccessful, we may not be able to protect the value of some of our intellectual property. In the event a claim of infringement against us is successful, we may be required to pay royalties or license fees to continue to use technology or other intellectual property rights that we have been using or we may be unable to obtain necessary licenses from third parties at a reasonable cost or within a reasonable time. If we are unable to obtain licenses on reasonable terms, we may be forced to cease selling or using any of our products that incorporate the challenged intellectual property, or to redesign or, in the case of trademark claims, rename our products to avoid infringing the intellectual property rights of third parties, which may not be possible and may be time-consuming if possible. Any litigation of this type, whether successful or unsuccessful, could result in substantial costs to us and diversions of some of our resources. Our intellectual property rights may not have the value we believe them to have, which could result in a competitive disadvantage or adversely affect our business and financial performance.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We have no unresolved Securities and Exchange Commission staff comments at this time.

ITEM 2. PROPERTIES

Our corporate headquarters are located in Wickliffe, Ohio. Our commercial centers for Lubrizol Additives and Lubrizol Advanced Materials are located in Wickliffe, Ohio and Brecksville, Ohio, respectively. Our significant Lubrizol Additives segment manufacturing facilities are located in Bayport, Texas; Deer Park, Texas; Le Havre, France; Painesville, Ohio; and Rouen, France. Our significant Lubrizol Advanced Materials manufacturing facilities are located in Antwerp, Belgium; Avon Lake, Ohio; Calvert City, Kentucky; Louisville, Kentucky; and Oevel, Belgium. We have other offices and facilities around the world. The locations of our manufacturing and laboratory facilities are indicated below in the following chart.

			Reporting Segments	
Location	Owned/ Leased	Laboratory (R&D/Testing) or Manufacturing	Lubrizol Additives	Lubrizol Advanced Materials
Sydney, Australia	Owned	Manufacturing	x	x
Antwerp, Belgium	Owned	Laboratory, Manufacturing		x
Louvaine Leneuve, Belgium	Leased	Laboratory		x
Oevel, Belgium	Owned	Manufacturing		x
Vilvoorde, Belgium	Owned	Manufacturing		x
Rio de Janeiro, Brazil	Owned	Manufacturing	x	x
Sao Paulo, Brazil	Leased	Laboratory		x
Niagara Falls, Ontario, Canada	Owned	Manufacturing	x	
Hong Kong, China	Leased	Laboratory		x
Lanzhou, China[1]	Plant is owned; land is leased	Manufacturing	x	
Qingpu, China	Leased	Laboratory, Manufacturing		x
Shanghai, China	Leased	Laboratory		x
Shanghai, China	Leased	Laboratory	x	
Songjiang, China	Leased	Manufacturing		x
Tianjin, China[1]	Plant is owned; land is leased	Manufacturing	x	
Zhejiang, China[1]	Plant is owned; land is leased	Manufacturing		x
Le Havre, France	Owned	Manufacturing	x	
Mourenx, France	Owned	Manufacturing	x	
Rouen, France	Owned	Manufacturing	x	
Hamburg, Germany	Leased	Laboratory, Manufacturing	x	
Ritterhude, Germany	Owned	Laboratory, Manufacturing		x
Mumbai, India[1]	Plant is owned; land is leased	Manufacturing	x	
Mumbai, India	Leased	Laboratory		x
Vadadora, India	Owned	Laboratory, Manufacturing		x
Kinuura, Japan	Owned	Laboratory, Manufacturing	x	x
Sembilan, Malaysia	Owned	Manufacturing		x
Apodaca, Mexico[1]	Owned	Laboratory, Manufacturing	x	
Mexico City, Mexico	Leased	Laboratory		x
Delfzijl, The Netherlands	Leased	Manufacturing		x
Yanbu, Saudi Arabia[1]	Owned	Laboratory, Manufacturing	x	
Singapore	Plant is owned; land is leased	Manufacturing	x	
Singapore	Leased	Laboratory		x
Durban, South Africa	Owned	Manufacturing	x	x
Pohang, South Korea	Plant is owned; land is leased	Manufacturing		x
Barcelona, Spain	Owned	Laboratory, Manufacturing		x

Location	Owned/ Leased	Laboratory (R&D/Testing) or Manufacturing	Reporting Segments	
			Lubrizol Additives	Lubrizol Advanced Materials
Muang, Thailand	Jointly Owned	Laboratory, Manufacturing		x
Barnsley, United Kingdom	Owned	Laboratory, Manufacturing		x
Blackley, United Kingdom	Leased	Laboratory		x
Hazelwood, United Kingdom	Owned	Laboratory	x	
Huddersfield, United Kingdom	Plant is owned; land is leased	Laboratory, Manufacturing		x
Grangemouth, United Kingdom	Leased	Laboratory		x
Paso Robles, CA	Plant is owned; land is leased	Laboratory, Manufacturing		x
Peachtree City, GA	Owned	Manufacturing		x
Countryside, IL	Owned	Laboratory, Manufacturing		x
McCook, IL	Leased	Laboratory, Manufacturing		x
Calvert City, KY	Owned	Manufacturing		x
Louisville, KY	Owned	Manufacturing		x
Lawrence, MA	Owned	Laboratory, Manufacturing		x
Wilmington, MA	Leased	Manufacturing		x
Midland, MI	Owned	Laboratory, Manufacturing	x	x
Pedricktown, NJ	Owned	Manufacturing		x
Gastonia, NC	Owned	Laboratory, Manufacturing		x
Avon Lake, OH	Owned	Laboratory, Manufacturing		x
Bowling Green, OH	Owned	Laboratory, Manufacturing		x
Brecksville, OH	Owned	Laboratory		x
Chagrin Falls, OH	Owned	Laboratory, Manufacturing		x
Painesville, OH	Owned	Manufacturing	x	x
Wickliffe, OH	Owned	Laboratory	x	
Spartanburg, SC	Leased	Laboratory	x	
Spartanburg, SC	Owned	Laboratory, Manufacturing	x	x
Bayport, TX	Owned	Manufacturing	x	x
Deer Park, TX	Owned	Manufacturing	x	
Houston, TX	Owned	Manufacturing		x

(1) These manufacturing plants are owned and operated by joint venture companies licensed by Lubrizol.

In some cases, the ownership or leasing of these facilities is through a subsidiary or affiliate. We have entered into long-term contracts for our exclusive use of major marine terminal facilities at the Port of Houston, Texas.

In September 2006, we entered into an agreement to sell our Lubrizol Additives manufacturing plant in Bromborough, United Kingdom. The sale closed in January 2007 for a purchase price of approximately $5.9 million. Production from this U.K. facility was transferred to higher-capacity Lubrizol facilities in France and the United States. The sale of the facility will save approximately $3.0 million to $5.0 million in restructuring costs that would have been associated with the demolition of the plant facilities on the site. Cumulative pretax charges of approximately $12.8 million were incurred through 2006, of which $6.7 million were incurred in 2006, to satisfy severance and retention obligations, plant dismantling, site restoration and other site environmental evaluation costs.

We have invested approximately $15.3 million in capital related to the Bromborough plant closure through December 31, 2006 for capacity upgrades in France and the United States. We expect additional capacity upgrades through the first quarter of 2007 to total approximately $4.0 million.

We maintain a capital expenditure program to support our operations and believe our facilities are adequate for our present operations and for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

In the fourth quarter of 2006, we received a notice of violation from the Louisville (KY) Metro Air Pollution Control District relating to alleged violations of the air permit held by our Louisville, Kentucky facility. Initial discussions with the regulators indicate that the final resolution of this matter may include a penalty greater than the applicable reporting threshold. At this time, however, we do not have sufficient information to make a reasonable assessment of the penalty.

In the third quarter of 2005, we voluntarily notified the U.S. Departments of Treasury and Commerce that an internal review of certain export transactions within the personal care and pharmaceuticals business of the Lubrizol Advanced Materials segment indicated that some exports were made that were not in compliance with current U.S. trade sanctions. We voluntarily completed a thorough review of all possibly non-complying transactions and detailed our findings in a subsequent report that was made to the government in the third quarter of 2005. While the sales involved were not substantial in relation to the company or the Lubrizol Advanced Materials segment, we consider legal compliance to be very important. In 2006, the U.S. Department of Treasury, Office of Foreign Assets Control, alleged that we violated the Iran Trading Regulations applicable to U.S. companies and persons and they fined us $5,500 for the behaviors disclosed. Separately, the U.S. Department of Commerce investigated us and issued a finding that, while the acts committed and disclosed could have been referred to the U.S. Department of Justice for criminal prosecution and/or been the basis of a monetary penalty against the company, it had closed the matter with a written warning and an order to cease and prevent offending acts in the future. We believe our self-reporting and corrective measures, including disciplinary actions taken, mitigated the penalties assessed against us.

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

No matters were submitted to the vote of the security holders during the three months ended December 31, 2006.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following sets forth the name, age, recent business experience and certain other information relative to each person who was an executive officer as of February 28, 2007.

Name	Age	Position
James L. Hambrick	52	Chairman of the Board, President and Chief Executive Officer
Joseph W. Bauer	53	Vice President and General Counsel
Donald W. Bogus	59	Senior Vice President and President - Lubrizol Advanced Materials
Charles P. Cooley	51	Senior Vice President, Treasurer and Chief Financial Officer
W. Scott Emerick	42	Corporate Controller
Stephen F. Kirk	57	Senior Vice President and President - Lubrizol Additives
Mark W. Meister	52	Vice President and Chief Ethics Officer
Leslie M. Reynolds	46	Corporate Secretary
Patrick Saunier	51	Vice President, Information Systems
Gregory D. Taylor	48	Vice President, Corporate Planning, Development and Communications
Jeffrey A. Vavruska	46	Chief Tax Officer
Joanne Wanstreet	55	Vice President, Investor Relations

James L. Hambrick is chairman of the board of directors, president and chief executive officer of The Lubrizol Corporation. He was elected president in January 2003, chief executive officer in April 2004 and chairman of the board effective January 3, 2005. From May 2000 to January 2003, he was vice president responsible for managing corporate strategies in the Asia Pacific region.

Joseph W. Bauer has been the vice president and general counsel of The Lubrizol Corporation since April 1992.

Donald W. Bogus became a senior vice president of The Lubrizol Corporation in July 2004 and president of the Lubrizol Advanced Materials segment in April 2004. He joined Lubrizol in 2000 as vice president responsible for the Fluid Technologies for Industry segment. He also led Lubrizol's mergers and acquisitions committee.

Charles P. Cooley is a senior vice president and the chief financial officer of The Lubrizol Corporation. He joined Lubrizol in 1998 as its chief financial officer and vice president. He was also treasurer from April 1998 to September 2001 and since September 2006. Mr. Cooley became a senior vice president in July 2004.

W. Scott Emerick joined The Lubrizol Corporation as corporate controller in June 2004. Prior to that, Mr. Emerick was at Noveon International, where he held the positions of director of finance - TempRite products from September 2003 to June 2004 and director of accounting and external financial reporting from April 2001 to September 2003.

Stephen F. Kirk became a senior vice president of The Lubrizol Corporation in July 2004 and the president of the Lubrizol Additives segment in June 2004. Previously, he was vice president of sales and marketing for Lubrizol since January 1999.

Mark W. Meister has been the vice president of human resources for The Lubrizol Corporation since 1993 and chief ethics officer since 1994.

Leslie M. Reynolds is corporate secretary and counsel for The Lubrizol Corporation. She has been counsel since February 1991. She served as assistant secretary from 1997 until her appointment as corporate secretary in April 2001.

Patrick H. Saunier became the vice president for information systems and business processes for The Lubrizol Corporation in July 2004. From 1999 to 2004, Mr. Saunier led the European shared services organization.

Gregory D. Taylor became the vice president for corporate planning, development and communications for The Lubrizol Corporation in February 2007. From 2003 to 2007, Mr. Taylor was the managing director of corporate planning for Lubrizol. From 2000-2003, he was a global business manager for Lubrizol.

Jeffrey A. Vavruska joined The Lubrizol Corporation as chief tax officer in April 2004. Previously, he worked at American Greetings Corporation, where he was executive director of tax from September 2001 to April 2004.

Joanne Wanstreet was elected vice president with responsibility for global communications and investor relations for The Lubrizol Corporation in April 2002. From January 2001 to April 2002, Ms. Wanstreet was manager, investor relations.

All executive officers serve at the pleasure of the Board.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common shares are listed on the New York Stock Exchange under the symbol LZ. The number of shareholders of record of common shares was 3,229 as of February 15, 2007.

Information relating to the recent price and dividend history of our common shares follows:

	Common Share Price History				Dividends Per Common Share	
	2006		2005			
	High	Low	High	Low	2006	2005
1st quarter	$ 46.44	$ 41.70	$ 43.57	$ 35.25	$ .26	$ .26
2nd quarter	45.20	38.52	44.51	36.74	.26	.26
3rd quarter	46.25	38.03	44.50	39.12	.26	.26
4th quarter	50.75	44.16	44.16	39.83	.26	.26
					$ 1.04	$ 1.04

We have no restrictions on the payment of dividends on Lubrizol common shares.

On October 2, 2006, 235 common shares were issued in a private placement transaction exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to a former officer under a deferred compensation plan for officers.

On December 1, 2006, 193 common shares were issued in a private placement transaction exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to a former officer under a deferred compensation plan for officers.

The following table provides information regarding our purchases of Lubrizol common shares during the quarter.

Period	Total Number of Shares (or Units) Purchased[1]	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Programs
Month #1 (Oct. 1, 2006 through Oct. 31, 2006)	0 Shares	N/A	N/A	N/A
Month #2 (Nov. 1, 2006 through Nov. 30, 2006)	12,267 Shares	$ 47.84	N/A	N/A
Month #3 (Dec. 1, 2006 through Dec. 31, 2006)	0 Shares	N/A	N/A	N/A
Total	12,267 Shares			

1 This column represents common shares that we purchased pursuant to:

(a) our option plan, whereby participants exchange already owned shares to us to pay for the exercise price of an option or whereby we withhold shares upon the exercise of an option to pay the withholding taxes on behalf of the employee.

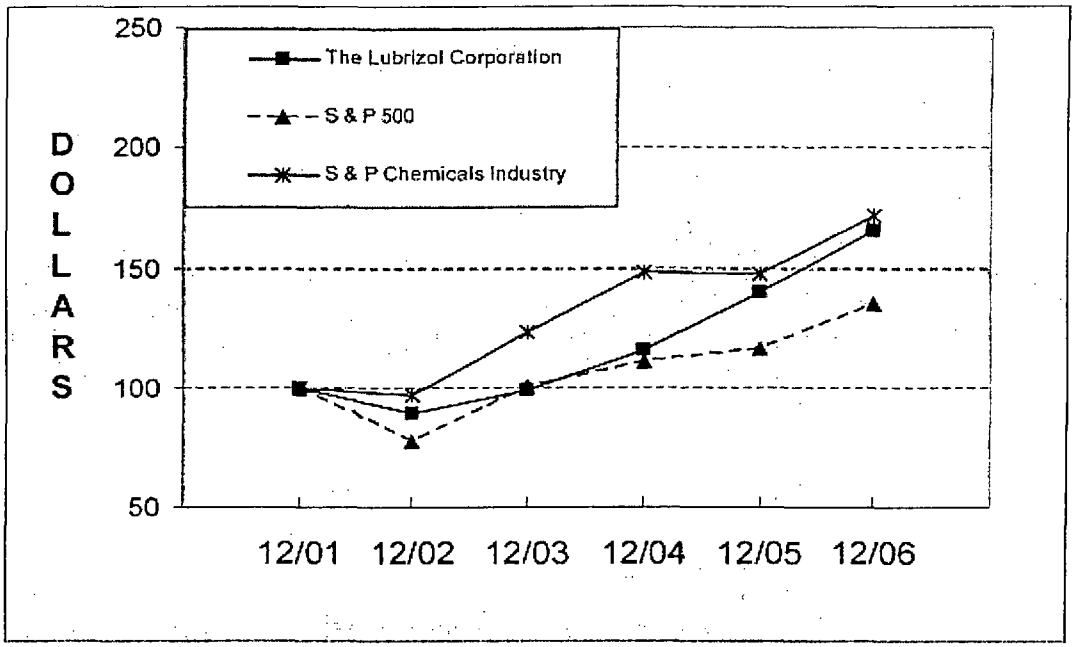
(b) our deferred compensation plans, whereby we withhold shares upon a distribution to pay the withholding taxes on behalf of the employee.

Performance Comparisons

The following chart compares our combined total shareholder returns for the five years ended December 31, 2006 to the combined total shareholder returns of the Standard & Poor's 500 Index and the Standard & Poor's Chemicals Industry.

We have selected the Standard & Poor's 500 Index, because we believe it provides a broad equity market comparison and is widely used for comparison by our peer group. We believe we have a peer group relationship with companies in the Standard & Poor's Chemicals Industry.

No single peer index or peer company is comparable totally to our business. Included in the Standard & Poor's Chemicals Industry are companies that supply specialty chemicals and other related products to a wide variety of markets. Some of our direct competitors are chemical divisions that represent small portions of large oil companies. These chemical divisions are not included in the peer comparison because information is not available to us that shows those divisions separately from the parent company.



	12/01	12/02	12/03	12/04	12/05	12/06
The Lubrizol Corporation	100.00	89.77	98.98	115.83	139.99	165.43
S&P Chemicals Industry	100.00	96.97	123.06	148.05	147.91	171.48
S&P 500	100.00	77.90	100.24	111.15	116.61	135.03

The above chart assumes the investment of $100 on December 31, 2001 and the immediate investment of all dividends.

ITEM 6. SELECTED FINANCIAL DATA

Historical Summary (as restated)

(In Millions, Except Shareholders, Employees and Per-Share Data)	2006	2005	2004*	2003**	2002**
OPERATING RESULTS:					
Revenues	$ 4,040.8	$ 3,622.2	$ 2,864.4	$ 1,984.2	$ 1,934.0
Total cost and expenses***	3,708.0	3,286.8	2,663.2	1,842.6	1,737.9
Net interest expense and other income	(70.8)	(95.2)	(66.7)	(17.8)	(17.8)
Income from continuing operations before cumulative effect of change in accounting principle	179.8	159.4	85.5	87.6	125.6
(Loss) income from discontinued operations, net of income taxes	(76.2)	27.8	6.3	1.9	(0.1)
Income before cumulative effect of change in accounting principle	103.6	187.2	91.8	89.5	125.5
Cumulative effect of change in accounting principle	–	–	–	–	(7.8)
Net income	103.6	187.2	91.8	89.5	117.7
Income from continuing operations, per diluted share before cumulative effect of change in accounting principle	2.59	2.32	1.53	1.70	2.43
Discontinued operations per diluted share	(1.10)	0.40	0.11	0.04	–
Cumulative effect of change in accounting principle per diluted share	–	–	–	–	(0.15)
Diluted earnings per share	1.49	2.72	1.64	1.74	2.28
FINANCIAL RATIOS:					
Gross profit percentage	24.6	25.4	26.4	26.3	28.4
Percent of revenues:					
Selling and administrative expenses	9.4	9.6	9.9	9.6	9.6
Research and testing expenses	5.1	5.5	6.5	8.3	8.6
Return on average shareholders' equity (%)	6.4	12.2	7.5	9.9	14.4
Debt to capitalization (%)	47.8	51.8	56.5	28.6	31.0
Current ratio	2.9	2.4	2.4	3.1	3.0
OTHER INFORMATION:					
Dividends declared per share	$ 1.04	$ 1.04	$ 1.04	$ 1.04	$ 1.04
Average common shares outstanding:					
Basic	68.7	67.9	55.7	51.7	51.5
Diluted	69.3	68.8	56.0	51.9	51.8
Capital expenditures - Continuing Operations	125.7	121.9	122.6	88.2	65.0
Depreciation expense - Continuing Operations	133.4	139.4	123.8	93.7	90.1

Historical Summary (as restated) - continued

(In Millions, Except Shareholders, Employees and Per-Share Data)	2006	2005	2004*	2003**	2002**
At year end:					
Total assets	$ 4,390.9	$ 4,371.2	$ 4,571.1	$ 1,944.9	$ 1,860.2
Total debt	1,541.7	1,670.8	1,972.3	389.6	401.9
Total shareholders' equity	$ 1,683.1	$ 1,551.9	$ 1,508.5	$ 941.0	$ 860.1
Shareholders' equity per basic share	24.39	22.81	22.58	18.24	16.71
Common share price	50.13	43.43	36.86	32.52	30.50
Number of shareholders	3,265	3,500	3,698	3,903	4,081
Number of employees	6,746	7,515	7,725	5,032	5,231

* The 2004 results include the revenues and expenses of Noveon International, Inc. since June 3, 2004, the date of acquisition.

** Amounts derived from previously issued financial statements have been restated to include the effects of the restatement as described in the Explanatory Note contained in the front section of this annual report on Form 10-K/A for the year ended December 31, 2006.

*** Includes restructuring and impairment charges of $51.9 million in 2006, $15.9 million in 2005, $38.1 million in 2004 and $22.5 million in 2003. Also includes the write-off of acquired in-process research and development of $34.0 million in 2004.

Total debt reported in the Historical Summary includes the following amounts classified as long-term at December 31: $1,538.0 million in 2006, $1,662.9 million in 2005, $1,964.1 million in 2004, $386.7 million in 2003 and $384.8 million in 2002.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements, the notes thereto and the historical summary appearing elsewhere in this annual report. Historical results and percentage relationships set forth in the consolidated financial statements, including trends that might appear, should not be taken as indicative of future operations. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those described under the section "Cautionary Statements for Safe Harbor Purposes" included elsewhere in this annual report.

RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

On October 22, 2007, we concluded to restate our previously issued financial statements because of reporting errors relating to five postemployment employee benefit plans in three foreign countries. Accordingly, we have restated our consolidated balance sheets as of December 31, 2006 and 2005 and our consolidated statements of income, consolidated statements of cash flows and consolidated statements of shareholders' equity for fiscal years 2006, 2005 and 2004. The effects of the restatement are reflected in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and we have not modified or updated disclosures except as required to reflect the effects of the restatement. See the Explanatory Note included in the front section of the annual report on Form 10-K/A and "Note 20 - Restatement of Consolidated Financial Statements" contained in the Notes to Financial Statements for more information regarding the restatement and changes to previously issued financial statements.

The impact of the restatement decreased income from continuing operations and net income for 2006 by $2.0 million or 1.1% and 1.9%, respectively, for 2005 by $2.1 million or 1.3% and 1.1%, respectively, and for 2004 by $1.7 million or 1.9% and 1.8%, respectively, from amounts previously reported. The restatement had no effect on our previously reported revenues or net cash flows. The cumulative effect of the errors decreased shareholders' equity as of December 31, 2006 by $24.3 million or 0.6% of total liabilities and shareholders' equity and 1.4% of total shareholders' equity. The cumulative effect of the errors decreased shareholders' equity as of December 31, 2005 by $15.3 million or less than one-half percent of total liabilities and shareholders' equity and 1.0% of total shareholders' equity.

The errors primarily arose in three different postemployment employee benefit plans at a wholly owned subsidiary and in postemployment employee benefit plans for employees at two of our consolidated joint ventures. Four of these postemployment employee benefit plans had been accounted for inappropriately on a cash basis rather than an accrual basis as required by U.S. generally accepted accounting principles (U.S. GAAP), while the accrual recorded in the financial statements for the fifth plan was not calculated in accordance with U.S. GAAP. The cumulative effect of the errors resulted in an understatement of postemployment employee benefit plan liabilities of $38.9 million and $27.1 million at December 31, 2006 and 2005, respectively.

OVERVIEW

General

We are an innovative specialty chemical company that produces and supplies technologies that improve the quality and performance of our customers' products in the global transportation, industrial and consumer markets. Our business is founded on technological leadership. Innovation provides opportunities for us in growth markets as well as advantages over our competitors. From a base of approximately 1,700 patents, we use our product development and formulation expertise to sustain our leading market positions and fuel our future growth. We create additives, ingredients, resins and compounds that enhance the performance, quality and value of our customers' products, while minimizing their environmental impact. Our products are used in a broad range of applications, and are sold into stable markets such as those for engine oils, specialty driveline lubricants and metalworking fluids, as well as higher-growth markets such as personal care and over-the-counter pharmaceutical products and performance coatings and inks. Our engineered polymers products also are used in a variety of industries, including the construction, sporting goods, medical products and automotive industries. We are an industry leader in many of the markets in which our product lines compete.

We are geographically diverse, with an extensive global manufacturing, supply chain, technical and commercial infrastructure. We operate facilities in 29 countries, including production facilities in 20 countries and laboratories in 13 countries, in key regions around the world through the efforts of more than 6,700 employees. We sell our products in more than 100 countries and believe that our customers value our ability to provide customized, high-quality, cost-effective performance formulations and solutions worldwide. We also believe that our customers value our global supply chain capabilities.

As part of our corporate goal to enhance our "one company" identity and to reflect more accurately our positioning in the marketplace, we completed a corporate identity review in the fourth quarter of 2006. We made a final determination in January 2007 that the trade name "Noveon" no longer would be used to describe the specialty chemicals business segment of our company and that its use would be discontinued except in connection with the consumer specialties product line. We acquired the rights to the Noveon trade name in June 2004 when we acquired Noveon International, Inc. (Noveon International). At the time of acquisition, an appraised value was attached to the Noveon trade name. We recorded a pretax charge of $41.2 million ($25.4 million after-tax) to reduce the related asset to its estimated fair value. This charge was reflected in the fourth quarter of 2006 as we believed at that time we would more likely than not discontinue the use of the Noveon trade name, except in the limited context of our consumer specialties product line.

In addition, we made a decision to change the names of our business segments. We believe that these names are a better fit with the corporate brand that we are presenting to our markets. These name changes do not change the way we manage our segments or the product lines included in the segments.

Following are the name changes to our segments:

Former Name	New Name
Lubricant Additives	Lubrizol Additives
Specialty Chemicals	Lubrizol Advanced Materials

On February 7, 2007, we completed the acquisition of a broad line of additive products used in the metalworking markets worldwide from Lockhart Chemical Company (Lockhart), a private company with headquarters in Gibsonia, Pennsylvania. Lockhart is recognized in the metalworking industry for its application and formulation capabilities and quality products. We purchased Lockhart's entire metalworking product line, which includes: natural, synthetic and gelled sulfonates; emulsifier packages; corrosion inhibitors and lubricity agents; grease additives; oxidates; esters; soap; semi-finished coatings; and rust preventatives. In 2006, these product lines had annualized revenues of approximately $20.0 million.

In May 2006, we sold the food ingredients and industrial specialties business (FIIS) and the active pharmaceutical ingredients and intermediate compounds business (A&I), both of which were included in the Lubrizol Advanced Materials segment. A&I and almost all of the FIIS divestiture reported into the Noveon consumer specialties product line, while a small portion of the FIIS divestiture reported into the performance coatings product line. We recorded a

$15.9 million after-tax loss on the sale of these divested businesses. During the first quarter of 2006 and in connection with the held-for-sale classification, we performed an impairment test resulting in a $60.6 million after-tax impairment charge in the first quarter of 2006. We have reflected the results of these divested businesses in the discontinued operations - net of tax line item in the consolidated statements of income for all periods presented.

In February 2006, we sold certain assets and liabilities of our Telene® resins business (Telene), which was included in the Lubrizol Advanced Materials segment. We have reflected the results of Telene in the discontinued operations - net of tax line item in the consolidated statements of income for all periods presented, including an after-tax loss on the sale of $0.7 million.

In December 2005, we sold certain assets, liabilities and stock of our Engine Control Systems (ECS) business and, in September 2005, we sold certain assets and liabilities of our U.S. and U.K. Lubrizol Performance Systems (LPS) operations, both of which were included in the Lubrizol Additives segment. We have reflected the results of these businesses in the discontinued operations - net of tax line item in the consolidated statements of income for 2005 and 2004.

On June 3, 2004, we completed the acquisition of Noveon International, a leading global producer and marketer of technologically advanced consumer specialties, engineered polymers and performance coatings used in the industrial and consumer markets. We acquired Noveon International for cash of $920.2 million (inclusive of certain seller expenses of $32.9 million) plus transaction costs of $11.4 million and less cash acquired of $103.0 million. In addition, we assumed $1,103.1 million of long-term indebtedness from Noveon International.

In connection with the acquisition of Noveon International, we targeted non-core businesses with total revenues of approximately $500.0 million for disposition. All disposition activities related to these businesses were completed by the end of 2006.

LUBRIZOL ADDITIVES SEGMENT

Challenging industry market forces and conditions continue to influence the Lubrizol Additives business. A key factor is the low global growth rate for this market, which we believe is in the range of approximately 0% to 1% per year. Additional characteristics of this market are:

- Consolidation of the additive industry and capacity reductions in recent years, which has tightened the supply of lubricant additive components and packages.
- Frequent product specification changes primarily driven by original equipment manufacturers (OEMs) and the impact of environmental and fuel economy regulations on the OEMs. The specification changes require us to incur product development and testing costs, but also enable us to apply our technology know-how to create products and solve problems. We believe our technology, and our expertise in applying it, are key strengths.
- Improved engine design, which can result in longer lubricant drain intervals. Longer drain intervals reduce demand for finished lubricants.
- New vehicle production levels, which affect our driveline fluids in particular because the initial factory fill is an important market factor in that product line.
- In recent years, a general tightening of supplies leading to significant increases in raw material and energy costs.

We believe we are the market leader in lubricant additives and intend to remain the leader by continuing to invest in this business. Our strategy is to continue to optimize our product line mix with existing production capacity. Our Lubrizol Additives segment represents approximately 64% of consolidated revenues.

LUBRIZOL ADVANCED MATERIALS SEGMENT

Our Lubrizol Advanced Materials segment's growth strategy involves a combination of internal growth and acquisitions. Since 2000 and prior to the Noveon International acquisition, we made eight acquisitions with aggregate annual revenues at the time of acquisition of approximately $200.0 million.

We have a strategy to continue to achieve internal growth in the Lubrizol Advanced Materials segment by using our strengths, including our technology, formulating skills and broad geographic infrastructure, to develop and invest in new performance technologies in higher-growth industrial and consumer markets. Key factors to our success continue to be the introduction of new products, development of new applications for existing products, cross-selling of products, the integration of acquisitions and geographic expansion. Our Lubrizol Advanced Materials segment represents approximately 36% of consolidated revenues.

PRIMARY FACTORS AFFECTING 2006 RESULTS FROM CONTINUING OPERATIONS

The factors that most affected our consolidated 2006 results from continuing operations were:

- Our ability to raise selling prices to recover raw material cost increases from 2006 and prior years.
- Volume increases of 6% in the Lubrizol Advanced Materials segment and just under one-half percent in the Lubrizol Additives segment.
- Increased operating costs due to general salary and benefit cost increases and the hiring of growth resources, costs associated with a newly commenced project to implement a common information systems platform primarily in the Lubrizol Advanced Materials segment, the impact of variable accounting for some of our liability-based incentive compensation plans, the adoption of Statement of Financial Accounting Standards (SFAS) No. 123R "Share-Based Payment" for the accounting of stock-based awards, and a $2.9 million pension settlement charge for a non-qualified plan distribution.
- Pretax impairment charges of $41.2 million associated with the impairment of the Noveon trade name and $10.7 million related to plant and line closures in both the Lubrizol Additives and Lubrizol Advanced Materials segments.
- Reduced interest expense - net of $17.7 million as a result of higher interest income of $12.3 million associated with greater cash and short-term investment balances, primarily related to the cash proceeds from the 2006 divestitures and lower interest expense of $5.4 million associated with reduced debt levels.
- Increased other income of $6.7 million primarily from legal settlements with suppliers.
- Reduced effective tax rate primarily due to the favorable provision impacts of foreign operations.

Raw material costs increased 14% in 2006 after increasing 18% excluding the impact of acquisitions in 2005. Our results were affected by how quickly and the extent to which we were able to raise selling prices in response to raw material, utility and other operating cost increases. Both the Lubrizol Additives and Lubrizol Advanced Materials segments implemented price increases throughout 2006 in response to continuing increases in these costs. However, we have not yet recovered the full effect of the cumulative cost increases.

2006 RESULTS OF OPERATIONS COMPARED WITH 2005

Income from continuing operations increased $20.4 million to $179.8 million for 2006 compared to $159.4 million for 2005. The increase in earnings from continuing operations primarily was attributable to improvements in the combination of price and product mix, higher volume and reduced interest expense - net, which more than offset higher raw material and utility costs, higher restructuring and impairment charges and higher selling, technology, administrative and research (STAR) expenses.

We recorded restructuring and impairment charges that reduced income from continuing operations by $0.47 per diluted share in 2006, which primarily related to a pretax impairment charge associated with the Noveon trade name and the phase-out of a manufacturing facility located in Bromborough, United Kingdom. We incurred restructuring and impairment charges of $0.15 per diluted share in 2005, which primarily related to the phase-out of manufacturing facilities located in Bromborough, United Kingdom; Linden, New Jersey; and Mountaintop, Pennsylvania, as well as other workforce reductions.

Net income for 2006 includes the factors described above for income from continuing operations and the impact of discontinued operations. Loss from discontinued operations - net was $76.2 million in 2006 compared to income from discontinued operations - net of $27.8 million in 2005. The loss from discontinued operations - net in 2006

primarily related to a $60.6 million after-tax impairment charge recorded in the first quarter of 2006 to reflect the FIIS business at its fair value and a $16.6 million after-tax loss on the sale of divested businesses.

ANALYSIS OF REVENUES The changes in consolidated revenues are summarized as follows:

(In Millions of Dollars)	2006	2005	$ Change	% Change
Net sales	$ 4,036.4	$ 3,618.8	$ 417.6	12%
Royalties and other revenues	4.4	3.4	1.0	29%
Total revenues	$ 4,040.8	$ 3,622.2	$ 418.6	12%

The increase in revenues in 2006 compared to 2005 primarily was due to a 10% improvement in the combination of price and product mix and a 2% increase in volume. We experienced volume gains in all geographic zones except Europe.

ANALYSIS OF VOLUME - 2006 VS. 2005 Volume patterns vary in different geographic zones. The following table shows our 2006 volume by geographic zone as well as the changes compared with 2005:

	2006 Volume	% Change
North America	46%	1%
Europe	27%	(1%)
Asia-Pacific / Middle East	22%	6%
Latin America	5%	11%
Total	100%	2%

Segment volume variances by geographic zone, as well as the factors explaining the changes in segment revenues for 2006 compared with 2005, are contained under the "Segment Analysis" section.

ANALYSIS OF COSTS AND EXPENSES

(In Millions of Dollars)	2006	2005	$ Change	% Change
Cost of sales	$ 3,045.2	$ 2,700.1	$ 345.1	13%
Selling and administrative expenses	381.7	348.4	33.3	10%
Research, testing and development expenses	205.5	198.9	6.6	3%
Amortization of intangible assets	23.7	23.5	0.2	1%
Restructuring and impairment charges	51.9	15.9	36.0	*
Total costs and expenses	$ 3,708.0	$ 3,286.8	$ 421.2	13%

The increase in cost of sales for 2006 compared to 2005 primarily was due to higher average raw material cost and higher manufacturing expenses. Average raw material cost increased 14% in 2006 compared to 2005 primarily due to higher petrochemical raw material cost. Total manufacturing expenses increased 4% in 2006 compared to 2005, primarily due to higher salaries and benefits, higher utility costs and increased volume. On a per-unit-sold basis, manufacturing costs increased 2% in 2006 compared to 2005.

Gross profit (net sales less cost of sales) increased $72.5 million, or 8%, in 2006 compared to 2005. The increase primarily was due to improvement in the combination of price and product mix and higher volume partially offset by higher average raw material cost. In addition, gross profit was impacted unfavorably by higher salaries and benefits, an increase in utility costs and an unfavorable currency impact in 2006 when compared to 2005. Although we were successful in raising selling prices to offset higher cost of sales, our 2006 gross profit percentage (gross profit divided by net sales) decreased to 24.6% compared to 25.4% in 2005 due to the increase in net sales from our pricing responses to escalating raw material costs.

Selling and administrative expenses increased $33.3 million, or 10%, in 2006 compared to 2005. The increase primarily reflects an increase in salaries and benefits including the addition of growth resources, an increase of $4.5 million

associated with a newly commenced project to implement a common information systems platform primarily in the Lubrizol Advanced Materials segment, the unfavorable impact of variable accounting for some of our liability-based incentive plans, a $2.9 million pension settlement charge for a non-qualified pension plan distribution and incremental stock-based compensation expense of $2.4 million associated with the adoption of SFAS No. 123R.

The timing and amount of research, testing and development expenses (technology expenses) are affected by lubricant additives product standards, which change periodically to meet new emissions, efficiency, durability and other performance factors as OEMs improve engine and transmission designs. Technology expenses increased $6.6 million, or 3%, in 2006 compared to 2005 primarily due to increases in annual salaries and benefits. During 2006 and 2005, approximately 87% of our technology costs were incurred in company-owned facilities and approximately 13% were incurred at third-party facilities.

In 2006, we recorded aggregate restructuring and impairment charges of $51.9 million, or $0.47 per diluted share, primarily related to the write-down of a trade name in the Lubrizol Advanced Materials segment and the phase-out of a manufacturing facility in the Lubrizol Additives segment.

The components of the 2006 restructuring and impairment charges are detailed as follows:

(In Millions of Dollars)	Asset Impairments	Other Plant Exit Costs	Severance	Total
Noveon trade name impairment	$ 41.2	$ –	$ –	$ 41.2
Bromborough, U.K. closure	–	4.8	1.9	6.7
Lubrizol Advanced Materials plant and line closures and workforce reductions	3.3	0.2	0.6	4.1
Other	–	–	(0.1)	(0.1)
Total restructuring and impairment charges	$ 44.5	$ 5.0	$ 2.4	$ 51.9

As part of our corporate goal to enhance our "one company" identity and to reflect more accurately our positioning in the marketplace, we completed a corporate identity review in the fourth quarter of 2006. We made a final determination in January 2007 that the trade name "Noveon" no longer would be used to describe the specialty chemicals business segment of our company and that its use would be discontinued except in connection with the consumer specialties product line. We acquired the rights to the Noveon trade name in June 2004 when we acquired Noveon International. At the time of acquisition, an appraised value was attached to the Noveon trade name. We calculated a pretax charge of $41.2 million ($25.4 million after-tax) to reduce the related asset to its estimated fair value. This charge was reflected in the fourth quarter of 2006 as we believed at that time we would more likely than not discontinue the use of the Noveon trade name, except in the limited context of the consumer specialties product line.

In September 2006, we entered into an agreement to sell the manufacturing facility located in Bromborough, United Kingdom. The sale closed in January 2007. In connection with the sale, we received net cash proceeds of $5.9 million and recorded a pretax gain of $2.9 million during the first quarter of 2007. The gain will be classified as a restructuring credit associated with closure of the facility. Production from the Bromborough facility was transferred to higher-capacity Lubrizol facilities in France and the United States. The sale of the facility will avoid approximately $3.0 million to $5.0 million in restructuring costs that would have been associated with demolition of the plant facilities on the site. On January 17, 2005, we announced our plans to phase-out production at the Bromborough facility by the end of 2006. At that time, we estimated that total restructuring costs, including employee severance and other plant closure costs (including planned demolition costs), would be approximately $15.0 million. Cumulative pretax charges of approximately $12.8 million were incurred through 2006, of which $6.7 million were incurred in 2006, to satisfy severance and retention obligations, plant dismantling, site restoration and other site environmental evaluation costs.

We have invested approximately $15.3 million in capital related to the Bromborough closure through December 31, 2006 for capacity upgrades in France and the United States. We expect to invest an additional $4.0 million related to these capacity upgrades through the first quarter of 2007.

In the first quarter of 2005, we decided to close two Lubrizol Advanced Materials performance coatings production facilities in the United States. One facility, located in Mountaintop, Pennsylvania, was closed in October 2005 and sold in January 2006. We recorded an additional $0.8 million in asset impairments and other exit costs and $0.6 million in severance obligations in 2006 relating to the other facility located in Linden, New Jersey, which was closed in the third quarter of

2006. Additional asset impairment charges of $2.7 million were recorded in 2006, which primarily related to the planned closure of a performance coatings production line in the first quarter of 2007.

In addition, we expect these workforce reductions, facility closures and transfers of production to more efficient manufacturing locations to generate annual pretax savings of approximately $5.3 million for the Lubrizol Advanced Materials segment and approximately $12.0 million for the Lubrizol Additives segment. Approximately $8.4 million of these savings were realized in 2006.

The charges for these cost reduction initiatives and impairments are reported as a separate line item in the consolidated statements of income, entitled "Restructuring and impairment charges" and are included in the "Total cost and expenses" subtotal on the consolidated statements of income.

ANALYSIS OF OTHER ITEMS AND NET INCOME

(In Millions of Dollars)	2006	2005	$ Change	% Change
Other income - net	$ 8.5	$ 1.8	$ 6.7	*
Interest expense - net	79.3	97.0	(17.7)	(18%)
Income from continuing operations before income taxes	262.0	240.2	21.8	9%
Provision for income taxes	82.2	80.8	1.4	2%
Income from continuing operations	179.8	159.4	20.4	13%
Discontinued operations - net of tax	(76.2)	27.8	(104.0)	*
Net income	$ 103.6	$ 187.2	$ (83.6)	(45%)

** Calculation not meaningful*

The increase in other income - net for 2006 compared to 2005 primarily was due to the favorable legal settlements of insurance and commercial matters of $10.4 million and an increase in the net gain on the sale of property of $1.3 million, partially offset by an increase in currency transaction losses of $2.4 million and an increase in the elimination of minority interest of $2.4 million due to higher profitability of our joint ventures.

The decrease in interest expense - net for 2006 compared to 2005 primarily was due to an increase in interest income of $12.3 million as a result of our increased cash and short-term investments from the divestiture proceeds and a decrease in interest expense of $5.4 million due to a reduction in our long-term debt balances.

Our effective tax rate was 31.4% in 2006 compared to 33.6% in 2005. The decrease in the effective tax rate primarily was due to the favorable provision impacts of foreign operations.

Primarily as a result of the above factors, income from continuing operations per diluted share was $2.59 in 2006 compared to $2.32 in 2005. Loss from discontinued operations per diluted share was $1.10 in 2006 compared to income from discontinued operations per diluted share of $0.40 in 2005. The loss from discontinued operations per diluted share of $1.10 in 2006 consisted of operating income of $0.01 per diluted share, excluding an $0.87 per diluted share impairment charge and a $0.24 per diluted share loss on the sale of divested businesses.

2005 RESULTS OF OPERATIONS COMPARED WITH 2004

Our 2005 revenues as compared to 2004, excluding the impact of acquisitions, increased primarily due to improvements in the combination of price and product mix, offset by a slight decrease in volume. The increased revenues partially were offset by higher raw material costs and higher utility costs. Primarily as a result of these factors and the impact of acquisitions, gross profit increased 22% in 2005 compared with 2004. Excluding the impact of acquisitions, gross profit increased 4% in 2005 compared to 2004.

ANALYSIS OF REVENUES The changes in consolidated revenues are summarized as follows:

(In Millions of Dollars)	2005	2004	$ Change	% Change	Excluding the Impact of Acquisitions $ Change	Excluding the Impact of Acquisitions % Change
Net sales	$ 3,618.8	$ 2,860.5	$ 758.3	27%	$ 333.0	12%
Royalties and other revenues	3.4	3.9	(0.5)	(13%)	(0.5)	(13%)
Total revenues	$ 3,622.2	$ 2,864.4	$ 757.8	26%	$ 332.5	12%

The 2004 acquisitions contributed $425.3 million toward the increase in 2005 consolidated revenues compared with 2004. Acquisitions in 2004 included Noveon International and the hyperdispersants business purchased from Avecia.

Excluding the impact of acquisitions, the increase in consolidated revenues in 2005 compared to 2004 was due to a 12% increase in the combination of price and product mix.

ANALYSIS OF VOLUME - 2005 VS. 2004 Volume patterns vary in different geographic zones. The following table shows our 2005 volume by geographic zone as well as the changes compared with 2004:

	2005 Volume	% Change	Excluding the Impact of Acquisitions % Change
North America	46%	6%	(6%)
Europe	28%	8%	3%
Asia-Pacific / Middle East	21%	13%	8%
Latin America	5%	6%	2%
Total	100%	8%	

Segment volume variances by geographic zone, as well as the factors explaining the changes in segment revenues for 2005 compared with 2004, are contained under the "Segment Analysis" section.

ANALYSIS OF COSTS AND EXPENSES

(In Millions of Dollars)	2005	2004	$ Change	% Change
Cost of sales	$ 2,700.1	$ 2,104.6	$ 595.5	28%
Selling and administrative expenses	348.4	284.8	63.6	22%
Research, testing and development expenses	198.9	184.8	14.1	8%
Amortization of intangible assets	23.5	16.9	6.6	39%
Write-off of acquired in-process research and development		34.0	(34.0)	*
Restructuring and impairment charges	15.9	38.1	(22.2)	*
Total costs and expenses	$ 3,286.8	$ 2,663.2	$ 623.6	23%

* *Calculation not meaningful*

Cost of sales increased due to acquisitions, higher average raw material cost and higher manufacturing expenses. Excluding the impact of acquisitions, average raw material cost increased 18% in 2005 compared with 2004. The increase in the material costs during the latter half of 2005 largely was driven by supply disruptions caused by the U.S. Gulf coast hurricanes. Material cost, including acquisitions, also included inventory step-up adjustments associated with the increased valuation of inventory of $12.5 million in 2004 for the Noveon International and hyperdispersants

acquisitions. The Noveon International portion of the inventory step-up adjustment was $9.8 million, or $0.11 per diluted share.

Total manufacturing expenses increased 19% (5% excluding the impact of acquisitions) in 2005 compared with 2004. Excluding the impact of acquisitions, the increase primarily was due to an increase in utility costs as well as an unfavorable currency impact. On a per-unit-sold basis, manufacturing costs increased 5% in 2005 compared to 2004, excluding the impact of acquisitions.

Gross profit increased $162.8 million, or 22% ($29.2 million, or 4%, excluding the impact of acquisitions), in 2005 compared with 2004. Excluding the impact of acquisitions, the increase primarily was due to higher average selling price, partially offset by higher unit average raw material cost and higher utility costs. Our 2005 gross profit percentage decreased to 25.4% (24.6% excluding the impact of acquisitions) compared to 26.4% in 2004. The decrease primarily was due to higher raw material costs outpacing our ability to raise selling prices sufficiently to sustain gross profit percentages.

Selling and administrative expenses increased $63.6 million, or 22% ($9.1 million, or 3%, excluding the impact of acquisitions), in 2005 compared with 2004. The increase in selling and administrative expenses, excluding the impact of acquisitions, primarily was due to an increase in salaries and incentive compensation expense, offset partially by non-recurring litigation expense of $1.9 million incurred in 2004.

Technology expenses, excluding the impact of acquisitions, decreased 3% in 2005 compared with 2004. The decrease primarily was due to the 2004 reduction in workforce. During 2005 and 2004, approximately 87% of our technology costs were incurred in company-owned facilities and approximately 13% were incurred at third-party facilities.

The increased amortization expense in 2005 compared with 2004 primarily was due to the Noveon International and hyperdispersants acquisitions in 2004. These two acquisitions resulted in an increase in gross amortizable intangible assets of approximately $320.3 million with useful lives ranging between 3 and 20 years.

We included a one-time, non-cash charge of $34.0 million, or $0.39 per share, in total costs and expenses in 2004 to write-off the estimated fair value of acquired in-process research and development (IPR&D) projects associated with the Noveon International acquisition. Costs to acquire IPR&D projects that have no alternative future use and that have not yet reached technological feasibility at the date of acquisition are expensed upon acquisition. We obtained appraisals to determine the estimated fair value of IPR&D projects. There were approximately nine projects acquired in the Noveon International transaction in several different product lines. The projects were at varying stages of completeness ranging from the early development stage to prototype testing at the time of acquisition. No further adjustments were made in 2005 to the valuation in connection with the completion of the Noveon International purchase accounting.

In 2005, we recorded restructuring and impairment charges aggregating $15.9 million, or $0.15 per diluted share, primarily related to the decision to close three manufacturing facilities, as well as other workforce reductions.

The components of the 2005 restructuring and impairment charges are detailed as follows:

(In Millions of Dollars)	Asset Impairments	Other Plant Exit Costs	Severance	Total
Lubrizol Advanced Materials plant closures and workforce reductions	$ 4.2	$ 1.0	$ 3.8	$ 9.0
Bromborough, U.K. closure	0.7	1.7	3.7	6.1
Corporate / other workforce reductions	–	–	0.7	0.7
Noveon International restructuring liabilities assumed	–	–	0.1	0.1
Total restructuring and impairment charges	$ 4.9	$ 2.7	$ 8.3	$ 15.9

In May 2005, we announced the reorganization of the Lubrizol Advanced Materials performance coatings product line. This product line includes businesses acquired from Noveon International as well as businesses included in our legacy operations. In connection with the reorganization, we eliminated 26 positions in North America and Europe. These reductions were completed during 2005 and resulted in a severance charge of $1.9 million in 2005.

In the first quarter of 2005, we made the decision and the announcement to close two Lubrizol Advanced Materials performance coatings production facilities in the United States. The aggregate restructuring charge recorded for these

closures for the year ended December 31, 2005 was $6.6 million, comprised of $4.2 million in asset impairments, $0.9 million in exit costs and $1.5 million in severance costs. We recorded an impairment charge for both plants in the first quarter of 2005 to reduce the related assets to their estimated fair values. The estimated fair value of the assets was determined primarily from third-party appraisals. Production from these sites was transferred to other facilities in the United States. One facility, located in Mountaintop, Pennsylvania, was closed in October 2005 and sold in January 2006, while the other facility, located in Linden, New Jersey, was closed in the third quarter of 2006. These closures resulted in a workforce reduction of 62 employees. We also recorded European-related restructuring charges in the Lubrizol Advanced Materials segment of $0.4 million in severance costs and $0.1 million in other exit costs during the fourth quarter of 2005.

In December 2004, we decided to close the Lubrizol Additives manufacturing facility in Bromborough, United Kingdom. We announced this decision in January 2005. A $17.0 million impairment charge was recorded in December 2004 to reduce the related assets to their estimated fair values. Production phase-out of this site began in the third quarter of 2005 and was completed in the third quarter of 2006. During this phase-out, U.K. production was transferred to facilities in France and the United States. There were 70 employees impacted by this closure. The aggregate restructuring charge recorded for this closure through December 31, 2005 was $6.1 million. Total 2005 charges were comprised of $0.7 million in asset impairments, $1.7 million in exit costs and $3.7 million in severance costs.

In the second quarter of 2005, we continued a process of identifying further opportunities to increase efficiency and productivity, reduce costs and support our integration strategy of the Noveon International acquisition. As a result, we reduced headcount in the general and administrative area of our Ohio headquarters. Through these restructuring efforts, we eliminated seven positions resulting in a severance-related charge of $0.7 million in 2005. All of the affected employees had left their positions by June 30, 2005 and the remaining personnel-related costs were paid by the end of 2006.

In addition, we realized approximately $18.3 million of pretax savings in 2005 relating to the 2004 restructuring programs.

The charges for these cost reduction initiatives and impairments are reported as a separate line item in the consolidated income statements, entitled "Restructuring and impairment charges" and are included in the "Total cost and expenses" subtotal on the consolidated statements of income.

ANALYSIS OF OTHER ITEMS AND NET INCOME

					Excluding the Impact of Acquisitions	
(In Millions of Dollars)	2005	2004	$ Change	% Change	$ Change	% Change
Other income - net	$ 1.8	$ 5.6	$ (3.8)	*	$ (4.5)	*
Interest expense - net	97.0	72.3	24.7	*	(8.8)	*
Income from continuing operations before income taxes	240.2	134.5	105.7	79%	86.8	65%
Provision for income taxes	80.8	49.0	31.8	65%	28.0	57%
Income from continuing operations	159.4	85.5	73.9	86%	58.8	69%
Discontinued operations - net of tax	27.8	6.3	21.5	*	8.7	*
Net income	$ 187.2	$ 91.8	$ 95.4	104%	$ 67.5	74%

* *Calculation not meaningful*

The change in other income - net in 2005 predominantly was due to the non-recurring 2004 gain of $6.4 million on a currency forward contract to purchase pound sterling related to the acquisition of the hyperdispersants business. We secured the forward contract in December 2003 and completed the acquisition at the end of January 2004.

The increase in interest expense - net in 2005, compared with 2004, primarily was due to the Noveon International pretax acquisition-related financing costs of $82.0 million, or $0.77 per diluted share, in 2005 compared to $56.7 million, or $0.66 per diluted share, in 2004. These costs were comprised of the interest incurred relating to the permanent financing as well as interest on the bridge loan and assumed Noveon International debt not repaid at the time of the acquisition of $42.6 million, amortization of bridge loan fees of $11.2 million and termination of an interest rate swap of $2.9 million. We obtained permanent financing for the Noveon International acquisition in the third quarter of 2004.

We had an effective tax rate of 33.6% in 2005 as compared with 36.4% in 2004. Items driving the decrease in tax rate included reduced tax costs associated with actual and planned foreign dividends, the more favorable impact of foreign tax rate differences and higher U.S. tax benefits on exports. These factors partially were offset by increased state income taxes and lower non-taxable currency gains as compared to 2004.

As of December 31, 2005, we had U.S. net operating loss carryforwards (NOLs) of $178.4 million. These NOLs are a combination of NOLs acquired from Noveon International, as well as those generated in 2004 primarily as a result of transaction-related costs.

Primarily as a result of the above factors, our income from continuing operations per diluted share was $2.32 in 2005 compared to $1.53 in 2004. Income from discontinued operations per diluted share was $0.40 in 2005 compared to $0.11 in 2004. Income from discontinued operations in 2005 included $0.28 per diluted share of operating income from the FIIS and A&I businesses, $0.10 per diluted share related to LPS and ECS, of which $0.04 was attributable to the gain on sale, and $0.02 per diluted share in operating income related to the Telene resins business. Restructuring and impairment charges recorded in 2005 reduced earnings by $0.15 per diluted share. Earnings in 2004 included a one-time write-off for IPR&D projects from the Noveon International acquisition of $0.38 per diluted share, a purchase adjustment associated with the increased valuation of Noveon International-acquired inventory of $0.11 per diluted share, restructuring charges of $0.46 per diluted share, acquisition-related financing costs of $0.66 per diluted share and a gain on a foreign currency forward contract of $0.07 per diluted share.

SEGMENT ANALYSIS

We primarily evaluate performance and allocate resources based on segment operating income, defined as revenues less expenses identifiable to the product lines included within each segment, as well as projected future returns. Segment operating income will reconcile to consolidated income from continuing operations before income taxes by deducting corporate expenses and corporate other income (expense) that are not attributable to the operating segments, restructuring and impairment charges and net interest expense.

The proportion of consolidated revenues and segment operating income attributed to each segment was as follows:

	2006	2005	2004
Revenues:			
Lubrizol Additives	64%	63%	70%
Lubrizol Advanced Materials	36%	37%	30%
Segment Operating Income:			
Lubrizol Additives	64%	64%	75%
Lubrizol Advanced Materials	36%	36%	25%

OPERATING RESULTS BY SEGMENT

(In Millions of Dollars)	2006	2005	2004	2006 vs. 2005 $ Change	2006 vs. 2005 % Change	2005 vs. 2004 Excluding the Impact of Acquisitions $ Change	2005 vs. 2004 Excluding the Impact of Acquisitions % Change
Revenues:							
Lubrizol Additives	$ 2,600.5	$ 2,280.0	$ 1,998.6	$ 320.5	14%	$ 281.4	14%
Lubrizol Advanced Materials	1,440.3	1,342.2	865.8	98.1	7%	51.1	6%
Total	$ 4,040.8	$ 3,622.2	$ 2,864.4	$ 418.6	12%	$ 332.5	12%
Gross Profit:							
Lubrizol Additives	$ 578.0	$ 527.7	$ 505.5	$ 50.3	10%	$ 23.0	5%
Lubrizol Advanced Materials	413.2	391.0	250.4	22.2	6%	6.2	2%
Total	$ 991.2	$ 918.7	$ 755.9	$ 72.5	8%	$ 29.2	4%
Operating Income:							
Lubrizol Additives	$ 303.0	$ 263.3	$ 238.2	$ 39.7	15%	$ 25.9	11%
Lubrizol Advanced Materials	167.6	150.9	78.6	16.7	11%	18.1	23%
Total	$ 470.6	$ 414.2	$ 316.8	$ 56.4	14%	$ 44.0	14%

LUBRIZOL ADDITIVES SEGMENT

2006 COMPARED WITH 2005 Revenues increased 14% in 2006 when compared to 2005. The increase primarily was due to improvement in the combination of price and product mix, while a slight increase in volume was offset by a slight unfavorable impact of currency.

Volume patterns vary in different geographic zones. The following table shows our volume by geographic zone in 2006 as well as the changes compared with 2005:

	2006 Volume	% Change
North America	38%	1%
Europe	30%	(3%)
Asia-Pacific / Middle East	26%	2%
Latin America	6%	6%
Total	100%	

Volume increased slightly in 2006 compared to 2005; however, excluding the impact of nonrecurring, temporary business gains in 2005, volume increased 2% in 2006 compared to 2005.

The decrease in volume in Europe was due in part to a change in a customer sourcing from Europe to North America. The volume growth in the Asia-Pacific / Middle East region primarily resulted from growth in China, which represents our third largest country in terms of volume sold despite the fact that a majority of the 2005 temporary business gains occurred in this region. The volume growth in Latin America primarily was driven by stronger demand by our major international customers.

Segment gross profit increased 10% in 2006 compared to 2005 as we continued to recover from margin erosion that occurred in 2005 and prior years. The Lubrizol Additives segment implemented a series of price increases in 2006 and 2005 in response to continued raw material and utility cost increases. The effective dates of the selling price increases varied by geographic zone. The gross profit increase primarily was due to an improvement in the combination of price and product mix partially offset by a 19% increase in average material cost in 2006 as compared to 2005. Manufacturing costs on a per-unit-sold basis increased 3% in 2006 compared to 2005. The increase was due in part to higher utility costs as well as higher operating supplies and outside services partially offset by lower depreciation expense, employee benefits and a reclassification of certain expenses from manufacturing to STAR due to a change in organization structure in our European operations. In addition, manufacturing costs were impacted favorably by approximately $5.2 million in

2006 as we curtailed production activity at our Bromborough, U.K. plant in accordance with our previously announced timetable to close this facility.

The gross profit percentage declined to 22.3% in 2006 compared with 23.2% in 2005. The decline in gross profit percentage primarily was due to continuing raw material cost increases throughout most of 2006 outpacing the timing of price increases.

STAR expenses increased 7% in 2006 compared to 2005. This increase primarily was due to an increase in selling and administrative expenses of $14.8 million. The higher selling and administrative costs primarily resulted from the impact of reclassifying to STAR certain expenses that previously were classified as manufacturing resulting from a change in organization structure in our European operations, increases in base and variable compensation and a change in the timing of annual salary increases. The balance of the change in STAR expenses was due to an increase in technical expenses of $3.5 million primarily associated with technical programs within our driveline and industrial oils additives packages.

Other income was impacted favorably by $11.7 million primarily due to legal settlements of insurance and commercial matters as well as the gain on sale of certain properties.

Segment operating income (revenues less expenses attributable to the product lines aggregated within each segment) increased 15% in 2006 compared to the prior year due to the factors discussed above.

2005 COMPARED WITH 2004 Segment revenues increased 14% in 2005 compared to 2004, due to a 12% improvement from the combination of price and product mix, and a 1% increase in both volume and currency.

Volume patterns vary in different geographic zones. The following table shows our volume by geographic zone in 2005 as well as the changes compared with 2004:

	2005 Volume	% Change
North America	38%	(5%)
Europe	31%	3%
Asia-Pacific / Middle East	25%	9%
Latin America	6%	2%
Total	100%	1%

Total volume increased 1% in 2005 compared to 2004. Our results reflect some spot business or temporary business gains during 2005. This increase partially was offset by the final piece of lost business of a major international customer in the second half of 2004 and the impact on volumes of the higher concentration associated with the new passenger car technical standard GF-4 as compared to GF-3. Excluding these three specific factors, volume increased 3% globally and 1% in North America compared to 2004.

Higher volume in Europe in 2005 compared with 2004 primarily was due to increases in our engine additives product line due to improved product mix and market share gains. The Asia-Pacific / Middle East region benefited from overall expanded growth in that market, particularly China, as well as spot business gains. Excluding the spot business gains, volumes increased 5% in Asia-Pacific / Middle East.

The Lubrizol Additives segment implemented a series of price increases in 2005 in response to continued raw material cost increases as well as higher prices for natural gas and electricity used in our plants. The effective dates of the price increases varied by geographic zone.

Segment gross profit increased $23.0 million, or 5%, in 2005 compared to 2004. The increase primarily was due to the cumulative impact of the selling price increases as well as an increase in volume, largely offset by higher average raw material cost and to a lesser extent, higher utility costs. In 2005, average unit raw material cost increased 22% compared to 2004. Manufacturing expenses increased 3% in 2005; however, on a per-unit-sold basis, manufacturing expenses increased only 2% as compared to the prior year. The increase in manufacturing expenses was driven by higher utilities and maintenance costs in 2005 partially offset by lower employee benefit expense and lower environmental accruals.

Gross profit as a percentage of net sales for the segment was 23.2% for 2005 compared with 25.3% in 2004. The decline primarily was due to the time lag between the effective date of selling price increases in the wake of continuing raw material cost increases and raw material costs rising proportionally faster than selling prices.

STAR expenses decreased 1% in 2005 compared to 2004, primarily due to lower technical expenses of $3.1 million. The decrease in technical expenses primarily was due to lower outside technical expenses impacted by delays in the industry specifications for new lubricant additive programs.

Segment operating income increased 11% in 2005 compared with 2004 due to the factors discussed above.

LUBRIZOL ADVANCED MATERIALS SEGMENT

2006 COMPARED WITH 2005 Revenues for the Lubrizol Advanced Materials segment increased 7% in 2006 compared with 2005. The increase was due to a 6% increase in volume and a 1% improvement in the combination of price and product mix. The improvement in the combination of price and product mix primarily occurred in our Noveon consumer specialties product line.

Volume patterns vary in different geographic zones. The following table shows our volume by geographic zone in 2006 as well as the changes compared with 2005:

	2006 Volume	% Change
North America	65%	1%
Europe	18%	4%
Asia-Pacific / Middle East	13%	28%
Latin America	4%	32%
Total	100%	6%

Our engineered polymers and Noveon consumer specialties product lines both had increases in volume in North America in 2006 compared to 2005. The increase in our engineered polymers product line was due to increased customer demand in both our Estane® thermoplastic polyurethane business (Estane) and our TempRite® engineered polymers business (TempRite). TempRite benefited from continued conversions from metals to plastics. The increase in the Noveon consumer specialties product line primarily was due to increased customer demand in our personal care and home care business and tolling sales to the buyer of our FIIS business. Our performance coatings product line had a slight decrease in volume in North America in 2006 compared to 2005, which we believe primarily was due to the continued migration of the textile industry from North America to China.

Our engineered polymers and performance coatings product lines had increases in Europe in 2006 compared to 2005. The increase in our performance coatings product line primarily was due to customer demand and market share gains in the textiles market and customer demand in the paints and coatings market. The increase in our engineered polymers product line was due to market-share gains in our Estane business and business gains in our TempRite business resulting from continued conversions from metals to plastics. Our Noveon consumer specialties product line had a decrease in volume in Europe in 2006 compared to 2005 primarily attributable to our AMPS® specialty monomers business. The increase in Asia-Pacific / Middle East volume for 2006 primarily was due to higher customer demand and market-share gains in both our Estane business and performance coatings product line, predominately in the textiles market, and higher customer demand in our Noveon consumer specialties product line. We also experienced higher customer demand in the TempRite business, particularly in the Middle East and India.

Segment gross profit increased $22.2 million, or 6%, in 2006 compared to 2005. The increase in segment gross profit in 2006 primarily was the result of higher revenues due to the increase in volume and improvement in the combination of price and product mix partially offset by higher average raw material cost and manufacturing costs. Average raw material cost increased 4% in 2006 compared to 2005. Manufacturing costs primarily were higher due to increased utility costs, the impact of reclassifying certain expenses from STAR to manufacturing as a result of a change in organizational structure in our European operations and higher volume.

The gross profit percentage for this segment was 28.7% in 2006 compared to 29.1% in 2005. The decrease in gross profit percentage in 2006 was due to higher average raw material cost partially offset by an improvement in the combination of price and product mix.

STAR expenses increased $9.0 million, or 4%, in 2006 compared to 2005. The increase in STAR was due to higher salaries and incentive compensation and increased hiring to support growth initiatives partially offset by the impact of reclassifying certain expenses from STAR to manufacturing as a result of a change in organizational structure in our European operations and reductions in bad debt expense.

Segment operating income increased $16.7 million in 2006 compared to 2005. The increase in segment operating income primarily was due to the increase in segment gross profit as described above, partially offset by the increase in STAR expenses.

2005 COMPARED WITH 2004 In 2005, revenues for the Lubrizol Advanced Materials segment increased 55% compared with 2004 primarily due to the 2004 acquisitions of Noveon International and the hyperdispersants business. Excluding the impact of acquisitions, segment revenues increased 6% in 2005 compared with 2004 due to a 10% improvement in the combination of price and product mix partially offset by a 4% decrease in volume. The improvements in price and product mix occurred relatively evenly across all three of our product lines as we had implemented price increases to offset rising raw material costs.

Volume patterns vary in different geographic zones. The following table shows our volume by geographic zone in 2005 as well as the changes compared with 2004:

	2005 Volume	% Change	Excluding the Impact of Acquisitions % Change
North America	68%	28%	(7%)
Europe	19%	40%	2%
Asia-Pacific / Middle East	10%	44%	(3%)
Latin America	3%	32%	–
Total	100%	31%	(4%)

Excluding the impact of acquisitions, all three product lines showed volume decreases in North America. These decreases primarily were due to our exiting certain low-margin business, deterioration in the textiles market and some market-share loss as a result of competitive activity in response to our price increases. The volume increase in Europe primarily was in our Noveon consumer specialties product line and was due to increased sales in our AMPS specialty monomers business.

Segment gross profit increased $140.5 million, or 56% (increased $6.2 million, or 2%, excluding the impact of acquisitions), in 2005 compared with 2004. Excluding the impact of acquisitions, the increase in segment gross profit in 2005 resulted from higher revenues due to an improvement in the combination of price and product mix partially offset by lower volume and higher raw material costs and utility expenses. Average raw material cost increased 12% in 2005 compared with 2004. Raw material cost for 2004 included the impact of $7.5 million of inventory step-up amortization from acquisition accounting. Excluding the impact of the step-up in 2004, average raw material cost increased 13% in 2005 compared with 2004. Manufacturing expenses increased 9% in 2005 compared with 2004 primarily due to higher spending related to utilities. Average unit manufacturing expense increased 14% due to the combination of lower volumes and higher utility and operating expenses.

Gross profit as a percentage of net sales was 29.1% (28.0% excluding the impact of acquisitions) in 2005 compared with 29.0% in 2004. Excluding the impact of the inventory step-up amortization, the gross profit percentage for 2004 was 29.8%. The decrease in gross profit percentage in 2005 was due to higher average raw material cost and higher manufacturing costs partially offset by an improvement in the combination of price and product mix.

STAR expenses increased $62.9 million, or 40%, in 2005 (decreased $11.4 million, or 7%, excluding the impact of acquisitions) compared with 2004. Excluding the impact of acquisitions, the decrease in STAR expenses primarily was due to reduced corporate administrative and technical services provided to the segment, the consolidation of some segment administrative functions into corporate functions and savings from a restructuring in our performance coatings product line.

Segment operating income increased $72.3 million in 2005 (increased $18.1 million, excluding the impact of acquisitions) compared with segment operating income of $78.6 million in 2004. Excluding the impact of acquisitions, the increase in segment operating income primarily was due to the increase in segment gross profit and lower STAR expenses.

RETURN ON AVERAGE SHAREHOLDERS' EQUITY

Return on average shareholders' equity was 6.4% in 2006, 12.2% in 2005 and 7.5% in 2004. The return on average shareholders' equity is calculated as current year net income divided by the rolling 12-month average of shareholders' equity for the current and prior years. The earnings (loss) impact of discontinued operations, restructuring and impairment charges and the write-off of acquired IPR&D in 2004 lowered the return on average shareholders' equity by approximately 5.8%, 1.0% and 3.8% in 2006, 2005 and 2004, respectively.

WORKING CAPITAL, LIQUIDITY AND CAPITAL RESOURCES

SELECTED MEASURES OF LIQUIDITY AND CAPITAL RESOURCES The following table summarizes our financial performance indicators of liquidity:

	2006	2005
Cash and short-term investments (in millions of dollars)	$ 575.7	$ 262.4
Working capital (in millions of dollars)	$ 1,201.9	$ 906.6
Current ratio	2.9	2.4
Debt as a % of capitalization	47.8%	51.8%
Net debt as a % of capitalization	36.5%	47.5%

SUMMARY OF CASH FLOWS The following table summarizes the major components of cash flows:

(In Millions of Dollars)	2006	2005	2004
Cash provided by (used for):			
Operating activities	$ 334.8	$ 362.2	$ 331.6
Investing activities	151.4	(106.8)	(1,088.8)
Financing activities	(183.9)	(312.8)	808.5
Effect of exchange-rate changes on cash	11.0	(16.1)	25.9
Net increase (decrease) in cash and short-term investments	$ 313.3	$ (73.5)	$ 77.2

OPERATING ACTIVITIES

The decrease in cash provided by operating activities in 2006 compared with 2005 primarily relates to a decrease in payables and accrued expenses, including the payment of accounts payable of approximately $27.0 million that were retained at the closing of the FIIS divestiture and unfavorable timing of accounts payable disbursements in 2006 compared to 2005. In addition, we experienced higher inventory levels due to increased raw material costs, as well as an increase in finished goods inventory caused by lower year-end shipment volumes.

We manage our levels of inventories and accounts receivable on the basis of average days sales in inventory and average days sales in receivables. We establish our target for accounts receivable by taking into consideration the weighted average of our various terms of trade for each segment. We establish our target for days sales in inventory with the goal of minimizing our investment in inventories while at the same time ensuring adequate supply for our customers. Despite the increase in working capital due to higher average selling price and higher inventory costs, we improved our days outstanding in accounts receivable and days in inventory.

INVESTING ACTIVITIES

Our capital expenditures in 2006 were $130.9 million, as compared with $136.7 million and $133.2 million in 2005 and 2004, respectively. Capital expenditures for the Lubrizol Additives segment primarily are made to maintain existing manufacturing capacity. Approximately 30% of the capital expenditures in the Lubrizol Advanced Materials segment

related to increasing capacity. In 2007, we estimate annual capital expenditures will be approximately $175.0 million to $180.0 million. The higher level of estimated capital expenditures in 2007 is driven by our plans to build production capacity for our Lubrizol Advanced Materials product lines in China, North America and Europe to meet growing demand, as well as to bring both segments onto a common information systems platform.

The sales of FIIS and A&I were completed on May 1, 2006 and May 23, 2006, respectively. In consideration for these divested businesses, we received net cash proceeds of approximately $254.8 million and $10.4 million, respectively. The FIIS sale resulted in a taxable gain, which was offset by our remaining net operating loss carryforwards. The sale of Telene was completed in February 2006 for net cash proceeds of $6.2 million.

FINANCING ACTIVITIES

Cash used for financing activities of $183.9 million in 2006 primarily consisted of repayments of long-term debt and the payment of dividends, partially offset by proceeds from the exercise of stock options. This compares to $312.8 million used for financing activities in 2005, which primarily consisted of net repayments of long-term debt of $280.4 million and the payment of dividends, partially offset by borrowings under our euro revolving credit facility and proceeds from the exercise of stock options.

Other than the €85.0 million outstanding under our euro revolving credit facility, we have no other debt that is prepayable without incurring a penalty.

CAPITALIZATION AND CREDIT FACILITIES

At December 31, 2006, our total debt outstanding of $1,541.7 million consisted of 67% fixed-rate debt and 33% variable-rate debt, including $400.0 million of fixed-rate debt that effectively has been swapped to a variable rate. Our weighted-average interest rate as of December 31, 2006 was approximately 5.8%.

Our net debt to capitalization ratio at December 31, 2006 was 36.5%. Net debt represents total short-term and long-term debt, excluding original issue discounts and unrealized gains and losses on derivative instruments designated as fair-value hedges of fixed-rate debt, reduced by cash and short-term investments. Capitalization is calculated as shareholders' equity plus net debt. Total debt as a percent of capitalization was 47.8% at December 31, 2006.

Our ratio of current assets to current liabilities was 2.9 and 2.4 at December 31, 2006 and 2005, respectively.

On September 20, 2006, we amended our five-year unsecured committed U.S. bank credit agreement to reduce the revolving credit facility from $500.0 million to $350.0 million and extend the maturity date to September 2011. In addition, as of September 20, 2006, our direct and indirect domestic subsidiaries were released as guarantors under the credit agreement, and we no longer are subject to any investment or acquisition restrictions. This credit facility allows us to borrow at variable rates based upon the U.S. prime rate or LIBOR plus a specified credit spread. As of December 31, 2006, we had no outstanding borrowings under this agreement.

In addition, at December 31, 2006, two of our wholly owned foreign subsidiaries had a €250.0 million revolving credit facility that matures in September 2010. This credit agreement permits these foreign subsidiaries to borrow at variable rates based on EURIBOR plus a specified credit spread. We have guaranteed all obligations of the borrowers under the credit agreement. On September 20, 2006, we amended this credit agreement such that we no longer are subject to any investment or acquisition restrictions. No other terms or conditions of the agreement were modified. As of December 31, 2006, we had outstanding borrowings of €85.0 million under this agreement.

The cash and short-term investments balance of $575.7 million at December 31, 2006 will be used to fund ongoing operations, pay down debt, pursue acquisition opportunities and buy back shares sufficient to offset future dilution from our stock-based incentive compensation plans. Given the call premium on our long-term debt, it is unlikely that we will reduce debt significantly before our next scheduled maturity in late 2008. Therefore, it is possible that we will carry excess cash until our next scheduled maturity.

CONTRACTUAL CASH OBLIGATIONS

The following table shows our contractual cash obligations under debt agreements, leases, non-cancelable purchase commitments and other long-term liabilities at December 31, 2006:

	Payments Due by Period				
(In Millions of Dollars)	Total	2007	2008 - 2009	2010 - 2011	2012 and After
Total debt (1)	$ 1,549.1	$ 3.7	$ 582.6	$ 112.7	$ 850.1
Interest (2)	954.6	80.9	150.1	103.0	620.6
Operating leases	62.3	17.1	23.0	13.6	8.6
Non-cancelable purchase commitments (3)	178.0	77.9	86.6	9.2	4.3
Other long-term liabilities (4)(5)	90.8	66.1	8.6	0.6	15.5
Total contractual cash obligations	$ 2,834.8	$ 245.7	$ 850.9	$ 239.1	$ 1,499.1

(1) Total debt includes both the current and long-term portions of debt as reported in Note 7 to the consolidated financial statements, excluding original issue discounts and unrealized gains on derivative instruments designated as fair-value hedges of fixed-rate debt.

(2) Represents estimated contractual interest payments for fixed-rate debt only. We are not able to estimate reasonably the cash payments for interest associated with variable-rate debt due to the significant estimation required relating to both market interest rates as well as projected principal payments.

(3) Non-cancelable purchase commitments primarily include raw materials purchased under take-or-pay contracts, drumming, warehousing and service contracts, utility purchase agreements, terminal agreements and toll processing arrangements.

(4) Other long-term liabilities disclosed in the table represent long-term liabilities reported in our consolidated balance sheet at December 31, 2006 under "noncurrent liabilities," excluding pension, postretirement, postemployment, environmental and other non-contractual liabilities.

(5) We are required to make minimum contributions to our U.S. defined benefit pension plans pursuant to the minimum funding requirements of the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974, as amended. Funding requirements for plans outside the United States are subject to applicable local regulations. In 2007, we expect to make employer contributions of approximately $59.5 million to the qualified plans to satisfy these minimum statutory funding requirements. In 2007, we expect to make payments of approximately $1.8 million relating to our unfunded pension plans. The expected payments associated with the unfunded plans represent an actuarial estimate of future assumed payments based upon retirement and payment patterns. Actual amounts paid could differ from this estimate. In addition, non-pension postretirement benefit payments are expected to approximate $4.8 million in 2007. We have included these expected contributions of $66.1 million in the above table. Due to uncertainties regarding significant assumptions involved in estimating future required contributions to our defined benefit pension and other plans, such as interest rate levels, the amount and timing of asset returns and future restructurings, if any, we are not able to reasonably estimate our contributions beyond 2007.

In addition, at December 31, 2006, we had $45.7 million of contingent obligations under standby letters of credit issued in the ordinary course of business to financial institutions, customers and insurance companies to secure short-term support for a variety of commercial transactions, insurance and benefit programs.

We had $1,541.7 million of debt outstanding at December 31, 2006 compared to $1,670.8 million outstanding at December 31, 2005. Our total debt as a percent of capitalization has decreased from 51.8% at December 31, 2005 to 47.8% at December 31, 2006. We believe our future operating cash flows will be sufficient to cover our debt repayments, other contractual obligations, capital expenditures and dividends. In addition, we have untapped borrowing capacity that can provide us with additional financial resources. We currently have a shelf registration statement filed with the Securities and Exchange Commission (SEC) under which $359.8 million of debt securities, preferred shares or common shares may be issued. In addition, as of December 31, 2006, we maintained cash and short-term investment balances of $575.7 million and had $304.3 million available under our U.S. revolving credit facility and €165.0 million available under our euro revolving credit facility.

GUARANTEES

On May 1, 2006, we sold the FIIS business to SPM Group Holdings, LLC, now known as Emerald Performance Materials, LLC (Emerald). As a result of the sale, Emerald became responsible for a supplier contract with SK Corporation (SK). We have provided a guarantee to SK for the timely performance of Emerald's payment obligations. SK may make a demand for payment of outstanding obligations under this guarantee, which extends to January 31, 2008, provided they are unable to collect payment from Emerald using commercially reasonable efforts. The guarantee is revocable by us upon 60 days' prior written notice. Because of the existing revocation clause, we estimate that the maximum liability under the guarantee would be approximately $15.2 million. However, we believe that it is highly unlikely that an event would occur requiring us to pay any monies pursuant to the guarantee. Accordingly, no liability has been reflected in our consolidated balance sheet at December 31, 2006.

INDEMNIFICATIONS

In connection with the sale of the FIIS business, we have provided indemnifications to Emerald with respect to the business sold. These indemnifications have been associated with the price and quantity of raw material purchases, permit costs, costs incurred due to the inability to obtain permits and environmental matters. We believe that losses incurred in any of these matters would not have a material effect on our business, financial condition or results of operations. For those indemnification agreements where a payment by us is probable and estimable, a liability has been recorded as of December 31, 2006.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America requires us to make judgments, assumptions and estimates at a specific point in time that affect the amounts reported in the accompanying consolidated financial statements and related notes. In preparing these financial statements, we have utilized available information including our past history, industry standards and the current economic environment, among other factors, in forming our estimates and judgments of certain amounts included in the consolidated financial statements, giving due consideration to materiality. It is possible that the ultimate outcome as anticipated by management in formulating our estimates inherent in these financial statements may not materialize. Application of the critical accounting policies described below involves the exercise of judgment and the use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. In addition, other companies may utilize different estimates, which may impact the comparability of our results of operations to similar businesses.

ACCOUNTING FOR RESERVES AND CONTINGENCIES

Our accounting policies for reserves and contingencies cover a wide variety of business activities, including reserves for potentially uncollectible receivables, slow-moving or obsolete inventory, legal and environmental exposures and tax exposures. We accrue these reserves when our assessments indicate that it is probable that a liability has been incurred or an asset will not be recovered and an amount can be reasonably estimated. We review these estimates quarterly based on currently available information. Actual results may differ from our estimates and our estimates may be revised upward or downward, depending upon the outcome or changed expectations based on the facts surrounding each exposure. We discuss annually with the audit committee of our board of directors our reserves and contingencies, as well as our policies and processes for evaluating them.

ACCOUNTING FOR SALES DISCOUNTS AND REBATES

Sales discounts and rebates are offered to certain customers to promote customer loyalty and to encourage greater product sales. These rebate programs provide that upon the attainment of pre-established volumes or the attainment of revenue milestones for a specified period, the customer receives credits against purchases. We estimate the provision for rebates based upon the specific terms in each agreement at the time of shipment and an estimate of the customer's achievement of the respective revenue milestones. Customer claims, returns and allowances and discounts are accrued based upon our history of claims and sales returns and allowances. The estimated provisions significantly could be affected if future occurrences and claims differ from these assumptions and historical trends.

DETERMINATION OF NET PERIODIC PENSION COST

Each year we review with our actuaries the actuarial assumptions used in the determination of net periodic pension cost, as prescribed by SFAS No. 87, "Employers Accounting for Pensions." The determination of net periodic pension cost is based upon a number of actuarial assumptions. The two most critical assumptions are the expected return on plan assets and the

discount rate for determining the funded status. Other assumptions include the rate of compensation increase and demographic factors such as retirement age, mortality and turnover. We review the critical assumptions for our U.S. pension plans with the audit committee of our board of directors. Our net periodic pension cost for all pension plans was $52.9 million in 2006, $43.5 million in 2005 and $37.7 million in 2004. The net periodic pension cost included a settlement loss of $2.9 million, $0.3 million and $7.7 million in 2006, 2005 and 2004, respectively. In accordance with generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, affect expense recognized and obligations recorded in future periods.

In developing our assumption for the expected long-term rate of return on plan assets, we considered historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio. In 2006, we lowered our assumption for the U.S. pension plans by 25 basis points to 8.25% (7.48% on a weighted-average basis for all plans) based on our investment mix and projected market conditions. We believe 8.25% represents a reasonable return that could be achieved over the long term using our current asset allocation. At December 31, 2006, our U.S. pension plans' assets had an investment mix that approximated 73% in equity securities and 27% in debt securities.

A change in the rate of return of 100 basis points would have the following effects on 2007 net periodic pension cost:

	100 Basis Point	
(In Millions of Dollars)	Increase	Decrease
U.S. pension plans	$ (2.7)	$ 2.7
International pension plans	(1.9)	1.9
All pension plans	$ (4.6)	$ 4.6

The selection of a discount rate for pension plans is required to determine the value of future pension obligations and represents our best estimate of our cost in the marketplace to settle all pension obligations through annuity purchases. We determined the discount rate based upon current market indicators, including yields from dedicated bond portfolios that provide for a general matching of bond maturities with the projected benefit cash flows from our plans. The dedicated bond portfolios consist of non-callable corporate bonds that are at least AA- quality. The 2006 year-end discount rate assumption for our U.S. pension plans was set at 6.25%, which is an increase from 5.75% used in 2005. On a worldwide basis, the 2006 weighted-average discount rate utilized increased to 5.63% from 5.25% used in 2005.

A change in the discount rate of 100 basis points would have the following effects on 2007 net periodic pension cost:

	100 Basis Point	
(In Millions of Dollars)	Increase	Decrease
U.S. pension plans	$ (3.0)	$ 7.0
International pension plans	(5.3)	3.6
All pension plans	$ (8.3)	$ 10.6

The accumulated benefit obligation for all pension plans worldwide exceeds the value of plan assets by $83.3 million. This represents a $44.3 million improvement in funded status from the $127.6 million in the total unfunded accumulated benefit obligation reported in 2005. The accumulated benefit obligation exceeded the plan assets for the U.S. pension plans by $30.3 million and the non-U.S. plans by $53.0 million in 2006. The primary driver behind the $44.3 million decrease in the unfunded benefit obligations was a result of favorable investment returns during 2006.

Changes in pension plan assumptions are expected to decrease pension expense for most pension plans worldwide in 2007. The 2007 pension expense is expected to be approximately $42.7 million, excluding the impact of any settlement charges. The expected decrease in pension expense in 2007, excluding the impact of settlement charges, primarily is due to an increase in expected returns on assets due to the increase in fair value of plan assets at December 31, 2006, a reduction in the amortization of actuarial losses and the increase in the discount rate for all plans, offset by an increase in interest cost associated with an increase in the projected benefit obligation.

DETERMINATION OF POSTRETIREMENT BENEFIT COST

Annually, we review with our actuaries the key economic assumptions used in calculating postretirement benefit cost as prescribed by SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions." Postretirement benefits include health care and life insurance plans. The determination of postretirement benefit cost is based upon a number of actuarial assumptions, including the discount rate for determining the accumulated postretirement benefit obligation, the assumed health care cost trend rates and the ultimate health care trend rate. Except for the U.S. plans, the same discount rate selected for the pension plans generally is used for calculating the postretirement benefit obligation by country. Net non-pension postretirement benefit (credit) cost was ($0.1) million in 2006, $3.4 million in 2005 and $6.8 million in 2004.

A change in the discount rate of 100 basis points would have the following effects on 2007 postretirement benefit cost:

	100 Basis Point	
(In Millions of Dollars)	Increase	Decrease
U.S. postretirement plans	$ (0.4)	$ 0.4
International postretirement plans	(0.3)	0.4
All postretirement plans	$ (0.7)	$ 0.8

A change in the assumed health care cost trend rate of 100 basis points would have the following effects on 2007 postretirement benefit cost:

	100 Basis Point	
(In Millions of Dollars)	Increase	Decrease
U.S. postretirement plans	$ 1.1	$ (1.0)
International postretirement plans	0.7	(0.5)
All postretirement plans	$ 1.8	$ (1.5)

ACCOUNTING FOR BUSINESS COMBINATIONS

We allocate the purchase price of business combinations to assets acquired and liabilities assumed based on their relative fair value at the date of acquisition pursuant to the provisions of SFAS No. 141, "Business Combinations." In estimating the fair value of the tangible and intangible assets and liabilities acquired, we consider information obtained during our due diligence process and utilize various valuation methods including market prices, where available, appraisals, comparisons to transactions for similar assets and liabilities and present value of estimated future cash flows. We are required to make subjective estimates in connection with these valuations and allocations.

ACCOUNTING FOR IMPAIRMENT OF LONG-LIVED ASSETS

We review the carrying value of our long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. An impairment loss exists when estimated undiscounted future cash flows expected to result from the use of the asset, including disposition, are less than the carrying value of the asset. The measurement of the impairment loss to be recognized is based on the difference between the fair value and the carrying amounts of the assets. Fair value generally is determined based upon a discounted cash flow analysis. In order to determine if an asset has been impaired, assets are grouped and tested at the lowest level for which identifiable, independent, cash flows are available.

The determination of both undiscounted and discounted cash flows requires us to make significant estimates and considers the expected course of action at the balance sheet date. Subsequent changes in estimated undiscounted and discounted cash flows arising from changes in anticipated actions could impact the determination of whether an impairment exists, the amount of the impairment charge recorded and whether the effects could materially impact our consolidated financial statements.

DISCONTINUED OPERATIONS

The results of a component of our business that either has been disposed of or is classified as held for sale are reported in discontinued operations in accordance with the requirements of SFAS No. 144. We classify a component of our business as held for sale if it meets the following criteria as of each balance sheet date:

- We commit to a plan to sell the disposal group.
- The disposal group is available for immediate sale in its present condition, subject only to the terms that are usual and customary for sales of such disposal groups.
- An active program to locate a buyer and other actions required to complete the plan to sell have been initiated.
- The sale of the disposal group is probable and the transfer is expected to qualify for recognition as a completed sale within one year.
- The disposal group is being marketed actively for sale at a price that is reasonable in relation to its current fair value.
- Actions necessary to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The results of operations of all entities that have been disposed of or are classified as held for sale have been classified in the (loss) income from discontinued operations - net of tax line item in the consolidated statements of income for all periods presented. The 2006, 2005 and 2004 cash flow statements are presented on a consolidated basis, including both continuing operations and discontinued operations.

ACCOUNTING FOR IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill is to be tested annually and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of an operating segment below its carrying amount. We have elected October 1 as the annual evaluation date to test for potential goodwill impairment. The annual goodwill impairment test requires us to make a number of assumptions and estimates concerning future levels of earnings and cash flow, which are based upon our strategic plans. The combination of a discounted cash flow analysis and terminal value model is used to determine the fair value of each reporting unit. While we use available information to prepare estimates and to perform the impairment evaluation, actual results could differ significantly resulting in future impairment and losses related to recorded goodwill balances. No impairment of goodwill was identified in the annual impairment test completed in 2006. (See Note 6 to the consolidated financial statements.)

Intangible assets resulting from business acquisitions, including customer lists, purchased technology, trademarks, patents, land-use rights and non-compete agreements, are amortized on a straight-line method over periods ranging from 3 to 40 years. Under SFAS No. 142, intangible assets determined to have indefinite lives are not amortized, but are tested for impairment at least annually. We have elected October 1 as the annual evaluation date to test for potential impairment of indefinite lived intangible assets. The combination of a discounted cash flow analysis and terminal value model is used to determine whether the fair value of an intangible asset exceeds its carrying amount. As part of the annual impairment test, the non-amortized intangible assets are reviewed to determine if the indefinite status remains appropriate.

We completed a corporate identity review in the fourth quarter of 2006 and made a final determination in January 2007 that the trade name "Noveon" no longer would be used to describe the specialty chemicals business segment of our company and that its use would be discontinued except in connection with the consumer specialties product line. As a result, an impairment charge for the Noveon trade name was recognized in accordance with SFAS No. 142. We calculated a pretax charge of $41.2 million ($25.4 million after-tax) to reduce the related asset to its estimated fair value. This charge was reflected in the fourth quarter of 2006 as we believed at that time we would more likely than not discontinue the use of the Noveon trade name, except in the limited context of the consumer specialties product line.

ASSET-RETIREMENT OBLIGATIONS

We account for asset retirement obligations in accordance with SFAS No. 143, "Accounting for Asset Retirement Obligations" and Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 47, "Accounting for Conditional Asset-Retirement Obligations - an interpretation of FASB Statement No. 143." FIN No. 47 requires the recognition of a liability for the fair value of a legal obligation to perform asset-retirement obligations (AROs)

that are conditional on a future event if the amount can be reasonably estimated. We have identified AROs related to certain of our leased facilities and to asbestos remediation activities that may be required at other company-owned facilities in the future. We record liabilities for AROs at the time that they are identified and when they can be reasonably estimated. Due to the long-term, productive nature of some of our manufacturing operations, absent plans or expectation of plans to initiate asset retirement activities, we are unable to reasonably estimate the fair value of such asbestos remediation liabilities since the potential settlement dates cannot be determined at this time.

NEW ACCOUNTING STANDARDS

SFAS No. 158

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)." This statement requires an employer to recognize a plan's funded status in its statement of financial position, measure a plan's assets and obligations as of the end of the employer's fiscal year and recognize the changes in a plan's funded status in comprehensive income in the year in which the changes occur. SFAS No. 158's requirement to recognize a plan's funded status and new disclosure requirements are effective for us as of December 31, 2006. The requirement to measure plan assets and benefit obligations as of the date of our fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. Currently, we measure plan assets and benefit obligations as of the date of our fiscal year-end. We adopted the required provisions of SFAS No. 158 on December 31, 2006.

The incremental effects of adopting SFAS No. 158 on our consolidated balance sheet at December 31, 2006 were as follows:

	Balance Before Applying SFAS No. 158	SFAS No. 158 Adjustments	Balance After Applying SFAS No. 158
Current assets:			
Other current assets	$ 104.9	$ (6.9)	$ 98.0
Noncurrent assets:			
Other assets	$ 65.5	$ 1.2	$ 66.7
Intangible assets - net	$ 329.2	$ (6.4)	$ 322.8
Total assets	$ 4,403.0	$ (12.1)	$ 4,390.9
Current liabilities:			
Accrued expenses and other current liabilities	$ 287.2	$ 3.0	$ 290.2
Noncurrent liabilities:			
Pension obligations	$ 149.1	$ 88.8	$ 237.9
Other postretirement health care obligations	$ 104.7	$ (11.2)	$ 93.5
Deferred income taxes	$ 110.3	$ (29.9)	$ 80.4
Total liabilities	$ 2,605.8	$ 50.7	$ 2,656.5
Accumulated other comprehensive income (loss)	$ 2.0	$ (62.8)	$ (60.8)
Total shareholders' equity	$ 1,745.9	$ (62.8)	$ 1,683.1

SFAS No. 157

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair value measurements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but simplifies and codifies related guidance within U.S. GAAP. SFAS No. 157 establishes a fair value hierarchy using observable market data as the highest level and an entity's own fair value assumptions as the lowest level. SFAS No. 157 is effective for

fiscal years beginning after November 15, 2007 and interim periods within those years. SFAS No. 157 requires adoption prospectively as of the beginning of the fiscal year in which this statement is initially applied, with the exception of certain financial instruments in which adoption is applied retrospectively as of the beginning of the fiscal year in which this statement is initially applied. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

SAB No. 108

In September 2006, the SEC released Staff Accounting Bulletin (SAB) No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements." This bulletin provides guidance on how the effects of prior-year uncorrected financial statement misstatements should be considered in quantifying a current-year misstatement. SAB No. 108 requires registrants to quantify misstatements using both an income statement (rollover) and balance sheet (iron curtain) approach and evaluate whether either approach results in a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. If prior-year errors that previously had been considered immaterial now are considered material based on either approach, no restatement is required so long as management properly applied its previous approach and all relevant facts and circumstances were considered. If prior years are not restated, a cumulative-effect adjustment is recorded in opening accumulated earnings as of the beginning of the fiscal year of adoption. SAB No. 108 is effective for us for the fiscal year ending December 31, 2006. Our adoption of this standard did not have an impact on our consolidated financial statements.

FIN No. 48

In July 2006, the FASB issued FIN No. 48, "Accounting for Uncertainty in Income Taxes," that prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Under FIN No. 48, a contingent tax asset only will be recognized if it is more likely than not that a tax position ultimately will be sustained. After this threshold is met, a tax position is reported at the largest amount of benefit that is more likely than not to be realized. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. FIN No. 48 is effective for fiscal years beginning after December 15, 2006. FIN No. 48 requires the cumulative effect of applying the provisions to be reported separately as an adjustment to the opening balance of retained earnings in the year of adoption. We currently are evaluating the impact of this recently issued Interpretation on our consolidated financial statements.

SFAS No. 154

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." This standard establishes new standards on accounting for changes in accounting principles. Pursuant to the new rules, all such changes must be accounted for by retrospective application to the financial statements of prior periods unless it is impracticable to do so. SFAS No. 154 completely replaces Accounting Principles Board (APB) Opinion No. 20, "Accounting Changes," and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements," though it carries forward the guidance in those pronouncements with respect to accounting for changes in estimates, changes in the reporting entity and the correction of errors. This statement is effective for accounting changes and corrections of errors beginning January 1, 2006. Our adoption of this standard did not have a material impact on our consolidated financial statements.

SFAS No. 123R

In December 2004, the FASB issued SFAS No. 123R. This standard requires compensation costs related to share-based payment transactions to be recognized in the financial statements. With limited exceptions, the amount of compensation cost is measured based on the grant-date fair value of the equity or liability instruments issued. In addition, liability awards are remeasured each reporting period. Compensation cost is recognized over the period that an employee provides service in exchange for the award. This standard replaces SFAS No. 123, "Accounting for Stock-Based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and applies to all awards granted, modified, repurchased or cancelled after July 1, 2005. In April 2005, the SEC amended the compliance date of SFAS No. 123R through an amendment of Regulation S-X. We adopted SFAS No. 123R on January 1, 2006. The adoption of SFAS No. 123R incrementally increased before-tax compensation expense by approximately $2.4 million during 2006.

SFAS No. 151

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material. This standard requires that such items be recognized as current-period charges. The standard also establishes the concept of "normal capacity" and requires the allocation of fixed-production overhead to inventory based on the normal capacity of the production facilities. Any unallocated

overhead must be recognized as an expense in the period incurred. This standard was effective for inventory costs incurred beginning January 1, 2006. The adoption of this standard did not have a material impact on our consolidated financial statements.

CAUTIONARY STATEMENTS FOR SAFE HARBOR PURPOSES

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the federal securities laws. As a general matter, forward-looking statements are those focused upon future plans, objectives or performance as opposed to historical items and include statements of anticipated events or trends and expectations and beliefs relating to matters not historical in nature. Forward-looking statements are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. These uncertainties and factors could cause our actual results to differ materially from those matters expressed in or implied by any forward-looking statements, although we believe our expectations reflected in those forward-looking statements are based upon reasonable assumptions. For this purpose, any statements contained herein that are not statements of historical fact should be deemed to be forward-looking statements.

We believe that the following factors, among others, could 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:

- The cost, availability and quality of raw materials, especially petroleum-based products.
- Our ability to sustain profitability of our products in a competitive environment.
- The demand for our products as influenced by factors such as the global economic environment, longer-term technology developments and the success of our commercial development programs.
- The risks of conducting business in foreign countries, including the effects of fluctuations in currency exchange rates upon our consolidated results and political, social, economic and regulatory factors.
- The extent to which we are successful in expanding our business in new and existing markets and in identifying, understanding and managing the risks inherent in those markets.
- The effect of required principal and interest payments on our ability to fund capital expenditures and acquisitions and to meet operating needs.
- Our ability to identify, complete and integrate acquisitions for profitable growth and operating efficiencies.
- Our success at continuing to develop proprietary technology to meet or exceed new industry performance standards and individual customer expectations.
- Our ability to implement a new common information systems platform primarily into our Lubrizol Advanced Materials segment successfully, including the management of project costs, its timely completion and realization of its benefits.
- Our ability to continue to reduce complexities and conversion costs and modify our cost structure to maintain and enhance our competitiveness.
- Our success in retaining and growing the business that we have with our largest customers.
- The cost and availability of energy, especially natural gas and electricity.
- The effect of interest rate fluctuations on our net interest expense.
- The risk of weather-related disruptions to our Lubrizol Additives production facilities located near the U.S. Gulf coast.
- Significant changes in government regulations affecting environmental compliance.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We operate manufacturing and blending facilities, laboratories and offices around the world and utilize fixed-rate and variable-rate debt to finance our global operations. As a result, we are subject to business risks inherent in non-U.S. activities, including political and economic uncertainties, import and export limitations, and market risks related to changes in interest rates and foreign currency exchange rates. We believe the political and economic risks related to our foreign operations are mitigated due to the stability of the countries in which our largest foreign operations are located.

In the normal course of business, we use derivative financial instruments including interest rate and commodity hedges and forward foreign currency exchange contracts to manage our market risks. Our objective in managing our exposure to changes in interest rates is to limit the impact of such changes on our earnings and cash flow. Our objective in managing the exposure to changes in foreign currency exchange rates is to reduce volatility on our earnings and cash flow associated with such changes. Our principal currency exposures are the euro, the pound sterling, the Japanese yen and certain Latin American currencies. Our objective in managing our exposure to changes in commodity prices is to reduce the volatility on earnings of utility expense. We do not hold derivatives for trading purposes.

We measure our market risk related to our holdings of financial instruments based on changes in interest rates, foreign currency rates and commodity prices utilizing a sensitivity analysis. The sensitivity analysis measures the potential loss in fair value, cash flow and earnings based on a hypothetical 10% change (increase and decrease) in interest, currency exchange rates and commodity prices. We use current market rates on our debt and derivative portfolios to perform the sensitivity analysis. Certain items such as lease contracts, insurance contracts and obligations for pension and other postretirement benefits are not included in the analysis.

Our primary interest rate exposures relate to our cash and short-term investments, fixed-rate and variable-rate debt and interest rate swaps. The calculation of potential loss in fair value is based on an immediate change in the net present values of our interest rate-sensitive exposures resulting from a 10% change in interest rates. The potential loss in cash flow and income before tax is based on the change in the net interest income/expense over a one-year period due to an immediate 10% change in rates. A hypothetical 10% increase in interest rates would have had a favorable impact and a hypothetical 10% decrease in interest rates would have had an unfavorable impact on fair values of $41.1 million and $42.7 million at December 31, 2006 and 2005, respectively. In addition, a hypothetical 10% increase in interest rates would have had an unfavorable impact and a hypothetical 10% decrease in interest rates would have had a favorable impact on cash flows and income before tax of $1.6 million and $1.8 million in 2006 and 2005, respectively.

Our primary currency exchange rate exposures are to foreign currency-denominated debt, intercompany debt, cash and short-term investments and forward foreign currency exchange contracts. The calculation of potential loss in fair value is based on an immediate change in the U.S. dollar equivalent balances of our currency exposures due to a 10% shift in exchange rates. The potential loss in cash flow and income before tax is based on the change in cash flow and income before tax over a one-year period resulting from an immediate 10% change in currency exchange rates. A hypothetical 10% increase in currency exchange rates would have had an unfavorable impact and a hypothetical 10% decrease in currency exchange rates would have had a favorable impact on fair values of $3.5 million at December 31, 2006. In addition, a hypothetical 10% increase in currency exchange rates would have had a favorable impact and a hypothetical 10% decrease in currency exchange rates would have had an unfavorable impact on fair values of $6.8 million at December 31, 2005. Further, a hypothetical 10% increase in currency exchange rates would have had an unfavorable impact and a hypothetical 10% decrease in currency exchange rates would have had a favorable impact on cash flows of $21.1 million and $21.4 million and on income before tax of $4.0 million and $4.4 million in 2006 and 2005, respectively.

Our primary commodity hedge exposures relate to natural gas and electric utility expenses. The calculation of potential loss in fair value is based on an immediate change in the U.S. dollar equivalent balances of our commodity exposures due to a 10% shift in the underlying commodity prices. The potential loss in cash flow and income before tax is based on the change in cash flow and income before tax over a one-year period resulting from an immediate 10% change in commodity prices. A hypothetical 10% increase in commodity prices would have had a favorable impact and a hypothetical 10% decrease in commodity prices would have had an unfavorable impact on fair values, cash flows and income before tax of $1.3 million and $0.9 million in 2006 and 2005, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is submitted in a separate section of this report following the signature page.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

As discussed elsewhere in this annual report on Form 10-K/A, we are restating certain of our previously issued financial statements. See "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Note 20 - Restatement of Consolidated Financial Statements" contained in the Notes to Financial Statements for more detailed information regarding the restatement.

In connection with this restatement, under the direction of our chief executive officer and chief financial officer, we reevaluated our disclosure controls and procedures. Public Company Accounting Oversight Board Auditing Standard No. 2 (AS-2) defines a material weakness over financial reporting as a significant deficiency or a combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. AS-2 identifies certain circumstances that are to be regarded as a "significant deficiency" and as a "strong indicator" that a material weakness in internal control over financial reporting exists. The restatement of previously issued financial statements to reflect the correction of an error is such an indicator under AS-2. We identified a material weakness in our internal control over financial reporting with respect to reporting errors for five postemployment employee benefit plans, as further described below under "Management's Annual Report on Internal Control over Financial Reporting (Restated)." Solely as a result of this material weakness, we concluded that our disclosure controls and procedures were not effective as of December 31, 2006.

As a result of this material weakness, we have taken steps to remediate the internal control weakness. Specifically, we contracted a third-party benefits consultant to complete a detailed benefits review at our wholly owned subsidiary that generated the majority of the reporting errors, made inquiries and conducted reviews of other international locations and enhanced our training on the application of U.S. GAAP to postemployment employee benefit plans and other matters at our non-U.S. subsidiaries and joint ventures.

As previously reported, there were no changes in our internal control over financial reporting during the fourth quarter of 2006 that have affected materially, or are reasonably likely to affect materially, our internal control over financial reporting.

(b) Management's Annual Report on Internal Control over Financial Reporting (Restated)

The management of The Lubrizol Corporation and its subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting. The Lubrizol Corporation's internal control system was designed to provide reasonable assurance to the company and board of directors regarding the preparation and fair presentation of published financial statements. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework.*

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

In the company's annual report on Form 10-K for the year ended December 31, 2006, filed on February 28, 2007, the company concluded that its internal control over financial reporting was effective as of December 31, 2006. Subsequently, the company identified a material weakness in its internal control over financial reporting solely with respect to accounting errors related to postemployment employee benefit plans in some foreign countries.

This material weakness has resulted in this amendment to the annual report on Form 10-K for the year ended December 31, 2006 in order to restate the financial statements for the years ended December 31, 2006, 2005 and 2004 and to restate financial information for the years ended December 31, 2003 and 2002.

Solely as a result of this material weakness, the company has revised its earlier assessment and now has concluded that its internal control over financial reporting was not effective as of December 31, 2006.

The company's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, and its report is set forth below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
The Lubrizol Corporation

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting (Restated), that The Lubrizol Corporation and subsidiaries (the "Company") did not maintain effective internal control over financial reporting as of December 31, 2006, because of the effect of the material weakness identified in management's assessment based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our report dated February 28, 2007, we expressed an unqualified opinion on management's assessment that the Company maintained effective internal control over financial reporting and an unqualified opinion on the effectiveness of internal control over financial reporting. As described in the following paragraph, the Company subsequently identified material misstatements in its 2006 annual financial statements and 2006 interim financial statements which caused such financial statements to be restated. Management subsequently revised its assessment due to the identification of a material weakness, described in the following paragraph, which resulted in the financial statement restatements. Accordingly, our opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2006 expressed herein is different from that expressed in our initial report dated February 28, 2007.

A material weakness is a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected. The following material weakness has been identified and included in management's restated assessment: management did not design and maintain adequate controls over the identification and recording of postemployment benefit plans in accordance with accounting principles generally accepted in the United States of America, which resulted in a material misstatement of and subsequent restatement of the consolidated financial statements and consolidated financial statement schedule for the year ended December 31, 2006. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2006 (as restated) and this report does not affect our report on such restated financial statements.

In our opinion, management's revised assessment that the Company did not maintain effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2006, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and consolidated financial statement schedule of the Company as of and for the year ended December 31, 2006, and our report dated February 28, 2007 (November 9, 2007 as to the effects of the restatement discussed in Note 20) expressed an unqualified opinion on those financial statements and financial statement schedule and included explanatory paragraphs regarding the Company's adoption of new accounting standards and the restatement discussed in Note 20.

/s/ Deloitte & Touche LLP

Cleveland, Ohio
February 28, 2007 (November 9, 2007 as to the effects of the material weakness described in Management's Report on Internal Control Over Financial Reporting (Restated))

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information contained under the headings "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" of our proxy statement for the 2007 Annual Meeting of Shareholders is incorporated herein by reference. Information relative to executive officers is contained under "Executive Officers of the Registrant" in Part I of this annual report on Form 10-K/A. Information regarding the identification of a financial expert on the Audit Committee contained under the heading "Audit Committee" in our proxy statement for the 2007 Annual Meeting of Shareholders is incorporated herein by reference.

We have a code of ethics, entitled the Ethical and Legal Conduct Guidelines, that applies to our directors and all employees, including our chief executive officer, chief financial officer and controller. The Ethical and Legal Conduct Guidelines are posted at the company overview area of our website, *www.lubrizol.com*.

ITEM 11. EXECUTIVE COMPENSATION

The information relating to executive compensation contained under the headings "Director Compensation," "Executive Compensation," "Board Committees - Organization and Compensation Committee" and "Board Committees - Compensation Committee Report" in our proxy statement for the 2007 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information relating to security ownership set forth under the heading "Share Ownership of Directors, Executive Officers and Large Beneficial Owners" in our proxy statement for the 2007 Annual Meeting of Shareholders is incorporated herein by reference.

The following table gives information about our common shares that may be issued under the company's equity compensation plans as of December 31, 2006.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding Securities reflected in Column (a))
Equity compensation plans approved by security holders	3,339,329	$ 32.72	3,030,401 (1)
Equity compensation plans not approved by security holders	(2)	N/A	(2)
Total	3,339,329	$ 32.72	3,030,401 (1)

(1) The 1991 Stock Incentive Plan was terminated with respect to future grants effective November 15, 2004. The shares shown are with respect to the 2005 Stock Incentive Plan. In addition to the shares shown, effective January 1, 2003, pursuant to grants under the 1991 Stock Incentive Plan, Donald W. Bogus, Charles P. Cooley and Stephen F. Kirk each will be issued 15,000 shares if the officer remains an employee until January 1, 2008. There are no voting or dividend rights associated with these common shares unless and until they are issued.

(2) Under the Executive Council Deferred Compensation Plan, certain executive officers may defer any amount of their variable pay under the annual incentive pay plan. Deferred amounts are converted into share units based on the current market price of Lubrizol's common shares. There is a 25% company match. Additional share units are credited for quarterly dividends paid on Lubrizol common shares. At the end of the deferral period, which is at least three years, common shares are issued equal to the number of share units in the participant's account. Amounts

attributable to the company match credited after January 1, 2004 will be paid in cash. As of December 31, 2006, there were 92,523 share units outstanding that are payable in shares.

Prior to January 1, 2004, under the Deferred Stock Compensation Plan for Outside Directors, each director who was not a Lubrizol employee received 500 share units on each October 1st and was credited with additional share units for quarterly dividends paid on Lubrizol common shares. When a person is no longer a director, Lubrizol common shares are issued equal to the number of share units in the person's account. As of December 31, 2006, there were 35,563 share units outstanding that are payable in shares. No additional share units other than those credited for quarterly dividends have been or will be granted after January 1, 2004.

Under the Deferred Compensation Plan for Directors, each director who is not a Lubrizol employee may defer all or any portion of his or her yearly fee and meeting attendance fees and have these amounts credited to various cash investment accounts and/or a share unit account. The number of share units credited to the share unit account is based on the price of Lubrizol common shares on the day the share units are credited to the account and includes share units credited for quarterly dividends paid on Lubrizol common shares. When a person is no longer a director, Lubrizol shares are issued equal to the number of share units in the person's share unit account. As of December 31, 2006, there were 65,454 share units outstanding, 31,682 of which must be paid in Lubrizol shares and the remainder of which may be invested in the various cash investment accounts at the discretion of the director, and paid in cash.

Under the Senior Management Deferred Compensation Plan, each executive officer may defer all or any portion of his or her total annual pay and have these amounts credited to various cash investment accounts and/or a share unit account. The number of share units credited to the share unit account is based on the price of Lubrizol common shares on the day the share units are credited to the account and includes share units credited for quarterly dividends paid on Lubrizol common shares. Upon the distribution date, Lubrizol common shares are issued equal to the number of share units in the person's share unit account. As of December 31, 2006, there were 67,747 share units outstanding.

Under the Supplemental Retirement Plan for Donald W. Bogus, 500 share units are credited each anniversary date of the officer's employment to an officer's account and includes share units credited for quarterly dividends paid on Lubrizol common shares. Upon retirement, Mr. Bogus may elect to receive cash or Lubrizol shares equal to the number of share units in the account. As of December 31, 2006, there were 2,336 share units outstanding that could be paid in shares. For units credited after January 1, 2004, the payment will be made in cash only.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information relating to certain relationships, related transactions and director independence contained under the headings "Director Independence" and "Related Person Transactions" in our proxy statement for the 2007 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information included under the heading entitled "Independent Registered Public Accountant Fees" in our proxy statement for the 2007 Annual Meeting of Shareholders is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed in a separate section of this annual report on Form 10-K/A:

1. The following restated consolidated financial statements of the company are included in a separate section of this report following the signature page:

   Report of Independent Registered Public Accounting Firm.

   Consolidated Statements of Income (Restated) for the years ended December 31, 2006, 2005 and 2004.

   Consolidated Balance Sheets (Restated) at December 31, 2006 and 2005.

   Consolidated Statements of Cash Flows (Restated) for the years ended December 31, 2006, 2005 and 2004.

   Consolidated Statements of Shareholders' Equity (Restated) for the years ended December 31, 2006, 2005 and 2004.

   Notes to Financial Statements.

2. Schedule II - Valuation and Qualifying Accounts

SCHEDULE II - Valuation and Qualifying Accounts
For the years ended December 31, 2006, 2005 and 2004
(in millions of dollars)

Description	Balance at Beginning of Year	Charged /(Credited) To Expenses	Charged /(Credited) to Other Accounts*	Deductions	Balance at End of Year
Year ended December 31, 2006					
Allowance for uncollectible accounts	$ 10.1	$ 0.8	$ (1.2)	$ 2.2	$ 7.5
Inventory reserves	$ 18.2	$ 9.1	$ 1.2	$ 12.4	$ 16.1
Deferred tax asset valuation allowance	$ 18.1	$ (0.1)	$ (0.2)	–	$ 17.8
Year ended December 31, 2005					
Allowance for uncollectible accounts	$ 11.0	$ 1.9	$ (0.9)	$ 1.9	$ 10.1
Inventory reserves	$ 19.1	$ 10.9	$ (2.8)	$ 9.0	$ 18.2
Deferred tax asset valuation allowance	$ 18.8	$ 4.0	$ (4.7)	–	$ 18.1
Year ended December 31, 2004					
Allowance for uncollectible accounts	$ 4.2	$ 0.4	$ 7.7	$ 1.3	$ 11.0
Inventory reserves	$ 9.0	$ 5.4	$ 8.5	$ 3.8	$ 19.1
Deferred tax asset valuation allowance	$ 1.9	$ 2.4	$ 14.5	–	$ 18.8

* Valuation and qualifying accounts of acquired and divested companies.

All other schedules have been omitted because they are not applicable.

3. Exhibits

3.1	Amended Articles of Incorporation of The Lubrizol Corporation, as adopted September 23, 1991 (incorporated by reference to Exhibit 3.1 to The Lubrizol Corporation's annual report on Form 10-K for the year ended December 31, 2004).
3.2	Regulations of The Lubrizol Corporation, as amended effective April 27, 1992 (incorporated by reference to Exhibit 3.2 to The Lubrizol Corporation's annual report on Form 10-K for the year ended December 31, 2004).
4.1	Amendment to Article Fourth of Amended Articles of Incorporation (incorporated by reference to Exhibit 4.1 to The Lubrizol Corporation's annual report on Form 10-K for the year ended December 31, 2004).
4.2	Amended and Restated Rights Agreement between The Lubrizol Corporation and American Stock Transfer & Trust Company dated as of July 26, 1999 (incorporated by reference to Exhibit 4.2 to The Lubrizol Corporation's annual report on Form 10-K for the year ended December 31, 2004).
4.3	Amended and Restated Indenture dated September 28, 2004 (originally dated June 1, 1995) by and among The Lubrizol Corporation, all of The Lubrizol Corporation's wholly owned direct and indirect domestic subsidiaries, as guarantors, and J.P. Morgan Trust Company, National Association, as successor trustee (incorporated by reference to Exhibit 99.1 of the Form 8-K of The Lubrizol Corporation filed with the SEC on September 29, 2004).
4.4	Amended and Restated Indenture dated September 28, 2004 (originally dated November 25, 1998), by and among The Lubrizol Corporation, all of The Lubrizol Corporation's wholly owned direct and indirect domestic subsidiaries, as guarantors, and J.P. Morgan Trust Company, National Association, as successor trustee (incorporated by reference to Exhibit 99.2 of the Form 8-K of The Lubrizol Corporation filed with the SEC on September 29, 2004).
4.5	Form of Indenture for Debt Securities of The Lubrizol Corporation (incorporated by reference to Exhibit 4.2 of Amendment No. 2 to the Registration Statement on Form S-3 of The Lubrizol Corporation filed with the SEC on August 24, 2004).
10.1*	The Lubrizol Corporation 1991 Stock Incentive Plan, as amended (incorporated by reference to Exhibit (10)(h) to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on November 18, 2004).
10.2*	The Lubrizol Corporation 2005 Stock Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on December 12, 2006).
10.3*	The Lubrizol Corporation Amended Deferred Compensation Plan for Directors (incorporated by reference to Exhibit (10)(b) to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on November 18, 2004).
10.4*	The Lubrizol Corporation Deferred Stock Compensation Plan for Outside Directors, as amended (incorporated by reference to Exhibit (10)(i) to The Lubrizol Corporation's annual report on Form 10-K for the year ended December 31, 2003).
10.5*	The Lubrizol Corporation Deferred Compensation Plan for Officers, as amended (incorporated by reference to Exhibit (10)(k) to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on November 18, 2004).
10.6*	The Lubrizol Corporation Executive Council Deferred Compensation Plan, as amended (incorporated by reference to Exhibit (10)(l) to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on November 18, 2004).

10.7* The Lubrizol Corporation 2005 Deferred Compensation Plan for Directors (incorporated by reference to Exhibit (10)(v) to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on November 18, 2004).

10.8* The Lubrizol Corporation Senior Management Deferred Compensation Plan (fka The Lubrizol Corporation 2005 Deferred Compensation Plan for Officers) (incorporated by reference to Exhibit 10.8 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on December 13, 2005).

10.9* The Lubrizol Corporation 2005 Executive Council Deferred Compensation Plan (incorporated by reference to Exhibit 10.7 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on December 13, 2005).

10.10* The Lubrizol Corporation Excess Defined Benefit Plan, as amended (incorporated by reference to Exhibit (10)(d) to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on December 15, 2004).

10.11* The Lubrizol Corporation Excess Defined Contribution Plan, as amended (incorporated by reference to Exhibit (10)(e) to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on December 15, 2004).

10.12* The Lubrizol Corporation Officers' Supplemental Retirement Plan, as amended (incorporated by reference to Exhibit (10)(j) to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on December 15, 2004).

10.13* The Lubrizol Corporation 2005 Excess Defined Benefit Plan (incorporated by reference to Exhibit 10.4 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on December 13, 2005).

10.14* The Lubrizol Corporation 2005 Excess Defined Contribution Plan (incorporated by reference to Exhibit 10.3 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on December 12, 2006).

10.15* The Lubrizol Corporation 2005 Officers' Supplemental Retirement Plan (incorporated by reference to Exhibit 10.5 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on December 13, 2005).

10.16* Supplemental Retirement for Donald W. Bogus (incorporated by reference to Exhibit 10.6 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on December 13, 2005).

10.17* The Lubrizol Corporation Executive Death Benefit Plan, as amended (incorporated by reference to Exhibit 10.11 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on December 13, 2005).

10.18* The Lubrizol Corporation Executive Officer Long Term Incentive Plan (incorporated by reference to Exhibit (10)(n) to The Lubrizol Corporation's annual report on Form 10-K for the year ended December 31, 2003).

10.19* Form of Employment Agreement between The Lubrizol Corporation and certain of its senior executive officers (incorporated by reference to Exhibit 10.19 to The Lubrizol Corporation's annual report on Form 10-K for the year ended December 31, 2005).

10.20* Employment Agreement effective January 1, 2003, between The Lubrizol Corporation and Charles P. Cooley (incorporated by reference to Exhibit (10)(o) to The Lubrizol Corporation's Quarterly Report on Form 10-Q for the period ended on March 31, 2003).

10.21* Employment Agreement effective January 1, 2003, between The Lubrizol Corporation and Stephen F. Kirk (incorporated by reference to Exhibit (10)(p) to The Lubrizol Corporation's Quarterly Report on Form 10-Q for the period ended on March 31, 2003).

10.22* Employment Agreement effective January 1, 2003, between The Lubrizol Corporation and Donald W. Bogus (incorporated by reference to Exhibit (10)(r) to The Lubrizol Corporation's Quarterly Report on Form 10-Q for the period ended on March 31, 2003).

10.23* The Lubrizol Corporation Annual Incentive Pay Plan (incorporated by reference to Exhibit 10.10 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on December 13, 2005).

10.24* The Lubrizol Corporation Annual Incentive Pay Plan Award Letter, as amended (incorporated by reference to Exhibit 10.2 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on December 13, 2005).

10.25* The Lubrizol Corporation Financial Planning Program (incorporated by reference to Exhibit 10.1 to The Lubrizol Corporation's Quarterly Report on Form 10-Q for the period ended on September 30, 2006).

10.26* Form of Indemnification Agreement between The Lubrizol Corporation and certain of its senior executive officers (incorporated by reference to Exhibit 10.26 to the Lubrizol Corporation's Annual Report on Form 10-K for the period ended December 31, 2006).

10.27 Asset Purchase Agreement, dated March 16, 2006, by and among Noveon, Inc., Noveon Hilton Davis, Inc., Noveon Kalama, Inc., Noveon Textile Chemicals, Inc., Lubrizol Foam Control Additives, Inc., Lubrizol do Brasil Aditivos Ltda., and SPM Group Holdings LLC (incorporated by reference to Exhibit 10.1 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on May 5, 2006).

10.28 Letter of Guarantee dated as of May 19, 2006 by and between Noveon, Inc. and SK Corporation (incorporated by reference to Exhibit 10.1 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on May 25, 2006).

10.29 Credit Agreement dated as of August 24, 2004 among The Lubrizol Corporation, the Initial Lenders named therein, Citigroup Global Markets Inc. and KeyBanc Capital Markets, as co-lead arrangers and co-bookrunners, KeyBank National Association and ABN Amro Bank N.V., as co-syndication agents, Wachovia Bank, National Association, as documentation agent, and Citicorp North America, Inc., as agent (incorporated by reference to Exhibit 10.1 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on August 30, 2004).

10.30 Amended and Restated Credit Agreement dated as of March 29, 2005 among The Lubrizol Corporation, the Initial Lenders named therein, Citicorp North America, Inc., as administrative agent, and Citigroup Global Markets, Inc., as arranger and syndication agent (incorporated by reference to Exhibit 10.5 to The Lubrizol Corporation's Quarterly Report on Form 10-Q for the period ended March 31, 2005).

10.31 Amendment No. 2 to the Credit Agreement among The Lubrizol Corporation, the banks, financial institutions and other institutional lenders who are parties to the Credit Agreement dated as of August 24, 2004, as amended and restated as of March 29, 2005, and as further amended as of August 23, 2005, and Citicorp North America, Inc. as agent (incorporated by reference to Exhibit 10.1 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on September 22, 2006).

10.32 Five Year Credit Agreement dated as of September 14, 2005 among Europe Chemical Holdings C.V., Noveon Holdings France S.A.S. and Noveon Europe BVBA, The Lubrizol Corporation, the Initial Lenders named therein, ABN AMRO Bank N.V. as administrative agent, and ABN AMRO Bank N.V., Calyon, Citigroup Global Markets Inc., and Fortis Capital Corp as mandated lead arrangers and bookrunners (incorporated by reference to Exhibit 10.1 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on September 16, 2005).

10.33 Letter Amendment dated as of September 20, 2006 among Lubrizol Holdings France S.A.S. (formerly known as Noveon Holdings France S.A.S.) and Noveon Europe BVBA (collectively, the "Borrowers"), The Lubrizol Corporation, the Lenders named therein, ABN AMRO Bank N.V. as agent, to the Five Year Credit Agreement dated as of September 14, 2005 among the Borrowers, The Lubrizol Corporation, the Initial Lenders named therein, ABN AMRO Bank N.V., Calyon, Citigroup Global Markets Inc. and Fortis Capital Corp. (incorporated by reference to Exhibit 10.2 to The Lubrizol Corporation's Current Report on Form 8-K filed with the SEC on September 22, 2006).

12.1 Computation of Ratio of Earnings to Fixed Charges.

21.1 List of Significant Subsidiaries of The Lubrizol Corporation (incorporated by reference to Exhibit 21.1 to The Lubrizol Corporation's Annual Report on Form 10-K for the period ended December 31, 2006).

23.1 Consent of Independent Registered Public Accounting Firm.

24.1 Powers of Attorney.

31.1 Rule 13a-14(a) Certification of the Chief Executive Officer, as created by Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Rule 13a-14(a) Certification of the Chief Financial Officer, as created by Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer and Chief Financial Officer of The Lubrizol Corporation pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.

* Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this annual report on Form 10-K/A to be signed on November 9, 2007, on its behalf by the undersigned, thereunto duly authorized.

THE LUBRIZOL CORPORATION

BY /s/ James L. Hambrick
James L. Hambrick, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on November 9, 2007, by the following persons on behalf of the Registrant and in the capacities indicated.

/s/ James L. Hambrick James L. Hambrick	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
/s/ Charles P. Cooley Charles P. Cooley	Sr. Vice President, Treasurer and Chief Financial Officer (Principal Financial Officer)
/s/ W. Scott Emerick W. Scott Emerick	Corporate Controller (Chief Accounting Officer)
_____ Robert E. Abernathy	Director
_____ Jerald A. Blumberg	Director
*/s/ Forest J. Farmer, Sr. Forest J. Farmer, Sr.	Director
*/s/ Gordon D. Harnett Gordon D. Harnett	Director
*/s/ William P. Madar William P. Madar	Director
*/s/ Dominic J. Pileggi Dominic J. Pileggi	Director
*/s/ Harriet Tee Taggart Harriet Tee Taggart	Director
*/s/ James E. Sweetnam James E. Sweetnam	Director

* By: /s/ Charles P. Cooley
Charles P. Cooley
Attorney-in-Fact

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
The Lubrizol Corporation

We have audited the accompanying consolidated balance sheets of The Lubrizol Corporation and subsidiaries (the "Company") as of December 31, 2006 and 2005, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2006. Our audits also included the consolidated financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Lubrizol Corporation and subsidiaries at December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Notes 2 and 16 to the consolidated financial statements, the Company changed its method of accounting for stock-based compensation with the adoption of Statement of Financial Accounting Standards ("SFAS") No. 123R, "Share-Based Payment" effective January 1, 2006. Also, as discussed in Note 13 to the consolidated financial statements, the Company changed its method of accounting for defined pension and other postretirement plans with the adoption of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" effective December 31, 2006.

As discussed in Note 20 to the consolidated financial statements, the accompanying consolidated financial statements have been restated.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2007 (November 9, 2007 as to the effects of the material weakness described in Management's Report on Internal Control Over Financial Reporting (Restated)) expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Cleveland, Ohio
February 28, 2007 (November 9, 2007 as to the effects
of the restatement discussed in Note 20)

THE LUBRIZOL CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

(In Millions of Dollars Except Per Share Data)	Year Ended December 31		
	2006 (as restated, see Note 20)	2005 (as restated, see Note 20)	2004 (as restated, see Note 20)
Net sales	$ 4,036.4	$ 3,618.8	$ 2,860.5
Royalties and other revenues	4.4	3.4	3.9
Total revenues	4,040.8	3,622.2	2,864.4
Cost of sales	3,045.2	2,700.1	2,104.6
Selling and administrative expenses	381.7	348.4	284.8
Research, testing and development expenses	205.5	198.9	184.8
Amortization of intangible assets	23.7	23.5	16.9
Write-off of acquired in-process research and development	–	–	34.0
Restructuring and impairment charges	51.9	15.9	38.1
Total costs and expenses	3,708.0	3,286.8	2,663.2
Other income - net	8.5	1.8	5.6
Interest income	20.4	8.1	4.8
Interest expense	(99.7)	(105.1)	(77.1)
Income from continuing operations before income taxes	262.0	240.2	134.5
Provision for income taxes	82.2	80.8	49.0
Income from continuing operations	179.8	159.4	85.5
(Loss) income from discontinued operations - net of tax	(76.2)	27.8	6.3
Net income	$ 103.6	$ 187.2	$ 91.8
Basic earnings (loss) per share:			
Continuing operations	$ 2.62	$ 2.35	$ 1.54
Discontinued operations	(1.11)	0.41	0.11
Net income per share, basic	$ 1.51	$ 2.76	$ 1.65
Diluted earnings (loss) per share:			
Continuing operations	$ 2.59	$ 2.32	$ 1.53
Discontinued operations	(1.10)	0.40	0.11
Net income per share, diluted	$ 1.49	$ 2.72	$ 1.64
Dividends paid per share	$ 1.04	$ 1.04	$ 1.04

The accompanying notes are an integral part of these consolidated financial statements.

THE LUBRIZOL CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Millions of Dollars Except Share Data)	December 31 2006 (as restated, see Note 20)	2005 (as restated, see Note 20)
ASSETS		
Cash and short-term investments	$ 575.7	$ 262.4
Receivables	573.6	585.6
Inventories	589.0	586.0
Other current assets	98.0	138.3
Total current assets	1,836.3	1,572.3
Property and equipment - at cost	2,546.0	2,621.5
Less accumulated depreciation	1,464.7	1,437.1
Property and equipment - net	1,081.3	1,184.4
Goodwill	1,076.1	1,138.8
Intangible assets - net	322.8	407.2
Investments in non-consolidated companies	7.7	7.6
Other assets	66.7	60.9
TOTAL	$ 4,390.9	$ 4,371.2
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term debt and current portion of long-term debt	$ 3.7	$ 7.9
Accounts payable	340.5	372.2
Accrued expenses and other current liabilities	290.2	285.6
Total current liabilities	634.4	665.7
Long-term debt	1,538.0	1,662.9
Pension obligations	237.9	140.6
Other postretirement benefit obligations	93.5	109.5
Noncurrent liabilities	72.3	82.8
Deferred income taxes	80.4	107.7
Total liabilities	2,656.5	2,769.2
Minority interest in consolidated companies	51.3	50.1
Contingencies and commitments		
Preferred stock without par value - unissued	–	–
Common shares without par value - 69,020,569 and 68,043,241 outstanding shares at December 31, 2006 and 2005, respectively	710.1	663.7
Retained earnings	1,033.8	1,001.7
Accumulated other comprehensive loss	(60.8)	(113.5)
Total shareholders' equity	1,683.1	1,551.9
TOTAL	$ 4,390.9	$ 4,371.2

The accompanying notes are an integral part of these consolidated financial statements.

THE LUBRIZOL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of Dollars)	Year Ended December 31 2006 (as restated, see Note 20)	2005 (as restated, see Note 20)	2004 (as restated, see Note 20)
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net income	$ 103.6	$ 187.2	$ 91.8
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	161.8	179.8	154.7
Write-off of acquired in-process research and development	–	–	34.0
Deferred income taxes	28.6	9.1	4.9
Deferred compensation	19.5	16.3	3.4
Restructuring and impairment charges	105.6	11.1	27.5
Loss (gain) from divestitures and sales of property and equipment	9.6	(3.9)	3.1
Change in current assets and liabilities, net of acquisitions and divestitures:			
Receivables	(3.4)	(52.9)	(38.4)
Inventories	(56.2)	(47.5)	(50.0)
Accounts payable, accrued expenses and other current liabilities	(57.1)	56.1	80.7
Other current assets	3.4	6.9	2.5
	(113.3)	(37.4)	(5.2)
Change in noncurrent liabilities	8.5	8.6	11.6
Other items - net	10.9	(8.6)	5.8
Total operating activities	334.8	362.2	331.6
INVESTING ACTIVITIES			
Capital expenditures	(130.9)	(136.7)	(133.2)
Acquisitions - net of cash received and liabilities assumed	–	–	(958.4)
Net proceeds from divestitures and sales of property and equipment	281.9	30.1	3.0
Other items - net	0.4	(0.2)	(0.2)
Total investing activities	151.4	(106.8)	(1,088.8)
FINANCING ACTIVITIES			
Changes in short-term debt - net	(0.6)	(4.0)	(72.6)
Repayments of long-term debt	(143.4)	(512.2)	(1,193.0)
Proceeds from the issuance of long-term debt	–	235.8	1,743.3
Dividends paid	(71.2)	(70.4)	(57.6)
Proceeds from sale of common shares, net of underwriting commissions and offering expenses of $20.2 million	–	–	470.0
Payment of debt issuance costs	–	(0.8)	(16.8)
Payment of treasury rate lock upon settlement	–	–	(73.9)
Payment on termination of interest rate swaps	–	–	(2.9)
Proceeds from the exercise of stock options	31.3	38.8	12.0
Total financing activities	(183.9)	(312.8)	808.5
Effect of exchange rate changes on cash	11.0	(16.1)	25.9
Net increase (decrease) in cash and short-term investments	313.3	(73.5)	77.2
Cash and short-term investments at the beginning of year	262.4	335.9	258.7
Cash and short-term investments at the end of year	$ 575.7	$ 262.4	$ 335.9

The accompanying notes are an integral part of these consolidated financial statements.

THE LUBRIZOL CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In Millions)	Number of Shares Outstanding	Shareholders' Equity: Common Shares	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
BALANCE, JANUARY 1, 2004, AS PREVIOUSLY REPORTED	51.6	$ 123.8	$ 865.5	$ (36.0)	$ 953.3
Restatement adjustments, see Note 20	–	–	(10.5)	(1.8)	(12.3)
BALANCE, JANUARY 1, 2004, AS RESTATED	51.6	123.8	855.0	(37.8)	941.0
Comprehensive income:					
Net income 2004		–	91.8	–	91.8
Other comprehensive income		–	–	50.5	50.5
Total comprehensive income					142.3
Dividends declared		–	(61.6)	–	(61.6)
Common shares - issued in public offerings	14.7	470.0	–	–	470.0
Deferred stock compensation		3.4	–	–	3.4
Common shares - treasury:					
Shares issued upon exercise of stock options and awards	0.5	13.4	–	–	13.4
BALANCE, DECEMBER 31, 2004, AS RESTATED	66.8	610.6	885.2	12.7	1,508.5
Comprehensive income:					
Net income 2005		–	187.2	–	187.2
Other comprehensive loss		–	–	(126.2)	(126.2)
Total comprehensive income					61.0
Dividends declared		–	(70.7)	–	(70.7)
Deferred stock compensation		8.8	–	–	8.8
Common shares - treasury:					
Shares issued upon exercise of stock options and awards	1.2	44.3	–	–	44.3
BALANCE, DECEMBER 31, 2005, AS RESTATED	68.0	663.7	1,001.7	(113.5)	1,551.9
Comprehensive income:					
Net income 2006		–	103.6	–	103.6
Other comprehensive income		–	–	115.5	115.5
Total comprehensive income					219.1
Adjustment to recognize pension and other postretirement benefit plans funded status		–	–	(62.8)	(62.8)
Dividends declared		–	(71.5)	–	(71.5)
Deferred stock compensation		11.2	–	–	11.2
Common shares - treasury:					
Shares issued upon exercise of stock options and awards	1.0	35.2	–	–	35.2
BALANCE, DECEMBER 31, 2006, AS RESTATED	69.0	$ 710.1	$ 1,033.8	$ (60.8)	$ 1,683.1

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Financial Statements
(In Millions Except Per Share Data)

Note 1 - NATURE OF OPERATIONS

The Lubrizol Corporation (the company) is an innovative specialty chemical company that produces and supplies technologies that improve the quality and performance of its customers' products in the global transportation, industrial and consumer markets. These technologies include lubricant additives for engine oils, other transportation-related fluids and industrial lubricants, as well as additives for gasoline and diesel fuel. In addition, the company makes ingredients and additives for personal care products and pharmaceuticals; engineered polymers, including plastics technology; and performance coatings in the form of specialty resins and additives.

The company is organized into two operating and reporting segments: Lubrizol Additives (formerly known as the "Lubricant Additives" segment) and Lubrizol Advanced Materials (formerly known as the "Specialty Chemicals" segment). Refer to Note 15 for a further description of the nature of the company's operations, the product lines within each of the operating segments, segment operating income and related financial disclosures for the reportable segments.

Note 2 - SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION - The consolidated financial statements include the accounts of the company and its consolidated subsidiaries. The company consolidates certain entities in which it owns less than a 100% equity interest if it is either deemed to be the primary beneficiary in a variable interest entity, as defined in Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 46 (revised December 2003), "Consolidation of Variable Interest Entities" or where its ownership interest is at least 50% and the company has effective management control. The equity method of accounting is applied to non-consolidated entities in which the company can exercise significant influence over the entity with respect to its operations and major decisions. The book value of investments carried on the equity method was $6.3 million and $6.1 million at December 31, 2006 and 2005, respectively. Investments carried at cost were $1.4 million and $1.5 million at December 31, 2006 and 2005, respectively.

DISCONTINUED OPERATIONS - The results of a component of the company that either has been disposed of or is classified as held for sale are reported in discontinued operations in accordance with the requirements of Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." A component of an entity is classified as held for sale when the transaction has been approved by the appropriate level of management and there are no known significant contingencies outstanding that would prevent the sale from closing within one year. The results of operations of all entities that have been disposed of or that are classified as held for sale in 2006 and 2005 have been classified as discontinued operations in all periods presented in the consolidated statements of income. The 2006, 2005 and 2004 cash flow statements are presented on a consolidated basis, including both continuing operations and discontinued operations.

USE OF ESTIMATES - The preparation of consolidated 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS - The company invests its excess cash in short-term investments with various banks and financial institutions. Short-term investments are cash equivalents, as they are part of the cash management activities of the company and are comprised of investments having maturities of three months or less when purchased.

INVENTORIES - Inventories are stated at the lower of cost or market value. Cost of inventories is determined by either the first-in, first-out (FIFO) method or the moving-average method, except in the United States for chemical inventories, which primarily are valued using the last-in, first-out (LIFO) method.

The company accrues volume discounts on purchases from vendors where it is probable that the required volume will be attained and the amount can be reasonably estimated. The company records the discount as a reduction in the cost of the purchase (generally raw materials), based on projected purchases over the purchase agreement period.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material. This standard requires that such items be recognized as current-period charges. The standard also establishes the concept of "normal capacity" and requires the allocation of fixed production overhead to inventory based on the normal capacity of the production facilities. Any unallocated overhead must be recognized as an expense in the period incurred. This standard was effective for inventory costs incurred beginning on January 1, 2006. The company's adoption of this standard did not have a material impact on its financial position, results of operations or cash flows.

PROPERTY AND EQUIPMENT - Property and equipment are carried at cost. Repair and maintenance costs are charged against income while renewals and betterments are capitalized as additions to the related assets. Costs incurred for computer software developed or obtained for internal use are capitalized for application development activities and immediately expensed for preliminary project activities or post-implementation activities. Accelerated depreciation methods, which are used in computing depreciation on certain machinery and equipment, comprised approximately 6% of the depreciable assets at December 31, 2006 and 2005. The remaining assets are depreciated using the straight-line method. The estimated useful lives are 10 to 40 years for buildings and improvements for buildings and land. Estimated useful lives range from 3 to 20 years for machinery and equipment.

IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS - The company reviews the carrying value of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. An impairment loss exists when estimated undiscounted future cash flows expected to result from the use of the asset, including disposition, are less than the carrying value of the asset. The measurement of the impairment loss to be recognized is based on the difference between the fair value and the carrying amounts of the assets. Fair value is generally determined based on a discounted cash flow analysis. In order to determine if an asset has been impaired, assets are grouped and tested at the lowest level for which identifiable, independent, cash flows are available.

GOODWILL AND INTANGIBLE ASSETS - Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired and is not amortized in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." Goodwill is tested for impairment annually, and between annual tests if an event occurs or circumstances change that indicates the carrying amount may be impaired. The company has elected to perform its annual tests for potential impairment of goodwill and indefinite-lived intangible assets as of October 1 of each year. Impairment testing is performed at the reporting unit level. An impairment loss generally would be recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit. The estimated fair value of a reporting unit is determined through a combination of discounted cash flow analysis and terminal value calculations.

Intangible assets resulting from business acquisitions, including customer lists, purchased technology, trademarks, patents, land-use rights and non-compete agreements, are amortized on a straight-line method over periods ranging from 3 to 40 years. Under SFAS No. 142, intangible assets determined to have indefinite lives are not amortized, but are tested for impairment at least annually. As part of the annual impairment test, the non-amortized intangible assets are reviewed to determine if the indefinite status remains appropriate.

DEFERRED FINANCING COSTS - Costs incurred with the issuance of debt and credit facilities are capitalized and amortized over the life of the associated debt as a component of interest expense using the effective interest method of amortization. In June 2004, the company initially financed the Noveon International, Inc. acquisition with a temporary bridge facility. Fees associated with the bridge facility were capitalized and amortized over the bridge financing period. A total of $11.2 million was incurred in bridge facility fees in June 2004. These fees were expensed ratably through September 2004 when the bridge facility was repaid in full. In September 2004, the company incurred $16.8 million in debt issuance costs and fees relating to the issuance of $1,150.0 million in senior notes and debentures, and a $1,075.0 million five-year credit facility. Such costs are being amortized under the effective interest method over the respective terms of the debt. Net deferred financing costs were $15.7 million and $18.3 million at December 31, 2006 and 2005, respectively. Amortization expense incurred in 2006, 2005 and 2004 was $2.9 million, $3.6 million and $1.6 million, respectively.

ENVIRONMENTAL LIABILITIES - The company accrues for expenses associated with environmental remediation obligations when such expenses are probable and reasonably estimable, based upon current law and existing technologies. These accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

SHARE REPURCHASES - The company uses the par-value method of accounting for its treasury shares. Under this method, the cost to reacquire shares in excess of paid-in capital related to those shares is charged against retained earnings.

FOREIGN CURRENCY TRANSLATION - The assets and liabilities of the company's international subsidiaries are translated into U.S. dollars at exchange rates in effect at the balance sheet date, while revenues and expenses are translated at weighted-average exchange rates in effect during the period. Unrealized translation adjustments are recorded as a component of accumulated other comprehensive income or loss in the consolidated statements of shareholders' equity, except for subsidiaries for which the functional currency is other than the local currency, where translation adjustments are recognized in income. Transaction gains or losses that arise from exchange rate changes on transactions denominated in a currency other than the functional currency, except those transactions that function as a hedge of an identifiable foreign currency commitment or as a hedge of a foreign currency investment, are included in income as incurred.

REVENUE RECOGNITION - Revenues are recognized at the time of shipment of products to customers, or at the time of transfer of title, if later, and when collection is reasonably assured. All amounts in a sales transaction billed to a customer related to shipping and handling are reported as revenues.

Provisions for sales discounts and rebates to customers are recorded, based upon the terms of sales contracts, in the same period the related sales are recorded, as a deduction to the sale. Sales discounts and rebates are offered to certain customers to promote customer loyalty and encourage greater product sales. These rebate programs provide that upon the attainment of pre-established volumes or the attainment of revenue milestones for a specified period, the customer receives credits against purchases. The company estimates the provision for rebates based on the specific terms in each agreement at the time of shipment and an estimate of the customer's achievement of the respective revenue milestones.

COMPONENTS OF COST OF SALES - Cost of sales is comprised of raw material costs including freight and duty, inbound handling costs associated with the receipt of raw materials, direct production, maintenance and utility costs, plant and engineering overhead, terminals and warehousing costs, and outbound shipping and handling costs.

RESEARCH, TESTING AND DEVELOPMENT - Research, testing and development costs are expensed as incurred. Research and development expenses, excluding testing, were $135.3 million in 2006, $128.1 million in 2005 and $103.7 million in 2004. Costs to acquire in-process research and development (IPR&D) projects that have no alternative future use and that have not yet reached technological feasibility at the date of acquisition are expensed upon acquisition.

INCOME TAXES - The company provides for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of the assets and liabilities.

In June 2006, the FASB issued FIN No. 48, "Accounting for Uncertainty in Income Taxes," that prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Under FIN No. 48, a contingent tax asset only will be recognized if it is more likely than not that a tax position ultimately will be sustained. After this threshold is met, a tax position is reported at the largest amount of benefit that is more likely than not to be realized. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. FIN No. 48 is effective for fiscal years beginning after December 15, 2006. This Interpretation requires the cumulative effect of applying the provisions to be reported separately as an adjustment to the opening balance of retained earnings in the year of adoption. The company currently is evaluating the impact of this recently issued Interpretation on its consolidated financial statements.

PER SHARE AMOUNTS - Net income per share is computed by dividing net income by average common shares outstanding during the period, including contingently issuable shares. Net income per diluted share includes the dilutive impact resulting from outstanding stock options and awards. Per share amounts are computed as follows:

	2006	2005	2004
Numerator:			
Income from continuing operations	$ 179.8	$ 159.4	$ 85.5
(Loss) income from discontinued operations - net of tax	(76.2)	27.8	6.3
Net income	$ 103.6	$ 187.2	$ 91.8
Denominator:			
Weighted-average common shares outstanding	68.7	67.9	55.7
Dilutive effect of stock options and awards	0.6	0.9	0.3
Denominator for net income per share, diluted	69.3	68.8	56.0
Basic earnings (loss) per share:			
Continuing operations	$ 2.62	$ 2.35	$ 1.54
Discontinued operations	(1.11)	0.41	0.11
Net income per share, basic	$ 1.51	$ 2.76	$ 1.65
Diluted earnings (loss) per share:			
Continuing operations	$ 2.59	$ 2.32	$ 1.53
Discontinued operations	(1.10)	0.40	0.11
Net income per share, diluted	$ 1.49	$ 2.72	$ 1.64

There were no shares excluded from the diluted earnings per share calculations because they were antidilutive in 2006 and 2005. There were 1.1 million weighted-average shares issuable upon the exercise of stock options and awards that were excluded from the diluted earnings per share calculation because they were antidilutive in 2004.

ACCOUNTING FOR DERIVATIVE INSTRUMENTS - Derivative financial instruments are recognized on the balance sheet as either assets or liabilities and are measured at fair value. Derivatives that are not hedges are adjusted to fair value through income. Depending upon the nature of the hedge, changes in fair value of the derivative are either offset against the change in fair value of assets, liabilities or firm commitments through earnings or recognized in other comprehensive income or loss until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in value is recognized immediately in earnings. The company only uses derivative financial instruments to manage well-defined interest rate, foreign currency and commodity price risks. The company does not use derivatives for trading purposes.

COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES - Liabilities for costs associated with exit or disposal activities are recognized and measured initially at fair value when the liability is incurred pursuant to the requirements of SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities."

ASSET-RETIREMENT OBLIGATIONS - The company accounts for asset retirement obligations in accordance with SFAS No. 143, "Accounting for Asset Retirement Obligations" and FIN No. 47, "Accounting for Conditional Asset-Retirement Obligations - an interpretation of FASB Statement No. 143." FIN No. 47 requires the recognition of a liability for the fair value of a legal obligation to perform asset-retirement obligations (AROs) that are conditional on a future event if the amount can be reasonably estimated. The company has identified AROs related to certain of its leased facilities and to asbestos remediation activities that may be required in the future. However, due to the long-term, productive nature of the company's manufacturing operations, absent plans or expectation of plans to initiate asset retirement activities, the company is unable to reasonably estimate the fair value of such asbestos remediation liabilities since the potential settlement dates cannot be determined at this time.

GUARANTEES - FIN No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" requires the recognition of a liability for any guarantees entered into or modified. At December 31, 2006, the company had guaranteed the timely performance of payment obligations under supplier contracts by a third-party purchaser of the company's food ingredients and industrial specialties (FIIS) business. The company believes that it is highly unlikely that an event would occur requiring the company to pay any monies pursuant to the guarantee. Accordingly, no liability has been reflected in the accompanying consolidated balance sheet at December 31, 2006 (see Note 18). The company did not have any other material guarantees within the scope of FIN No. 45 at December 31, 2006 and 2005, respectively.

STOCK-BASED COMPENSATION - Effective January 1, 2006, the company adopted the fair value recognition provisions of SFAS No. 123R, "Share-Based Payment," using the modified prospective transition method and therefore has not restated results for prior periods. Under this transition method, stock-based compensation expense for 2006 includes compensation expense for all stock-based compensation awards granted prior to, but not yet vested as of, January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Stock-based compensation expense for all stock-based compensation awards granted after January 1, 2006 is based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123R. The company recognizes these compensation costs, net of a forfeiture rate, on a straight-line basis over the requisite service period of the award, which generally is the option vesting term of three years with the options becoming exercisable 50% one year after date of grant, 75% after two years and 100% after three years. The company estimates the forfeiture rate based on its historical experience during the preceding 10 years.

The following table shows the pro forma effect on net income and earnings per share if the company had applied the fair-value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation for 2005 and 2004. There is no pro forma presentation necessary after December 31, 2005 as the company adopted the fair value recognition provisions of SFAS No. 123R on January 1, 2006.

	2005	2004
Reported net income	$ 187.2	$ 91.8
Plus: Stock-based employee compensation (net of tax) included in net income	5.5	2.1
Less: Stock-based employee compensation (net of tax) using the fair value method	(6.5)	(6.0)
Pro forma net income	$ 186.2	$ 87.9
Reported net income per share, basic	$ 2.76	$ 1.65
Pro forma net income per share, basic	$ 2.74	$ 1.58
Reported net income per share, diluted	$ 2.72	$ 1.64
Pro forma net income per share, diluted	$ 2.71	$ 1.57

FAIR VALUE MEASUREMENTS - In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and expands disclosure about fair value measurements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but simplifies and codifies related guidance within U.S. GAAP. SFAS No. 157 establishes a fair value hierarchy from observable market data as the highest level to fair value based on an entity's own fair value assumptions as the lowest level. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those years. SFAS No. 157 requires adoption prospectively as of the beginning of the fiscal year in which this statement is initially applied, with the exception of certain financial instruments, in which adoption is applied retrospectively as of the beginning of the fiscal year in which this statement is initially applied. The company is currently evaluating the impact of this recently issued standard on its consolidated financial statements.

ACCOUNTING CHANGES AND ERROR CORRECTIONS - In September 2006, the Securities and Exchange Commission (SEC) released Staff Accounting Bulletin (SAB) No. 108, "Considering the Effects of Prior Year

Misstatements when Quantifying Misstatements in Current Year Financial Statements." SAB No. 108 provides guidance on how the effects of prior-year uncorrected financial statement misstatements should be considered in quantifying a current-year misstatement. SAB No. 108 requires registrants to quantify misstatements using both an income statement (rollover) and balance sheet (iron curtain) approach and evaluate whether either approach results in a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. If prior-year errors that previously had been considered immaterial now are considered material based on either approach, no restatement is required so long as management properly applied its previous approach and all relevant facts and circumstances were considered. If prior years are not restated, a cumulative-effect adjustment is recorded in opening accumulated earnings as of the beginning of the fiscal year of adoption. SAB No. 108 is effective for the company for the fiscal year ended December 31, 2006. The company's adoption of this standard did not have a material impact on its consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." This standard establishes new standards on accounting for changes in accounting principles. Pursuant to the new rules, all such changes must be accounted for by retrospective application to the financial statements of prior periods unless it is impracticable to do so. SFAS No. 154 completely replaces Accounting Principles Board (APB) Opinion No. 20 and SFAS No. 3, though it carries forward the guidance in those pronouncements with respect to accounting for changes in estimates, changes in the reporting entity, and the correction of errors. This statement is effective for accounting changes and corrections of errors beginning January 1, 2006. The company's adoption of this standard did not have a material impact on its consolidated financial statements.

RECLASSIFICATIONS - Certain prior period amounts have been reclassified to conform to the current year presentation.

Note 3 - ACQUISITIONS

On February 7, 2007, the company completed the acquisition of a broad line of additive products used in the metalworking markets worldwide from Lockhart Chemical Company (Lockhart), a private company with headquarters in Gibsonia, Pennsylvania. Lockhart is recognized in the metalworking industry for its application and formulation capabilities and quality products. The company purchased Lockhart's entire metalworking product line, which includes: natural, synthetic and gelled sulfonates; emulsifier packages; corrosion inhibitors and lubricity agents; grease additives; oxidates; esters; soap; semi-finished coatings; and rust preventatives. In 2006, these product lines had annualized revenues of approximately $20.0 million.

On June 3, 2004, the company completed the acquisition of Noveon International for cash of $920.2 million (inclusive of $32.9 million in certain seller expenses) plus transaction costs of $11.4 million and less cash acquired of $103.0 million. In addition, the company assumed $1,103.1 million of long-term indebtedness from Noveon International.

The acquisition and related costs initially were financed with the proceeds of a $2,450.0 million 364-day bridge credit facility. Shortly after the acquisition, the company repaid substantially all of the assumed long-term debt of Noveon International with proceeds of the temporary bridge loan. In addition, the temporary bridge loan was repaid in full in September 2004 with the proceeds from the permanent financing obtained by the issuance of senior notes, debentures and equity and the borrowing of $575.0 million of bank term loans, resulting in proceeds of approximately $2,170.0 million, net of underwriting commissions, discounts and transaction costs. The company recorded the various assets acquired and liabilities assumed, primarily working capital accounts, of Noveon International at their estimated fair values determined as of the acquisition date under the purchase method of accounting. Actuarial valuations were completed for the projected pension and other post-employment benefit obligations and were reflected in the purchase price allocation. Appraisals of long-lived assets and identifiable intangible assets, including an evaluation of IPR&D projects, also were obtained.

The purchase price included the estimated fair value of IPR&D projects totaling $34.0 million that, as of the acquisition date, had not yet reached technological feasibility and had no alternative future use. As a result, the full amount allocated to IPR&D was expensed in 2004. There were nine projects acquired in the Noveon International transaction in several different product lines. The projects were at varying stages of completeness ranging from the early development stage to prototype testing at the time of acquisition. The inventory step-up to fair value totaled $24.2 million, of which $9.8 million was expensed in 2004. As the remaining step-up relates to inventories accounted for on the LIFO method of accounting, the company does not anticipate that additional amounts of step-up will be expensed in the near term.

The 2004 historical results of the company include revenues and expenses of Noveon International since the date of acquisition.

In January 2004, the company completed the acquisition of the coatings hyperdispersants business from Avecia for cash totaling $129.7 million, including transaction costs of $2.2 million. This business is headquartered in Blackley, United Kingdom and develops, manufactures and markets high-value additives that are based on polymeric dispersion technology and used in coatings and inks.

Note 4 - DIVESTITURES

In May 2006, the company sold the FIIS business and the active pharmaceutical ingredients and intermediate compounds business (A&I), both of which were included in the Lubrizol Advanced Materials segment. A&I and almost all of FIIS were included in the Noveon consumer specialties product line. A small portion of the FIIS divestiture was included in the performance coatings product line. In consideration for the FIIS and A&I businesses, the company received net cash proceeds of approximately $254.8 million and $10.4 million, respectively. The company recorded a $10.4 million pretax ($15.9 million after-tax) loss on the sale of these divested businesses. The tax charge of $5.5 million primarily related to the difference in book and tax basis in goodwill. The net charge of $76.2 million recorded in discontinued operations in 2006 also reflected a $60.6 million after-tax goodwill impairment charge in the first quarter of 2006 to reduce the FIIS business to its carrying value. The company performed the impairment test on the FIIS business in connection with its classification as held for sale and estimated its fair value based on expected proceeds from the sale, less transaction costs. In addition, a charge of $4.4 million pretax ($2.9 million after-tax) was recorded in the fourth quarter of 2006 to write-off an intangible asset associated with the FIIS business.

The company performed a SFAS No. 144 impairment test of the FIIS business at December 31, 2005 and determined that the estimated fair value of the FIIS business exceeded its carrying value. The company calculated the fair value using a probability-weighted assessment based on selling the businesses versus continuing operations of the businesses. Based on the results of this impairment analysis, an impairment charge was not warranted at December 31, 2005.

In February 2006, the company sold certain assets and liabilities of its Telene® resins business (Telene), which was included in the Lubrizol Advanced Materials segment. The company received net cash proceeds of $6.2 million for the sale of Telene.

The results of the FIIS, A&I and the Telene businesses were reflected in the (loss) income from discontinued operations - net of tax line item in the consolidated statements of income for 2006, 2005 and 2004, respectively.

In December 2005, the company sold certain assets, liabilities and stock of its Engine Control Systems (ECS) business and, in September 2005, the company sold certain assets and liabilities of its U.S. and U.K. Lubrizol Performance Systems (LPS) operations, both of which were included in the Lubrizol Additives segment. The company reflected the results of these businesses in the (loss) income from discontinued operations - net of tax line item in the consolidated statements of income for 2005 and 2004, respectively.

Revenues from discontinued operations were $143.8 million, $476.7 million and $295.1 million in 2006, 2005 and 2004, respectively. Loss from discontinued operations - net of tax was $76.2 million in 2006 and primarily related to a $60.6 million after-tax goodwill impairment charge on the FIIS business recorded in the first quarter of 2006 and a $16.6 million after-tax loss on the sale of divested businesses. Loss from discontinued operations - net of tax in 2006 includes income tax expense of $9.4 million. Income from discontinued operations - net of tax in 2005 was $27.8 million and includes income tax expense of $15.5 million. Income from discontinued operations - net of tax in 2004 was $6.3 million and includes income tax expense of $3.1 million.

The company's consolidated balance sheet at December 31, 2006 does not reflect any businesses classified as discontinued operations as all activities related to discontinued operations were fully completed during 2006. The company's consolidated balance sheet at December 31, 2005 included $132.1 million in current assets, $115.6 million in net property and equipment, $87.6 million in goodwill, $24.8 million in net intangible assets, $0.6 million in other current assets, $8.5 million in current liabilities and $6.4 million in long-term liabilities pertaining to businesses reflected as discontinued operations.

Note 5 - INVENTORIES

	2006	2005
Finished products	$ 315.0	$ 319.6
Products in process	108.2	86.9
Raw materials	138.2	151.2
Supplies and engine test parts	27.6	28.3
Total inventory	$ 589.0	$ 586.0

Inventories valued using the LIFO method were 40% and 42% of consolidated inventories at December 31, 2006 and 2005, respectively. The current replacement cost of these inventories exceeded the LIFO cost at December 31, 2006 and 2005 by $132.8 million and $121.5 million, respectively.

Note 6 - GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill is tested for impairment at the reporting unit level as of October 1 of each year or if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying amount. No impairment of goodwill was identified in connection with the 2006, 2005 or 2004 annual impairment test.

The carrying amount of goodwill by reporting segment follows:

	Lubrizol Advanced Materials	Lubrizol Additives	Total
Balance, January 1, 2005	$ 1,052.9	$ 100.9	$ 1,153.8
Goodwill acquired	32.9	–	32.9
Translation & other adjustments	(42.8)	(5.1)	(47.9)
Balance, December 31, 2005	1,043.0	95.8	1,138.8
Goodwill of divestitures	(87.6)	–	(87.6)
Translation & other adjustments	22.9	2.0	24.9
Balance, December 31, 2006	$ 978.3	$ 97.8	$ 1,076.1

The decrease in the carrying amount of goodwill from December 31, 2005 to December 31, 2006 primarily reflects the elimination of the goodwill of divestitures in the Lubrizol Advanced Materials segment of $87.6 million, of which $85.1 million was associated with the FIIS business sold in the second quarter of 2006 and $2.5 million related to the Telene business sold during the first quarter of 2006. The $85.1 million goodwill reduction related to the FIIS business includes an impairment charge of $60.6 million reflected in the first quarter of 2006 and a $24.5 million disposition of the residual balance at the time of sale (see Note 4).

Intangible Assets

The major components of the company's identifiable intangible assets are customer lists, technology, trademarks, patents, land-use rights and non-compete agreements. Definite-lived intangible assets are amortized over their useful lives, which range between 3 and 40 years. The company's indefinite-lived intangible assets consist of certain trademarks which are tested for impairment each year as of October 1 or more frequently if impairment indicators arise. Indefinite-lived trademarks are assessed for impairment separately from goodwill. No impairment of indefinite-lived trademarks was identified in connection with the 2006, 2005 or 2004 annual impairment test. However, the decrease in gross intangible assets from December 31, 2005 to December 31, 2006 primarily was due to a $41.2 million write-down of the Noveon trade name in the Lubrizol Advanced Materials segment during the fourth quarter of 2006 (see Note 17) and intangible assets associated with the FIIS business sold during the second quarter of 2006.

The following table shows the components of identifiable intangible assets as of December 31, 2006 and 2005:

	2006		2005	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Customer lists	$ 145.0	$ 24.0	$ 151.5	$ 15.8
Technology	139.8	44.9	144.4	35.6
Trademarks	20.7	5.5	24.5	4.2
Patents	14.0	4.2	11.8	2.5
Land-use rights	7.5	1.2	7.3	1.0
Non-compete agreements	8.2	7.2	9.1	5.9
Other	0.9	0.7	8.0	0.7
Total amortized intangible assets	336.1	87.7	356.6	65.7
Non-amortized trademarks	74.4	–	116.3	–
Total	$ 410.5	$ 87.7	$ 472.9	$ 65.7

Annual intangible amortization expense for the next five years will approximate $22.5 million in 2007, $21.0 million in 2008 and $19.3 million in 2009, 2010 and 2011, respectively.

Note 7 - DEBT

The company's debt is comprised of the following at December 31, 2006 and 2005:

	2006	2005
Short-term debt:		
Yen denominated, at weighted-average rates of 0.8% and 0.5%	$ 2.5	$ 2.5
Other	0.2	0.8
Current portion of long-term debt	1.0	4.6
Total	$ 3.7	$ 7.9
Long-term debt:		
5.875% notes, due 2008, including a fair value adjustment of $(1.1) million and $(0.6) million in 2006 and 2005, respectively, for unrealized losses on derivative hedge instruments and remaining unamortized gain on termination of swaps of $5.2 million and $8.0 million in 2006 and 2005, respectively	$ 204.1	$ 207.4
4.625% notes, due 2009, net of original issue discount of $0.2 million and $0.3 million in 2006 and 2005, respectively, and fair value adjustments of $(4.1) million and $(4.3) million for unrealized losses on derivative hedge instruments in 2006 and 2005, respectively	377.5	395.4
5.5% notes, due 2014, net of original issue discount of $2.4 million and $2.7 million in 2006 and 2005, respectively	447.6	447.3
7.25% debentures, due 2025	100.0	100.0
6.5% debentures, due 2034, net of original issue discount of $4.8 million and $4.9 million in 2006 and 2005, respectively	295.2	295.1
Debt supported by long-term banking arrangements:		
Euro revolving credit borrowing, at EURIBOR plus 0.4% (4.1% and 2.9% at December 31, 2006 and 2005, respectively)	112.2	215.6
Other	2.4	6.7
	1,539.0	1,667.5
Less current portion	1.0	4.6
Total	$ 1,538.0	$ 1,662.9

The scheduled principal payments for all outstanding debt are $3.7 million in 2007, $200.5 million in 2008, $382.1 million in 2009, $112.5 million in 2010, $0.2 million in 2011 and $850.1 million thereafter.

During the third quarter of 2006, the company repurchased $18.2 million of its 4.625% notes due in 2009. The weighted-average purchase price was 97.298% per note, resulting in a gain on retirement of $0.5 million. The company also accelerated amortization of $0.6 million in debt issuance costs, original issue discounts and losses on Treasury rate lock agreements associated with the repurchased notes. The remaining outstanding balance on the 4.625% notes due in 2009 was $381.8 million as of December 31, 2006.

In September 2005, certain wholly owned international subsidiaries of the company entered into a five-year unsecured committed €250.0 million revolving credit agreement. This credit agreement permits these designated international subsidiaries to borrow at variable rates based on EURIBOR plus a specified credit spread. In September 2006, two of the company's wholly owned foreign subsidiaries amended their five-year unsecured committed €250.0 million credit

agreement such that neither the company nor its subsidiaries are any longer subject to any investment or acquisition restrictions. No other terms or conditions of the agreement were modified. As of December 31, 2006 and 2005, borrowings of €85.0 million and €182.0 million were outstanding under this agreement, respectively.

In November 2004, the company entered into interest rate swap agreements that effectively converted the interest on $200.0 million of outstanding 4.625% notes due 2009 to a variable rate of six-month LIBOR plus 40 basis points. In June 2004, the company entered into interest rate swap agreements that effectively converted the interest on $200.0 million of outstanding 5.875% notes due 2008 to a variable rate of six-month LIBOR plus 111 basis points. In addition, the company had an interest rate swap agreement, which expired in October 2006, that exchanged variable-rate interest obligations on a notional principal amount of Japanese yen 500.0 million for a fixed rate of 2.0%.

In September 2004, the company issued senior unsecured notes and debentures having an aggregate principal amount of $1,150.0 million including: $400.0 million 4.625% notes due October 1, 2009; $450.0 million 5.5% notes due October 1, 2014; and $300.0 million 6.5% debentures due October 1, 2034. The price to the public was 99.911% per 2009 note, 99.339% per 2014 note and 98.341% per 2034 debenture. The resulting original issue discount from the issuance of these notes and debentures of $8.3 million was recorded as a reduction of the underlying debt issuances and is being amortized over the life of the debt using the effective interest method. Interest is payable semi-annually on April 1 and October 1 of each year, beginning April 1, 2005. The notes and debentures have no sinking fund requirement, but are redeemable, in whole or in part, at the option of the company. The proceeds from these notes and debentures were used to repay a portion of the 364-day credit facility that was utilized to bridge finance the Noveon International acquisition. Including debt issuance costs, original issue discounts and losses on Treasury rate lock agreements, the 2009 notes, 2014 notes and 2034 debentures have effective annualized interest rates of approximately 5.3%, 6.3% and 6.7%, respectively, with a weighted-average interest rate for the aggregate issuances of approximately 6.1%.

In August 2004, the company entered into a five-year $1,075.0 million unsecured bank credit agreement consisting of: $575.0 million in term loans and a $500.0 million committed revolving credit facility. This credit agreement permits the company to borrow at variable rates based upon the U.S. prime rate or LIBOR plus a specified spread. The spread is dependent on the company's long-term unsecured senior debt rating from Standard and Poor's and Moody's Investor Services. In September 2004, the company borrowed $575.0 million in term loans, the proceeds of which were used to repay a portion of the 364-day credit facility used to bridge finance the Noveon International acquisition. Principal on the term loans was due quarterly in equal installments of $14.4 million beginning March 31, 2005, with any remaining unpaid balance due in September 2009. In the fourth quarter of 2004, the company prepaid $75.0 million and, in 2005, the company prepaid the remaining $500.0 million to pay off the bank term loan. The loans were prepayable at any time without penalty. There were no outstanding revolving credit facility borrowings as of December 31, 2006 and 2005. In September 2006, the company amended its five-year unsecured committed U.S. bank credit agreement to reduce the amount of revolving credit available under the agreement from $500.0 million to $350.0 million and extended the maturity date to September 2011. In addition, the company's direct and indirect domestic subsidiaries were released as guarantors under the credit agreement, and the company no longer is subject to any investment or acquisition restrictions. Due to provisions in each of the three indentures underlying the company's outstanding public debt, upon effectiveness of the amendment to the credit agreement described above, the company's direct and indirect domestic subsidiaries were released as guarantors of the outstanding public debt effective in September 2006.

In July 2002, the company terminated its interest rate swap agreements expiring December 2008, which converted fixed-rate interest on $100.0 million of its 5.875% debentures to a variable rate. In terminating the swaps, the company received cash of $18.1 million, which is being amortized as a reduction of interest expense through December 1, 2008, the due date of the underlying debt. Gains and losses on terminations of interest rate swap agreements designated as fair value hedges are deferred as an adjustment to the carrying amount of the outstanding obligation and amortized as an adjustment to interest expense related to the obligation over the remaining term of the original contract life of the terminated swap agreement. In the event of early extinguishment of the outstanding obligation, any unamortized gain or loss from the swaps would be recognized in the consolidated statement of income at the time of such extinguishment. In 2002, the company recorded a $17.3 million unrealized gain, net of accrued interest, on the termination of the interest rate swaps as an increase in the underlying long-term debt. The remaining unrealized gain was $5.2 million and $8.0 million at December 31, 2006 and 2005, respectively.

In November 1998, the company issued notes having an aggregate principal amount of $200.0 million. The notes are unsecured, senior obligations of the company that mature on December 1, 2008, and bear interest at 5.875% per annum, payable semi-annually on June 1 and December 1 of each year. The notes have no sinking fund requirement but are redeemable, in whole or in part, at the option of the company. The company incurred debt issuance costs aggregating $10.5 million,

including a loss of $6.5 million related to closed Treasury rate lock agreements originally entered into as a hedge against changes in interest rates relative to the anticipated issuance of these notes.

The company has debentures outstanding, issued in June 1995, in an aggregate principal amount of $100.0 million. These debentures are unsecured, senior obligations of the company that mature on June 15, 2025, and bear interest at an annualized rate of 7.25%, payable semi-annually on June 15 and December 15 of each year. The debentures are not redeemable prior to maturity and are not subject to any sinking fund requirements.

Interest paid, net of amounts capitalized, was $98.2 million, $104.3 million and $80.0 million during 2006, 2005 and 2004, respectively. The company capitalizes interest on qualifying capital projects. The amount of interest capitalized during 2006, 2005 and 2004 amounted to $1.5 million, $0.7 million and $0.6 million, respectively.

Note 8 - FINANCIAL INSTRUMENTS

The company has various financial instruments, including cash and short-term investments, investments in nonconsolidated companies, foreign currency forward contracts, commodity forward contracts, interest rate swaps and short-term and long-term debt. The company has determined the estimated fair value of these financial instruments by using available market information and generally accepted valuation methodologies. The use of different market assumptions or estimation methodologies could have a material effect on the estimated fair value amounts. The estimated fair value of the company's debt instruments at December 31, 2006 and 2005 approximated $1,533.5 million and $1,687.0 million, compared with the carrying value of $1,541.7 million and $1,670.8 million, respectively.

The company is exposed to market risk from changes in interest rates. The company's policy is to manage interest expense using a mix of fixed-rate and variable-rate debt. To manage this mix in a cost-efficient manner, the company may enter into interest rate swaps in which the company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Interest payments receivable and payable under the terms of the interest rate swap agreements are accrued over the period to which the payment relates and the net difference is treated as an adjustment of interest expense related to the underlying liability.

In November 2004, the company entered into interest rate swap agreements that effectively convert the interest on $200.0 million of outstanding 4.625% notes due 2009 to a variable rate of six-month LIBOR plus 40 basis points. The fair value of the interest rate swaps included in long-term debt was $(4.1) million and $(4.3) million at December 31, 2006 and 2005, respectively. In June 2004, the company entered into interest rate swap agreements that effectively convert the interest on $200.0 million of outstanding 5.875% notes due 2008 to a variable rate of six-month LIBOR plus 111 basis points. The fair value of the interest rate swaps included in long-term debt was $(1.1) million and $(0.6) million at December 31, 2006 and 2005, respectively. These swaps are designated as fair-value hedges of underlying fixed-rate debt obligations and are recorded as an adjustment to long-term debt and noncurrent assets or liabilities. These interest rate swaps qualify for the short-cut method for assessing hedge effectiveness per SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." Changes in fair value of the swaps are offset by the change in fair value of the underlying debt. As a result, there was no impact to earnings in 2006 or 2005 due to hedge ineffectiveness.

The company also had an interest rate swap agreement that matured in October 2006 that exchanged variable-rate interest obligations for a fixed rate on a notional principal amount of Japanese yen 500.0 million. This interest rate swap was designated as a cash-flow hedge.

In April 2004, the company terminated interest rate swap agreements resulting in a pretax charge of $2.9 million recognized in 2004. The interest rate swap, which had an original expiration date of March 2005, exchanged variable-rate interest obligations on a notional principal amount of $50.0 million for a fixed rate of 7.6%. The company terminated the interest rate swap as a result of the company's debt and commercial paper credit rating being downgraded upon the announcement of the Noveon International acquisition effectively eliminating the company's access to the commercial paper market.

In June 2004, the company entered into several Treasury rate lock agreements with an aggregate notional principal amount of $900.0 million, all maturing September 30, 2004, whereby the company had locked in Treasury rates relating to a portion of the then anticipated public debt securities issuance. These rate locks were designated as cash-flow hedges of the forecasted semi-annual interest payments associated with the expected debt issuance. In September 2004, the company incurred a pretax loss on the termination of these agreements in an aggregate amount of $73.9 million. Gains and losses on terminations of Treasury rate lock agreements designated as cash-flow hedges are deferred and amortized as an adjustment to interest expense over the life of the corresponding debt issuance using the effective interest method. The unamortized

balance of the Treasury rate lock recorded in accumulated other comprehensive income, net of tax, was $41.2 million and $44.5 million at December 31, 2006 and 2005, respectively.

The company is exposed to the effect of changes in foreign currency rates on its earnings and cash flow as a result of doing business internationally. In addition to working capital management, pricing and sourcing, the company selectively uses foreign currency forward contracts to lessen the potential effect of currency changes. The maximum amount of foreign currency forward contracts outstanding at any one time was $35.5 million in 2006, $34.4 million in 2005 and $140.8 million in 2004. At December 31, 2006, the company had short-term forward contracts to buy or sell currencies at various dates during 2007 for $28.8 million. At December 31, 2005, the company had short-term forward contracts to buy or sell currencies at various dates during 2006 for $27.3 million. Changes in the fair value of these contracts are recorded in other income. The fair value of these instruments at December 31, 2006 and 2005, and the related adjustments recorded in other income, were an unrealized gain (loss) of $0.2 million and $(0.2) million, respectively.

The company is exposed to market risk from changes in commodity prices. The company uses financial instruments to manage the cost of natural gas and electricity purchases. These contracts have been designated as cash-flow hedges and, accordingly, any effective unrealized gains or losses on open contracts are recorded in other comprehensive income or loss, net of related tax effects. At December 31, 2006 and 2005, the notional amounts of open contracts totaled $15.0 million and $10.1 million, respectively. A hedge liability of $1.9 million ($1.2 million net of tax) and $0.9 million ($0.6 million net of tax) was recorded at December 31, 2006 and 2005, respectively, which represents the net unrealized losses or gains based upon current futures prices at that date. Ineffectiveness was determined to be immaterial in 2006 and 2005. Contract maturities are less than 12 months. As such, the company expects that all of these losses will be reclassified into earnings within the next 12 months.

Note 9 - OTHER BALANCE SHEET INFORMATION

	2006	2005
Receivables:		
Customers	$ 509.3	$ 533.9
Affiliates	4.0	8.1
Other	60.3	43.6
Total	$ 573.6	$ 585.6

Receivables are net of allowance for doubtful accounts of $7.5 million and $10.1 million at December 31, 2006 and 2005, respectively.

	2006	2005
Property and equipment - at cost:		
Land and improvements	$ 177.0	$ 178.0
Buildings and improvements	457.8	456.2
Machinery and equipment	1,820.2	1,912.2
Construction in progress	91.0	75.1
Total	$ 2,546.0	$ 2,621.5

Depreciation expense of property and equipment from continuing operations was $133.3 million, $139.4 million and $115.4 million in 2006, 2005 and 2004, respectively. Depreciation expense of property and equipment from discontinued operations was $4.4 million, $15.2 million and $21.3 million in 2006, 2005 and 2004, respectively.

Accrued expenses and other current liabilities:	2006	2005
Employee compensation	$ 108.1	$ 99.4
Income taxes	48.5	56.3
Sales allowances and rebates	33.8	30.3
Taxes other than income	31.2	31.2
Interest	17.9	17.6
Other	50.7	50.8
Total	$ 290.2	$ 285.6

Dividends payable at December 31, 2006 and 2005 were $17.9 million and $17.7 million, respectively, and are included in accounts payable in the consolidated balance sheet.

Note 10 - SHAREHOLDERS' EQUITY

The company has 147.0 million authorized shares consisting of 2.0 million shares of serial preferred stock, 25.0 million shares of serial preference shares and 120.0 million common shares, each of which is without par value. Common shares outstanding exclude common shares held in treasury of 17.2 million and 18.2 million at December 31, 2006 and 2005, respectively.

In September 2004, the company issued and sold 13.4 million common shares at a price of $33.25 per share. Net proceeds from the sale of common shares were $427.2 million and were used primarily to repay the temporary bridge loan that financed a portion of the Noveon International acquisition. In October 2004, the company issued an additional 1.3 million common shares at a price of $33.25 per share due to the exercise of the over-allotment option relating to the September common share offering. This issuance generated net proceeds to the company of $42.8 million, which were utilized to prepay $40.0 million in term loan debt.

The company has a shareholder rights plan under which one right to buy one-half common share has been distributed for each common share held. The rights may become exercisable under certain circumstances involving actual or potential acquisitions of 20% or more of the common shares by a person or affiliated persons who acquire stock without complying with the requirements of the company's articles of incorporation. The rights would entitle shareholders, other than this person or affiliated persons, to purchase common shares of the company or of certain acquiring persons at 50% of the then current market value. At the option of the directors, the rights may be exchanged for common shares, and may be redeemed in cash, securities or other consideration. The rights will expire in October 2007.

Accumulated other comprehensive (loss) income shown in the consolidated statements of shareholders' equity at December 31, 2006, 2005 and 2004 is comprised of the following:

	Foreign Currency Translation Adjustment	Treasury Rate Locks	Unrealized Gains (Losses) on Interest Rate Swaps	Unrecognized Pension Plan and Other Postretirement Benefit Costs	Accumulated Other Comprehensive (Loss) Income
Balance, January 1, 2004, as previously reported	$ (4.1)	$ –	$ (1.8)	$ (30.1)	$ (36.0)
Restatement adjustments, see Note 20	(1.8)	–	–	–	(1.8)
Balance, January 1, 2004, as restated	(5.9)	–	(1.8)	(30.1)	(37.8)
Other comprehensive income (loss):					
Pretax	96.5	(72.9)	3.2	1.9	28.7
Tax benefit (provision)	(1.9)	25.5	(1.1)	(0.7)	21.8
Total	94.6	(47.4)	2.1	1.2	50.5
Balance, December 31, 2004, as restated	88.7	(47.4)	0.3	(28.9)	12.7
Other comprehensive (loss) income:					
Pretax	(117.3)	4.4	–	(19.1)	(132.0)
Tax benefit (provision)	1.9	(1.5)	–	5.4	5.8
Total	(115.4)	2.9	–	(13.7)	(126.2)
Balance, December 31, 2005, as restated	(26.7)	(44.5)	0.3	(42.6)	(113.5)
Other comprehensive income (loss):					
Pretax	79.2	5.0	–	46.8	131.0
Tax benefit (provision)	0.1	(1.7)	–	(13.9)	(15.5)
Total	79.3	3.3	–	32.9	115.5
Adjustment to recognize pension and other postretirement benefit plans funded status:					
Pretax	$ –	–	–	(92.8)	(92.8)
Tax benefit	–	–	–	30.0	30.0
Total	–	–	–	(62.8)	(62.8)
Balance, December 31, 2006, as restated	$ 52.6	$ (41.2)	$ 0.3	$ (72.5)	$ (60.8)

Note 11 - OTHER INCOME - NET

	2006	2005	2004
Settlement of insurance and legal matters	$ 10.4	$ –	$ –
Currency exchange / transaction (loss) gain	(2.9)	(0.6)	6.6
Equity earnings of nonconsolidated companies	1.0	0.8	0.8
Other - net	–	1.6	(1.8)
Total	$ 8.5	$ 1.8	$ 5.6

Dividends received from nonconsolidated companies were $0.2 million in 2006, $0.9 million in 2005 and $0.4 million in 2004.

Note 12 - INCOME TAXES

Income from continuing operations before income taxes consists of the following:

	2006	2005	2004
United States	$ 75.5	$ 40.2	$ 32.2
Foreign	186.5	200.0	102.3
Total	$ 262.0	$ 240.2	$ 134.5

The provision for income taxes from continuing operations consists of the following:

	2006	2005	2004
Current:			
United States:			
Federal	$ (3.9)	$ 4.0	$ 1.4
State	(0.7)	(0.2)	1.4
Foreign	48.2	67.5	40.9
	43.6	71.3	43.7
Deferred:			
United States:			
Federal	28.6	9.5	17.5
State	8.5	6.1	(1.0)
Foreign	1.5	(6.1)	(11.2)
	38.6	9.5	5.3
Total	$ 82.2	$ 80.8	$ 49.0

The differences between the provision for income taxes at the U.S. statutory rate and the tax shown in the consolidated statements of income are summarized as follows:

	2006	2005	2004
Tax at statutory rate of 35%	$ 91.7	$ 84.1	$ 47.1
U.S. and foreign tax on foreign dividends	7.7	8.1	13.8
U.S. tax benefit on exports	(4.1)	(5.0)	(1.8)
State and local income taxes	5.1	3.8	0.3
Untaxed translation gains	(0.5)	(0.8)	(2.5)
Provision impacts of foreign operations	(19.3)	(11.4)	(7.9)
Other - net	1.6	2.0	1.1
Provision for income taxes	$ 82.2	$ 80.8	$ 49.0

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31 are as follows:

	2006	2005
Deferred tax assets:		
Accrued compensation and benefits	$ 148.4	$ 116.6
Inventory	22.4	16.7
Cash flow hedges	22.9	24.3
Net operating losses and tax credits carried forward	29.9	94.9
Other	23.8	27.0
Total gross deferred tax assets	247.4	279.5
Less valuation allowance	(17.8)	(18.1)
Net deferred tax assets	229.6	261.4
Deferred tax liabilities:		
Depreciation and other basis differences	203.8	233.5
Foreign subsidiary and affiliate undistributed earnings	7.9	6.5
Other	11.9	13.5
Total gross deferred tax liabilities	223.6	253.5
Net deferred tax assets	$ 6.0	$ 7.9

At December 31, 2006, the company had U.S. tax credit carryforwards and state and foreign net operating loss carryforwards (NOLs). The company's U.S. tax credits totaled $15.3 million, of which $8.4 million expire in 2007 through 2026, and $6.9 million have no expiration. The company had $9.3 million of state tax benefit from NOLs, which expire in 2007 through 2026. Foreign NOLs totaled $18.6 million, of which $15.0 million expire in 2008 through 2021 and $3.6 million, which can be carried forward indefinitely. Additionally, the company has incurred losses in a foreign jurisdiction where realization of the future economic benefit is so remote that the benefit is not reflected as a deferred tax asset.

Gross deferred tax assets as of December 31, 2006 and 2005 were reduced by valuation allowances of $17.8 million and $18.1 million, respectively, to reflect the amounts expected to be realized. Of the $17.8 million in valuation allowances at December 31, 2006, $10.2 million relates to certain Noveon International deferred tax assets existing at the time of the 2004 acquisition. Any reversal of this portion of the valuation allowance reduces goodwill. No valuation allowance has been recognized against the U.S. tax credits because management believes that the company will generate sufficient future taxable income during the carryforward period in order to utilize these credits.

U.S. income taxes and foreign withholding taxes are not provided on undistributed earnings of foreign subsidiaries, which are considered to be indefinitely reinvested in the operations of such subsidiaries. The amount of these earnings was approximately $718.3 million at December 31, 2006. Determination of the net amount of unrecognized taxes with respect to these earnings is not practicable.

Income taxes paid during 2006, 2005 and 2004 were $72.9 million, $75.7 million and $34.6 million, respectively.

Note 13 - PENSION, PROFIT SHARING AND OTHER POSTRETIREMENT BENEFIT PLANS

The company has noncontributory defined benefit pension plans covering most employees. Pension benefits under these plans are based on years of service and the employee's compensation. The company's funding policy in the United States is to contribute amounts to satisfy the funding standards of the Internal Revenue Code of 1986, as amended (IRC), and the Employee Retirement Income Security Act of 1974, as amended, and elsewhere to fund amounts in accordance with local regulations. Several of the company's smaller defined benefit plans are not funded.

The investment objective of the funded pension plans sponsored by the company and certain subsidiaries is to assure the timely payment of promised benefits at a minimum cost consistent with prudent standards of investment, given the strength of the company and the subsidiaries, their earnings record, the adequacy of each plan's funding and the age of each entity's work force. The plans utilize diversified investment portfolios and seek to earn returns consistent with a reasonable level of risk. The long-term expected return on plan assets used to determine the net periodic pension cost is based upon each entity's investment allocation and anticipated returns for specific investment classes. In 2006, the company lowered the expected long-term rate of return assumption for the U.S. pension plans 25 basis points to 8.25% (7.48% on a weighted-average basis for all plans) based on investment mix and projected market conditions.

As long-term asset allocation is recognized as the primary determinant of performance, the sponsoring entities generally utilize the following asset allocation targets to achieve their plan investment objectives: 70% equity securities and 30% debt securities. The non-U.S. plans have a slightly higher allocation to debt securities than the U.S. plans. As appropriate, allocation targets and ranges may be established for various subcategories. Allocations are reviewed periodically and adjusted as necessary. In January 2005, the company transferred the Noveon International U.S. pension assets into one master trust arrangement with the company's existing U.S. pension plans. As a result, the combined assets are subject to the same overall investment strategy and management.

Approved pension plan investments include, but are not limited to: equities, fixed-income securities, venture capital, cash and cash equivalent instruments and such other instruments (including mutual fund investments), as the company may approve. Investments in tax-exempt securities, commodities and options, other than covered calls, and the use of leverage are prohibited. Plan investment managers may use derivatives to hedge currency risk and to maintain full investment. Any other use of derivative instruments must be approved by the sponsoring entity.

The market values of pension plan assets are compared periodically to the value of plan benefit obligations. The future value of assets, as calculated based on the expected long-term rate of return, are also compared to expected future plan benefit distributions and contributions to determine the sufficiency of expected plan funding levels. Investment asset allocations are revised as appropriate.

Plan assets are invested in marketable equity securities and fixed-income instruments. The allocation of pension plan assets by major asset class is shown below on a weighted-average basis:

	Percentage of Plan Assets at December 31	
	2006	2005
Asset category:		
Equity securities	73%	72%
Debt securities	27%	28%
Total	100%	100%

No equity or debt securities of the company or any of its subsidiaries were included in the pension plans' assets in 2006 and 2005, respectively.

The company also provides certain non-pension postretirement benefits, primarily health care and life insurance benefits, for retired employees. Most of the legacy Lubrizol full-time employees in the United States may become eligible for health care benefits upon retirement. Full-time employees who retired between January 1, 1992 and December 31, 2002 are also eligible for life insurance benefits. Participants contribute a portion of the cost of these benefits. The company's non-pension postretirement benefit plans are not funded. As part of the Noveon International integration efforts to provide consistent benefits, the company communicated to employees in May 2005 changes to the benefits structure of certain of its U.S. pension and postretirement benefit plans. This communication triggered a remeasurement of the related benefit obligations and net periodic benefit cost in 2005 for both the legacy Noveon International U.S. pension plans as well as for the U.S. postretirement benefit plan. The net impact of the benefit and actuarial assumption changes reduced the company's aggregate net periodic pension and postretirement benefit cost by $3.5 million in 2005. The annualized savings resulting from this benefits change is estimated to be approximately $5.3 million.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)." SFAS No. 158 requires an employer to recognize a plan's funded status in its statement of financial position, measure a plan's assets and obligations as of the end of the employer's fiscal year and recognize the changes in a plan's funded status in comprehensive income in the year in which the changes occur. SFAS No. 158's requirement to recognize a plan's funded status and new disclosure requirements are effective for the company as of December 31, 2006. The requirement to measure plan assets and benefit obligations as of the date of the company's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. Currently, the company measures plan assets as of the date of its fiscal year-end. The company adopted the required provisions of SFAS No. 158 on December 31, 2006.

The incremental effects of adopting SFAS No. 158 on the company's consolidated balance sheet at December 31, 2006 were as follows:

	Balance Before Applying SFAS No. 158	SFAS No. 158 Adjustments	Balance After Applying SFAS No. 158
Current assets:			
Other current assets	$ 104.9	$ (6.9)	$ 98.0
Noncurrent assets:			
Other assets	$ 65.5	$ 1.2	$ 66.7
Intangible assets - net	$ 329.2	$ (6.4)	$ 322.8
Total assets	$ 4,403.0	$ (12.1)	$ 4,390.9
Current liabilities:			
Accrued expenses and other current liabilities	$ 287.2	$ 3.0	$ 290.2
Noncurrent liabilities:			
Pension obligations	$ 149.1	$ 88.8	$ 237.9
Other postretirement health care obligations	$ 104.7	$ (11.2)	$ 93.5
Deferred income taxes	$ 110.3	$ (29.9)	$ 80.4
Total liabilities	$ 2,605.8	$ 50.7	$ 2,656.5
Accumulated other comprehensive income (loss)	$ 2.0	$ (62.8)	$ (60.8)
Total shareholders' equity	$ 1,745.9	$ (62.8)	$ 1,683.1

The change in the projected benefit obligation and plan assets for 2006 and 2005 and the amounts recognized in the consolidated balance sheets at December 31 of the company's defined benefit pension and non-pension postretirement plans were as follows:

	Pension Plans		Other Benefits	
	2006	2005	2006	2005
Change in Projected Benefit Obligation:				
Projected benefit obligation at beginning of year	$ 659.8	$ 576.2	$ 103.2	$ 131.5
Service cost	31.7	29.3	1.8	2.2
Interest cost	34.9	32.2	5.4	6.4
Plan participants' contributions	0.9	0.8	3.6	3.3
Actuarial (gain) loss	(21.0)	76.1	(0.7)	(8.5)
Currency exchange rate change	35.0	(29.3)	1.1	(1.0)
Plan amendments	2.5	2.3	–	(22.1)
Settlements / curtailments	(2.8)	(1.0)	(1.5)	–
Divestitures	(3.6)	–	(6.2)	–
Benefits paid	(26.4)	(26.8)	(8.4)	(8.6)
Benefit obligation at end of year	711.0	659.8	98.3	103.2
Change in Plan Assets:				
Fair value of plan assets at beginning of year	401.1	358.7	–	–
Actual return on plan assets	50.6	46.1	–	–
Employer contributions	24.0	38.7	4.8	5.3
Settlements	–	(0.9)	–	–
Plan participants' contributions	0.9	0.8	3.6	3.3
Currency exchange rate change	19.9	(15.5)	–	–
Adjustments	1.2	–	–	–
Benefits paid	(26.4)	(26.8)	(8.4)	(8.6)
Fair value of plan assets at end of year	471.3	401.1	–	–
Funded Status	$ (239.7)	(258.7)	$ (98.3)	(103.2)
Items not yet recognized as a component of net periodic pension and other postretirement benefit cost (credit):				
Unrecognized net loss	$ 92.3	150.0	27.2	35.5
Unrecognized net transition obligation	0.4	1.0	2.9	3.3
Unrecognized prior service cost (credit)	25.0	24.8	(41.4)	(49.7)
Total	$ 117.7	175.8	$ (11.3)	(10.9)
Net amounts recognized		$ (82.9)		$ (114.1)
Net amounts recognized in the consolidated balance sheets:				
Prepaid benefit cost	$ 1.0	$ 0.3	$ –	$ –
Intangible asset	–	7.5	–	–
Accrued benefit liability	(240.7)	(151.5)	(98.3)	(114.1)
Funded Status	$ (239.7)		$ (98.3)	
Accumulated other comprehensive loss		60.8		–
Net amounts recognized		$ (82.9)		$ (114.1)

The accumulated benefit obligation for all defined benefit pension plans was $554.6 million and $528.7 million at December 31, 2006 and 2005, respectively. The projected benefit obligation and fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets were $697.4 million and $456.6 million, respectively, at December 31, 2006, and $655.8 million and $396.5 million, respectively, at December 31, 2005. The accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were $539.0 million and $450.6 million, respectively, at December 31, 2006 and $321.6 million and $190.0 million, respectively, at December 31, 2005.

The company amortizes gains and losses, as well as the effects of changes in actuarial assumptions and plan provisions, over the average remaining service period of participating employees expected to receive benefits under the plans.

Net periodic pension cost of the company's defined benefit pension plans consists of:

	2006	2005	2004
Service cost - benefits earned during period	$ 31.7	$ 29.3	$ 23.3
Interest cost on projected benefit obligation	34.9	32.2	28.7
Expected return on plan assets	(28.3)	(26.9)	(27.5)
Amortization of prior service costs	2.5	2.4	1.8
Amortization of initial net obligation (asset)	0.7	0.7	(0.1)
Recognized net actuarial loss	8.5	5.5	3.8
Settlement / curtailment loss	2.9	0.3	7.7
Net periodic pension cost	$ 52.9	$ 43.5	$ 37.7

The company recorded a $7.7 million settlement charge in 2004 primarily associated with workforce reductions announced in June 2004 in the United States.

The amount of net loss and prior service cost that is expected to be recognized as a component of net periodic benefit cost in 2007 is $4.9 million and $2.7 million, respectively.

Net periodic non-pension postretirement benefit cost consists of:

	2006	2005	2004
Service cost - benefits earned during period	$ 1.8	$ 2.2	$ 2.9
Interest cost on projected benefit obligation	5.4	6.4	7.3
Amortization of prior service credits	(8.4)	(7.7)	(6.3)
Amortization of initial net obligation	0.4	0.4	0.4
Recognized net actuarial loss	1.8	2.1	2.5
Settlement / curtailment loss	(1.1)	–	–
Net periodic non-pension postretirement benefit (credit) cost	$ (0.1)	$ 3.4	$ 6.8

The amount of net loss, prior service cost (credit) and transition obligation that is expected to be recognized as a component of net periodic non-pension postretirement benefit cost (credit) in 2007 is $1.3 million, $(6.8) million and $0.4 million, respectively.

The company's actuarial assumptions used to determine benefit obligations and earnings effects for its defined benefit pension and non-pension postretirement plans are as follows:

	Pension Plans		Other Benefits	
	2006	2005	2006	2005
The weighted-average assumptions used to determine benefit obligations at December 31:				
Measurement date	12/31	12/31	12/31	12/31
Discount rate	5.63%	5.25%	5.99%	5.50%
Rate of compensation increase	3.99%	3.92%	*	*
The weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:				
Discount rate	5.25%	5.72%	5.50%	6.20%
Expected long-term return on plan assets	7.48%	7.71%	*	*
Rate of compensation increase	3.92%	4.03%	*	*

* Disclosure not applicable

The following table shows the amounts the company contributed to its postretirement plans in 2005 and 2006 and the expected contributions for 2007:

	Pension Plans	Other Plans	Total
2005	$ 38.7	$ 6.4	$ 45.1
2006	24.0	4.8	28.8
2007 (expected)	61.3	4.8	66.1

Expected employer contributions for pension benefits in 2007 include $1.8 million for unfunded plans. The expected contributions to these plans represent an actuarial estimate of future assumed payments based on historic retirement and payment patterns. Actual amounts paid could differ from this estimate.

Contributions by participants to the other benefit plans were $3.6 million and $3.3 million for the years ended December 31, 2006 and 2005, respectively.

The following table shows the benefits expected to be paid in each of the next five years and the aggregate benefits expected to be paid for the subsequent five years:

	Pension Benefits	Other Benefits	Total Benefits
2007	$ 28.8	$ 4.8	$ 33.6
2008	30.4	5.1	35.5
2009	32.6	5.5	38.1
2010	36.8	5.9	42.7
2011	38.7	6.4	45.1
2012-2016	225.7	37.1	262.8

The other benefits in the above table are presented net of expected Medicare Part D subsidy payments of $0.7 million in 2007, $0.8 million in 2008, $0.9 million in 2009, $1.0 million in 2010, $1.1 million in 2011 and $6.7 million in 2012 - 2016. The weighted average of the assumed health care cost trend rates used in measuring the accumulated

postretirement benefit obligation for the company's postretirement benefit plans at December 31, 2006 was 9.11% (8.01% at December 31, 2005), with subsequent annual decrements to an ultimate trend rate of 5.14% by 2012. The assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in the assumed health care cost trend rate would have the following effects as of and for the year ended December 31, 2006:

	One-Percentage-Point	
	Increase	Decrease
Effect on postretirement benefit obligation	$ 11.9	$ (10.2)
Effect on total service and interest cost components	$ 0.9	$ (0.8)

The company also has defined contribution plans, principally involving profit sharing plans and / or 401(k) savings plans, covering most employees in the United States and at certain non-U.S. subsidiaries. Expense for all defined contribution retirement plans was $16.3 million in 2006, $15.3 million in 2005 and $12.8 million in 2004.

Note 14 - LEASES

The company has commitments under operating leases primarily for office space, terminal facilities, land, railcars and various computer and office equipment. Rental expense from continuing operations was $26.4 million in 2006, $28.2 million in 2005 and $25.3 million in 2004. Future minimum rental commitments under operating leases having initial or remaining non-cancelable lease terms exceeding one year are $17.1 million in 2007, $13.8 million in 2008, $9.2 million in 2009, $8.0 million in 2010, $5.6 million in 2011 and $8.6 million thereafter.

Note 15 - SEGMENT AND GEOGRAPHIC INFORMATION

The company is organized into two operating and reporting segments. The company changed the names of its two reporting segments in 2007. The new segment names are Lubrizol Additives, previously known as Lubricant Additives, and Lubrizol Advanced Materials, previously known as Specialty Chemicals. The change was in name only as the management structure of the segments and product lines included in each segment remained unchanged. The Lubrizol Additives segment represented 64% of the company's consolidated revenues for 2006 and is comprised of the company's businesses in engine additives and driveline and industrial oil additives. The Lubrizol Advanced Materials segment represented 36% of the company's consolidated revenues for 2006 and is comprised of the businesses in Noveon consumer specialties, engineered polymers and performance coatings.

Lubrizol Additives consists of two product lines: engine additives and driveline and industrial oil additives. Engine additives is comprised of additives for lubricating engine oils, such as for gasoline, diesel, marine and stationary gas engines and additive components, additives for fuel products and refinery and oil field chemicals, as well as outsourcing strategies for supply chain and knowledge center management. In addition, this product line sells additive components and viscosity improvers within its lubricant and fuel additives product areas. Driveline and industrial oil additives is comprised of additives for driveline oils, such as automatic transmission fluids, gear oils and tractor lubricants and industrial oil additives, such as additives for hydraulic, grease and metalworking fluids, as well as compressor lubricants. Lubrizol Additives product lines generally are produced in company-owned shared manufacturing facilities and largely sold to a common customer base. During 2005, the company sold the equipment companies, ECS and LPS, and recorded the results of operations of these businesses in the (loss) income from discontinued operations- net of tax line item in the consolidated statements of income in 2005 and 2004 (see Note 4).

The Lubrizol Advanced Materials segment consists of Noveon consumer specialties, engineered polymers and performance coatings product lines. The Noveon consumer specialties product line is characterized by global production of acrylic thickeners, specialty monomers, film formers, fixatives, emollients, silicones, surfactants, botanicals and process chemicals. The company markets products in the Noveon consumer specialties product line to the personal care and pharmaceutical primary end-use industries. The Noveon consumer specialties products are sold to customers worldwide and these customers include major manufacturers of cosmetics, personal care products, water soluble polymers and household products. The engineered polymers product line is characterized by products such as TempRite® engineered polymers and Estane® thermoplastic polyurethane. Engineered polymers products are sold to a diverse customer base comprised of major manufacturers in the construction, automotive, telecommunications, electronics and recreation industries. The performance coatings product line includes high-performance polymers and additives for specialty paper, graphic arts, paint and textile coatings applications. During the second quarter of 2006, the

company completed the sale of the FIIS and A&I businesses, while the sale of the Telene business was completed during the first quarter of 2006. The company recorded the results of operations of these divested businesses in the (loss) income from discontinued operations - net of tax line item in the consolidated statements of income for all periods presented (see Note 4).

The company primarily evaluates performance and allocates resources based on segment operating income, defined as revenues less expenses identifiable to the product lines included within each segment, as well as projected future returns. Segment operating income reconciles to consolidated income from continuing operations before income taxes by deducting corporate expenses and corporate other (expense) income that are not attributed to the operating segments, restructuring and impairment charges, the write-off of acquired IPR&D and net interest expense.

The following table summarizes the results of the company's reportable segments for the years ended December 31, 2006, 2005 and 2004:

	2006	2005	2004
Lubrizol Additives:			
Revenues from external customers	$ 2,600.5	$ 2,280.0	$ 1,998.6
Equity earnings	1.0	0.8	0.8
Amortization of intangibles	3.1	3.0	3.0
Operating income	303.0	263.3	238.2
Total assets	1,397.6	1,324.0	1,341.9
Capital expenditures	77.1	70.0	82.4
Depreciation	71.7	79.7	86.2
Lubrizol Advanced Materials:			
Revenues from external customers	$ 1,440.3	$ 1,342.2	$ 865.8
Amortization of intangibles	20.6	20.5	13.9
Operating income	167.6	150.9	78.6
Total assets	2,193.7	2,536.8	2,733.3
Capital expenditures	40.2	51.3	40.1
Depreciation	61.0	59.0	28.1
Corporate:			
Total assets	$ 799.6	$ 510.4	$ 495.9
Capital expenditures	8.4	0.6	0.1
Depreciation	0.6	0.7	1.1
Discontinued operations:			
Capital expenditures	$ 5.2	$ 14.8	$ 10.6
Depreciation	4.4	15.2	21.3
Reconciliation to income from continuing operations before income taxes:			
Segment operating income	$ 470.6	$ 414.2	$ 316.8
Corporate expenses	(73.6)	(61.1)	(44.1)
Corporate other (expense) income - net	(3.8)	–	6.2
Write-off of acquired IPR&D	–	–	(34.0)
Restructuring and impairment charges	(51.9)	(15.9)	(38.1)
Interest expense - net	(79.3)	(97.0)	(72.3)
Income from continuing operations before income taxes	$ 262.0	$ 240.2	$ 134.5

Revenues from external customers by product line are as follows:

	2006	2005	2004
Engine additives	$ 1,665.4	$ 1,404.7	$ 1,222.7
Driveline and industrial oil additives	935.1	875.3	775.9
Total Lubrizol Additives	2,600.5	2,280.0	1,998.6
Performance coatings	543.7	537.6	366.2
Engineered polymers	523.1	462.3	260.2
Noveon consumer specialties	373.5	342.3	239.4
Total Lubrizol Advanced Materials	1,440.3	1,342.2	865.8
Total revenues from external customers	$ 4,040.8	$ 3,622.2	$ 2,864.4

Revenues are attributable to countries based on the location of the customer. The United States is the only country where sales to external customers comprise in excess of 10% of the company's consolidated revenues. Revenues from external customers by geographic zone are as follows:

	2006	2005	2004
United States	$ 1,637.0	$ 1,492.3	$ 1,159.1
Other North America	187.2	178.3	151.0
Europe	1,144.7	1,045.0	835.7
Asia-Pacific / Middle East	823.5	708.8	560.5
Latin America	248.4	197.8	158.1
Total revenues from external customers	$ 4,040.8	$ 3,622.2	$ 2,864.4

The company's sales and receivables are concentrated in the oil and chemical industries. Lubrizol Additives' customers consist primarily of oil refiners and independent oil blenders located in more than 100 countries. The 10 largest customers, most of which are international oil companies and a number of which are groups of affiliated entities, comprised approximately 39%, 39% and 42% of consolidated net sales in 2006, 2005 and 2004, respectively. In 2006, 2005 and 2004, there was no single customer that accounted for more than 10% of consolidated net sales.

Segment assets include receivables, inventories and long-lived assets including goodwill and intangible assets. Corporate assets include cash and short-term investments and other current and noncurrent assets.

The company's principal long-lived assets are located in the following countries at December 31:

	2006	2005
United States	$ 1,525.3	$ 1,827.8
Belgium	375.1	346.1
United Kingdom	154.4	152.5
France	103.9	79.3
Hong Kong	77.5	78.7
China	45.1	45.5
Germany	34.5	31.6
Other	164.4	166.3
Total long-lived assets	$ 2,480.2	$ 2,727.8

Income from continuing operations of non-U.S. subsidiaries was $136.8 million in 2006, $138.6 million in 2005 and $72.6 million in 2004. Dividends received from these subsidiaries were $0.4 million, $151.8 million and $1.2 million in 2006, 2005 and 2004, respectively.

Note 16 - STOCK COMPENSATION PLANS

All references to the number of shares and share units in this Note are based on actual share and unit numbers and are not shown in millions.

Effective January 1, 2006, the company adopted the fair value recognition provisions of SFAS No. 123R, "Share-Based Payment," using the modified prospective transition method and therefore has not restated results for prior periods. Under this transition method, stock-based compensation expense for 2006 includes compensation expense for all stock-based compensation awards granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Stock-based compensation expense for all stock-based compensation awards granted after January 1, 2006 is based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123R. The company recognizes these compensation costs, net of a forfeiture rate, on a straight-line basis over the requisite service period of the award. The company estimates the forfeiture rate based on its historical experience during the preceding 10 years. The impact of adopting SFAS No. 123R in 2006 resulted in an increase in compensation expense of $2.4 million pretax ($1.6 million after-tax).

Prior to January 1, 2006, the company accounted for stock-based compensation using the intrinsic value method under the recognition and measurement principles of APB Opinion 25, "Accounting for Stock Issued to Employees" and related Interpretations and applied SFAS No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" for disclosure purposes only. SFAS No. 123 disclosures included pro forma net income and earnings per share as if the fair value-based method of accounting had been used. Under the provisions of APB No. 25, no stock-based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying stock on the date of grant.

The company utilizes the 2005 Stock Incentive Plan (2005 Plan) and other deferred compensation plans to provide equity awards to its key employees. The 2005 Plan, approved by the company's shareholders on April 25, 2005, provides for the granting of restricted and unrestricted shares and options to buy common shares up to an amount equal to 4,000,000 common shares, of which no more than 2,000,000 can be settled as full-value awards. After the 2,000,000 limit has been reached, full-value awards are counted in a 3-to-1 ratio against the 4,000,000 limit. Options are intended either to qualify as "incentive stock options" under the IRC, or to be "non-statutory stock options" not intended to so qualify. Under the 2005 Plan, options generally become exercisable 50% one year after date of grant, 75% after two years, 100% after three years and expire up to 10 years after grant. The 2005 Plan generally supersedes the 1991 Stock Incentive Plan (1991 Plan), which was terminated by the board of directors with respect to future grants effective November 15, 2004. Options outstanding at December 31, 2006 for all grants under the 1991 Plan are fully vested and remain exercisable until their expiration dates. The exercise price of stock options granted under the 2005 Plan is not less than the fair market value of the shares on the date of grant. The 2005 Plan permits the granting of stock appreciation rights in connection with the grant of options. In addition, the 2005 Plan provides each nonemployee director of the company an automatic annual grant of restricted stock units worth $0.1 million, based on the fair market value of the company's common shares on the date of the Annual Meeting of Shareholders. The restricted stock units generally vest one year after the grant date. For all grants made prior to November 14, 2006, fair market value was defined as the average of the high and low common share prices of the company on the date of grant. For grants made on or after November 14, 2006, fair market value is defined as the closing price of the company's common shares on the date of grant.

Under the 1991 Plan, the company had granted performance share stock awards to certain executive officers. Common shares equal to the number of performance share stock awards granted were to be issued if the market price of the company's common stock reached $45.00 per common share for 10 consecutive trading days or on March 24, 2003, whichever occurred first. Under certain conditions such as retirement, a grantee of performance share stock awards could have been issued a pro-rata number of common shares. The company recognized compensation expense related to performance share stock awards ratably over the estimated period of vesting. On March 24, 2003, 3,500 shares were issued and 57,250 shares were deferred into share units under the deferred compensation plan for officers. The

company allocated 933 and 1,404 share units under this plan in 2006 and 2005, respectively, which represent quarterly dividends paid on the company's shares. As of December 31, 2006, 37,299 share units were outstanding.

Under the Supplemental Retirement Plan for Donald W. Bogus, an account is credited with 500 share units each year and is credited with additional share units for quarterly dividends paid on the company's shares. When Mr. Bogus retires, the company will issue shares equal to the number of share units in his account or the cash equivalent. The company has allocated 54, 55 and 67 share units under this plan for 2006, 2005 and 2004, respectively, which represent quarterly dividends paid on the company's shares. As of December 31, 2006, 2,336 share units were outstanding. For share units attributable to grants credited after January 1, 2004, the payment will be in cash.

Under the Deferred Stock Compensation Plan for Outside Directors, each nonemployee director received 500 share units each year on October 1 and is credited with additional share units for quarterly dividends paid on the company's shares. When a participant ceases to be a director, the company issues shares equal to the number of share units in the director's account. The company has allocated to nonemployee directors 877, 1,022 and 1,351 share units under this plan for 2006, 2005 and 2004, respectively, which represent quarterly dividends paid on the company's shares. As of December 31, 2006, 35,563 share units were outstanding. No new grants have been made under this plan since January 1, 2004.

In addition, under the Deferred Compensation Plan for Directors, the company has allocated 669, 466 and 569 share units to nonemployee directors under this plan for 2006, 2005 and 2004, respectively. These share units continue to accrue quarterly dividends paid on the company's shares. When a participant ceases to be a director, the company issues shares equal to the number of share units in the director's account. As of December 31, 2006, 31,682 share units for nonemployee directors were outstanding.

Under the Executive Council Deferred Compensation Plan, participants may elect to defer any amount of their variable pay. Deferred amounts are converted into share units based on the current market price of the company's shares. There is a 25% company match. Additional share units are credited for quarterly dividends paid on the company's shares. At the end of the deferral period, which is at least three years, the company issues shares equal to the number of share units in the participant's account. The company has allocated to executive officers 31,662, 19,840 and 16,743 share units under this plan in 2006, 2005 and 2004, respectively. As of December 31, 2006, 92,523 share units for executive officers were outstanding. For share units attributable to the company match credited after January 1, 2004, distributions will be made in cash.

Under the 1991 Plan, effective January 1, 2003, the company granted 15,000 restricted shares to each of three executive officers. The shares will be issued only if the executive remains an employee until January 1, 2008. Also, effective January 1, 2003, the company granted 5,000 restricted shares to one executive officer, which would be issued only if the executive remained with the company until January 1, 2008. On July 26, 2004, this grant was amended to issue the shares if the executive remained employed until July 29, 2004. The shares were issued on July 29, 2005. There are no voting or dividend rights on the restricted shares described in this paragraph unless and until they are issued. The restricted shares stock awards had a fair value of $25.83 per share at the date of grant. The company recognizes compensation expense related to restricted shares ratably over the estimated period of vesting.

Option activity under the 2005 Plan and 1991 Plan as of December 31, 2006 and changes during the year ended December 31, 2006 were as follows:

	Shares	Weighted-Average Exercise Price
Outstanding, January 1, 2006	4,283,917	$ 32.35
Granted	–	–
Exercised	(938,950)	$ 31.03
Forfeited	(5,638)	$ 29.72
Outstanding, December 31, 2006	3,339,329	$ 32.72
Options exercisable, December 31, 2006	2,992,327	$ 31.93

The aggregate intrinsic value of options outstanding at December 31, 2006 based on the company's closing stock price on the last trading day of 2006, which would have been received by the option holders had all options been exercised on that date was $58.1 million. The aggregate intrinsic value of options exercisable at December 31, 2006 based on the company's closing stock price on the last trading day of 2006, which would have been received by the option holders had all options exercisable been exercised on that date, was $53.2 million. The total intrinsic value of stock options exercised was $13.5 million, $13.0 million and $3.6 million in 2006, 2005 and 2004, respectively. Intrinsic value is the amount by which the company's closing share price exceeds the exercise price of the options multiplied by the number of in-the-money options. The weighted-average remaining contractual term of options outstanding and exercisable at December 31, 2006 was 5.4 years and 5.0 years.

The fair value of share-based payment awards are estimated using the Black-Scholes option pricing model. There were no stock options granted during 2006. The weighted-average fair value of stock options granted during 2005 and 2004 was $9.87 and $6.50, respectively.

Disclosures under the fair-value method are estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions for stock option grants in the following years:

	2005	2004
Risk-free interest rate	4.3%	3.7%
Dividend yield	2.5%	3.5%
Volatility	21.2%	24.0%
Expected life (years)	8.0	10.0

If the fair-value method to measure compensation cost for the above plans and awards had been used, the compensation cost, which is required to be charged against income, would have been $6.5 million in 2005 and $6.0 million in 2004. See Note 2 for the pro forma presentation.

Cash received from option exercises and purchases under the 2005 Plan and 1991 Plan during 2006 was $31.3 million. The company realized a reduction in its income tax payable of $4.7 million in 2006 relating to the exercise of nonqualified stock options. For accounting purposes, these tax benefits were realized as increases in paid-in capital included in the common shares caption in the consolidated statement of shareholders' equity.

As of December 31, 2006, there was $10.3 million of total before-tax unrecognized compensation cost related to nonvested stock-based awards. That cost is expected to be recognized over a weighted-average period of 1.6 years. The company is using previously purchased treasury shares for all net shares issued for option exercises, long-term incentive plans and restricted stock awards.

Nonvested restricted stock awards as of December 31, 2006 and changes during 2006 were as follows:

	Share Units	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2006	58,689	$ 29.01
Granted	12,777	$ 42.27
Vested	13,689	$ 39.45
Forfeited	–	–
Nonvested at December 31, 2006	57,777	$ 29.46

Under the company's long-term incentive program, dollar-based target awards were determined by the organization and compensation committee of the board of directors in December 2002, December 2003, February 2005 and December 2005 for the three-year performance periods of 2003-2005, 2004-2006, 2005-2007 and 2006-2008, respectively. The company recognized compensation expense of $4.9 million, $8.0 million and $5.1 million in 2006, 2005 and 2004, respectively, related to the cash portion of these awards that are not share-based. In addition, a portion of each of the awards was converted into a number of share units based on the price of the company common stock on the date of the award. There are no voting or dividend rights associated with the share units until the end of the performance period and a distribution of shares from the 2005 Plan, if any, is made. The target awards correspond to pre-determined three-year earnings before interest, taxes, depreciation and amortization (EBITDA) and/or earnings per share growth rate targets. In accordance with SFAS No. 123R, compensation expense for these performance awards, except for the 2004-2006 award, was calculated based on the grant-date fair value. The terms of the 2004-2006 award states that payment will be in cash and as such liability accounting was used for this award and compensation expense was calculated based on the year-end share closing price on December 31, 2006. In 2006, the award for the 2003-2005 performance period was paid. The company allocated 338 share units during 2006 for those participants who elected to defer their shares. As of December 31, 2006, 19,318 share units were outstanding.

Prior to the adoption of SFAS No. 123R, compensation expense for these awards was based on variable accounting and was calculated using the closing stock price at period end. The other portion of the 2002, 2003, February 2005 and December 2005 award grants is a cash award, which also is determined for the same three-year performance periods.

The following table identifies the number of shares expected to be issued based on current performance measures and the stock price on the date of grant for the performance shares granted:

Award	Expected Number of Units to be Issued	Average Stock Price on Date of Grant
2004-2006 (a)	178,541	$ 30.65
2005-2007	216,388	$ 39.44
2006-2008	154,060	$ 43.07

(a) On February 19, 2007, the organization and compensation committee of the board of directors approved the issuance of 178,541 share units in lieu of a cash distribution.

Performance-based stock awards as of December 31, 2006 and changes during 2006 were as follows:

	Share Units	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2006	330,460	$ 41.13
Granted	—	—
Performance increase	39,988	$ 39.44
Vested	—	—
Forfeited	—	—
Nonvested at December 31, 2006	370,448	$ 40.95

The following table reflects the total stock-based compensation expense and the related tax benefit recognized in the consolidated statements of income for 2006, 2005 and 2004:

	2006	2005	2004
Restricted share units:			
Long-term incentive program	$ 9.5	$ 7.8	$ 2.6
Other plans	3.3	2.3	1.1
Stock options	3.5	—	—
Total	$ 16.3	$ 10.1	$ 3.7
Tax benefit	$ 6.1	$ 3.8	$ 1.4

The following table summarizes information about stock options outstanding, excluding the performance share stock awards, restricted share stock awards and long-term incentive plan awards at December 31, 2006:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding at 12/31/06	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/06	Weighted-Average Exercise Price
$ 19 - $ 25	86,612	2.1 years	$ 21.36	86,612	$ 21.36
$ 25 - $ 31	1,929,878	4.9 years	$ 29.89	1,820,876	$ 29.87
$ 31 - $ 38	708,839	4.5 years	$ 34.51	707,839	$ 34.51
$ 38 - $ 45	614,000	8.6 years	$ 41.18	307,000	$ 41.18
	3,339,329	5.4 years	$ 32.72	2,922,327	$ 31.93

Note 17 - RESTRUCTURING AND IMPAIRMENT CHARGES

In 2006, the company recorded aggregate restructuring and impairment charges of $51.9 million. These charges primarily related to the write-down of a trade name in the Lubrizol Advanced Materials segment and the phase-out of a manufacturing facility in the Lubrizol Additives segment.

The following table shows the reconciliation of the restructuring liability beginning January 1, 2004 by major restructuring activity:

	Liability January 1, 2006	Restructuring and Impairment Charges	Cash Paid	Non-cash Adjustments	Liability December 31, 2006
Noveon trade name impairment	$ –	$ 41.2	$ –	$ (41.2)	$ –
Bromborough, U.K. plant closure	2.3	6.7	(8.2)	0.2	1.0
Lubrizol Advanced Materials facility and line closures and workforce reductions	2.5	4.1	(2.5)	(3.4)	0.7
Corporate / other workforce reductions	0.3	(0.1)	–	–	0.2
Noveon International restructuring liabilities assumed	1.3	–	(0.4)	–	0.9
	$ 6.4	$ 51.9	$ (11.1)	$ (44.4)	$ 2.8

	Liability January 1, 2005	Restructuring and Impairment Charges	Cash Paid	Non-cash Adjustments	Liability December 31, 2005
Bromborough, U.K. plant closure	$ –	$ 6.1	$ (3.1)	$ (0.7)	$ 2.3
Lubrizol Advanced Materials facility closures and workforce reductions	–	9.0	(2.3)	(4.2)	2.5
Corporate / other workforce reductions	2.7	0.7	(3.1)	–	0.3
Noveon International restructuring liabilities assumed	6.1	0.1	(5.0)	0.1	1.3
	$ 8.8	$ 15.9	$ (13.5)	$ (4.8)	$ 6.4

	Liability January 1, 2004	Restructuring and Impairment Charges	Cash Paid	Non-cash Adjustments	Liability December 31, 2004
Bromborough, U.K. plant closure	$ –	$ 17.0	$ –	$ (17.0)	$ –
Bromborough, U.K. workforce reductions	0.2	–	(0.2)	–	–
Corporate / other workforce reductions	12.2	11.1	(20.6)	–	2.7
Pension settlement	–	7.7	–	(7.7)	–
Noveon International restructuring liabilities assumed	–	0.2	(1.1)	7.0	6.1
PuriNOx asset impairment	–	2.1	–	(2.1)	–
	$ 12.4	$ 38.1	$ (21.9)	$ (19.8)	$ 8.8

As part of its corporate goal to enhance its "one company" identity and to reflect more accurately its positioning in the marketplace, the company completed a corporate identity review in the fourth quarter of 2006. Senior management of the company made a final determination in January 2007 that the trade name "Noveon" no longer would be used to describe the Lubrizol Advanced Materials segment of the company and that its use would be discontinued except in connection with the Noveon consumer specialties product line. The company acquired the rights to the Noveon trade name in June 2004 when it acquired Noveon International. At the time of acquisition, an appraised value was attached to the Noveon trade name. The company calculated a pretax charge of $41.2 million ($25.4 million after-tax) to reduce the related asset to its estimated fair value. This charge was reflected in the fourth quarter of 2006 as the company believed at that time it would more likely than not discontinue the use of the Noveon trade name, except in the limited context of its Noveon consumer specialties product line.

In September 2006, the company entered into an agreement to sell the manufacturing facility located in Bromborough, United Kingdom. The sale closed in January 2007. In connection with the sale, the company received net cash proceeds of $5.9 million and recorded a pretax gain of $2.9 million during the first quarter of 2007. The gain will be classified as a restructuring credit associated with closure of the facility. At December 31, 2006, the Bromborough site was classified as an asset held for sale but was not disclosed separately on the balance sheet because the amount was not material to the

company's consolidated financial position. In December 2004, management decided to close this facility, which triggered an impairment charge of $17.0 million that was recorded in December 2004 to reflect long-lived assets at their estimated fair values. The estimated fair value of the long-lived assets was determined using a discounted cash flow model. The company announced its decision to close the facility in January 2005. Production phase-out of this site began in the third quarter of 2005 and was completed in 2006. During this phase-out, production was transferred to higher-capacity facilities in France and the United States. There were 70 employees impacted by this closure.

In 2005, management made the decision and the announcement to close two Lubrizol Advanced Materials performance coatings production facilities located in the United States. The aggregate restructuring charges recorded for these closures were $8.0 million, of which $1.4 million was recorded in 2006. Total charges were comprised of $4.8 million in asset impairments, $1.1 million in exit costs and $2.1 million in severance costs. The impairment charges for both facilities were recorded to reduce the related assets to their estimated fair values, which were determined primarily from third-party appraisals. Production from these sites was transferred to other facilities in the United States. One facility, located in Mountaintop, Pennsylvania, was closed in October 2005 and sold in January 2006. The other facility, located in Linden, New Jersey, was closed in the third quarter of 2006. These closures resulted in a workforce reduction of 62 employees. Additional asset impairment charges of $2.7 million were recorded in 2006, which primarily related to the planned closure of a performance coatings production line in the first quarter of 2007. In May 2005, the company announced the reorganization of the Lubrizol Advanced Materials performance coatings product line. This product line includes businesses acquired from Noveon International as well as businesses included in the company's legacy operations. In connection with the reorganization, management eliminated 26 positions in North America and Europe. These reductions were completed during 2005 and resulted in a severance-related charge of $1.9 million for the year ended December 31, 2005.

In 2004, the company eliminated more than 100 positions, primarily affecting technical and commercial employees located at the Wickliffe, Ohio headquarters. Most of these workforce reductions were related to the restructuring following the acquisition of Noveon International. These reductions were completed by December 31, 2004. In the second quarter of 2005, the company began a process of identifying further opportunities to increase efficiency and productivity, reduce costs and support the company's integration strategy of the Noveon International acquisition. As a result, the company reduced headcount in the general and administrative area of its Ohio headquarters. Through these restructuring efforts, the company eliminated seven positions resulting in a severance-related charge of $0.7 million for the year ended December 31, 2005. All of the affected employees had left their positions by June 30, 2005 and the remaining personnel-related costs were paid in 2006.

In 2004, asset impairments and non-cash adjustments include $7.2 million in restructuring liabilities assumed related to the legacy operations of Noveon International, $7.7 million of pension settlement charges included in the accrued pension liability account and the PuriNOx asset impairment charge of $2.1 million.

The charges for these cost reduction initiatives and impairments are reported as a separate line item in the consolidated statements of income entitled "Restructuring and impairment charges" and are included in the "Total cost and expenses" subtotal on the consolidated statements of income.

Note 18 - CONTINGENCIES

The company has numerous purchase commitments for materials, supplies and energy in the ordinary course of business. The company also has numerous sales commitments for product supply contracts in the ordinary course of business.

GENERAL

There are pending or threatened claims, lawsuits and administrative proceedings against the company or its subsidiaries, all arising from the ordinary course of business with respect to commercial, product liability and environmental matters, which seek remedies or damages. The company believes that any liability that finally may be determined with respect to commercial and product liability claims should not have a material adverse effect on the company's consolidated financial position, results of operations or cash flows. From time to time, the company is also involved in legal proceedings as a plaintiff involving contract, patent protection, environmental and other matters. Gain contingencies, if any, are recognized when they are realized.

ENVIRONMENTAL

The company's environmental engineers and consultants review and monitor environmental issues at operating facilities and, where appropriate, the company initiates corrective and/or preventive environmental projects to ensure environmental compliance and safe and lawful activities at its current operations. The company also conducts compliance and management systems audits.

The company and its subsidiaries are generators of both hazardous and non-hazardous wastes, the treatment, storage, transportation and disposal of which are regulated by various laws and governmental regulations. These laws and regulations generally impose liability for costs to investigate and remediate contamination without regard to fault and, under certain circumstances, liability may be joint and several resulting in one party being held responsible for the entire obligation. Liability also may include damages to natural resources. Although the company believes past operations were in substantial compliance with the then-applicable regulations, either the company or the predecessor of Noveon International, the Performance Materials Segment of Goodrich Corporation (Goodrich), has been designated under a country's laws and/or regulations as a potentially responsible party (PRP) in connection with several sites including both third party sites and or current operating facilities.

The company participates in the remediation process for onsite and third party waste management sites at which the company has been identified as a PRP. This process includes investigation, remedial action selection and implementation, as well as discussions and negotiations with other parties, which primarily include PRPs, past owners and operators and governmental agencies. The estimates of environmental liabilities are based on the results of this process. Inherent uncertainties exist in these estimates primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability, remediation standards and evolving technologies for managing investigations and remediations. The company revises its estimates accordingly as events in this process occur and additional information is obtained.

The company's environmental reserves, measured on an undiscounted basis, totaled $14.2 million at December 31, 2006 and $23.2 million at December 31, 2005. Of these amounts, $4.5 million and $3.4 million were included in accrued expenses and other current liabilities at December 31, 2006 and 2005, respectively. Goodrich provided Noveon International with an indemnity for various environmental liabilities. The company estimates Goodrich's share of such currently identified liabilities under the indemnity, which extends through February 2011, to be approximately $3.5 million of which $0.5 million of the recovery is included in receivables and $3.0 million is included in other assets. There are specific environmental contingencies for company-owned sites for which third parties such as past owners and/or operators are the named PRPs and also for which the company is indemnified by Goodrich. Goodrich currently is indemnifying Noveon International for several environmental remediation projects. Goodrich's share of all of these liabilities may increase to the extent such third parties fail to honor their obligations through February 2011.

The company believes that its environmental accruals are adequate based on currently available information. The company believes that it is reasonably possible that $19.8 million in additional costs may be incurred at certain locations beyond the amounts accrued as a result of new information, newly discovered conditions, changes in remediation standards or technologies or a change in the law. Additionally, as the indemnification from Goodrich extends through February 2011, changes in assumptions regarding when costs will be incurred may result in additional expenses to the company. Additional costs in excess of $19.8 million cannot currently be estimated.

GUARANTEES

On May 1, 2006, the company sold the FIIS business to SPM Group Holdings, LLC, now known as Emerald Performance Materials, LLC (Emerald). As a result of the sale, Emerald became responsible for contracts relating to FIIS, including a Toluene Sale and Purchase Agreement between SK Corporation (SK) and the company dated December 6, 2005 (the Toluene Agreement). Although Emerald has assumed the obligations under the Toluene Agreement, the company has guaranteed to SK the timely performance of Emerald's payment obligations under the Toluene Agreement for purchases thereunder. The term of the Toluene Agreement extends to January 31, 2008.

If Emerald does not satisfy its obligations under the Toluene Agreement, SK shall notify the company and use commercially reasonable efforts to collect what is due from Emerald. If SK is unable to collect from Emerald, then SK may make a demand on the company for payment of the outstanding obligations. The guarantee is revocable by the company upon 60 days' prior written notice.

Because of the guarantee's existing revocation clause, the company estimates that the maximum liability under the guarantee would be approximately $15.2 million, representing the estimated liability for two shipments to Emerald. However, the company believes that it is highly unlikely that an event would occur requiring the company to pay any monies pursuant to the guarantee. Accordingly, no liability has been reflected in the accompanying consolidated balance sheet at December 31, 2006.

INDEMNIFICATIONS

In connection with the sale of the FIIS business, the company has provided indemnifications to Emerald with respect to the business sold. These indemnifications have been associated with the price and quantity of raw material purchases, permit costs, costs incurred due to the inability to obtain permits and environmental matters. In each of these circumstances, payment by the company is dependent on Emerald filing a claim. In addition, the company's obligations under these agreements may be limited in terms of time and/or amount. It is not possible to predict the maximum potential amount of future payments under certain of these agreements due to the conditional nature of the company's obligations and the unique facts and circumstances involved in each particular agreement. The company believes that if it were to incur a loss in any of these matters, such loss would not have a material effect on the company's business, financial condition or results of operations. For those indemnification agreements where a payment by the company is probable and estimable, a liability has been recorded as of December 31, 2006.

Note 19 - QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table sets forth the quarterly results of operations for the years ended December 31, 2006 and 2005. Such amounts give effect to the restatement discussed in Note 20.

	2006									
	First [1]		Second [1]		Third [1]		Fourth [1]		Full Year	
	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated
Net sales	$984.1	$984.1	$1,041.1	$1,041.1	$1,031.0	$1,031.0	$984.6	$984.6	$4,040.8	$4,040.8
Gross profit	$245.0	$244.1	$ 265.4	$ 264.5	$ 248.1	$ 247.2	$236.0	$235.4	$ 994.5	$ 991.2
Income from continuing operations	$ 45.8	$ 45.3	$ 63.5	$ 63.0	$ 50.8	$ 50.1	$ 21.7	$ 21.4	$ 181.8	$ 179.8
Discontinued operations	(60.7)	(60.7)	(12.4)	(12.4)	(0.5)	(0.5)	(2.6)	(2.6)	(76.2)	(76.2)
Net income	$ (14.9)	$ (15.4)	$ 51.1	$ 50.6	$ 50.3	$ 49.6	$ 19.1	$ 18.8	$ 105.6	$ 103.6
Per common share – basic:										
Continuing operations	$ 0.67	$ 0.66	$ 0.92	$ 0.92	$ 0.74	$ 0.73	$ 0.32	$ 0.31	$ 2.65	$ 2.62
Discontinued operations	(0.89)	(0.89)	(0.18)	(0.18)	(0.01)	(0.01)	(0.04)	(0.04)	(1.11)	(1.11)
Net income	$ (0.22)	$ (0.23)	$ 0.74	$ 0.74	$ 0.73	$ 0.72	$ 0.28	$ 0.27	$ 1.54	$ 1.51
Per common share – diluted:										
Continuing operations	$ 0.66	$ 0.65	$ 0.92	$ 0.91	$ 0.73	$ 0.72	$ 0.31	$ 0.31	$ 2.62	$ 2.59
Discontinued operations	(0.88)	(0.88)	(0.18)	(0.18)	—	—	(0.04)	(0.04)	(1.10)	(1.10)
Net income	$ (0.22)	$ (0.23)	$ 0.74	$ 0.73	$ 0.73	$ 0.72	$ 0.27	$ 0.27	$ 1.52	$ 1.49

	2005									
	First [2]		Second [2]		Third [2]		Fourth [2]		Full Year	
	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated
Net sales	$848.8	$848.8	$942.3	$942.3	$899.5	$899.5	$931.6	$931.6	$3,622.2	$3,622.2
Gross profit	$229.8	$229.0	$246.7	$245.8	$229.7	$228.8	$216.0	$215.1	$ 922.2	$ 918.7
Income from continuing operations	$ 40.1	$ 39.5	$ 50.2	$ 49.7	$ 42.7	$ 42.2	$ 28.5	$ 28.0	$ 161.5	$ 159.4
Discontinued operations	8.4	8.4	9.9	9.9	5.9	5.9	3.6	3.6	27.8	27.8
Net income	$ 48.5	$ 47.9	$ 60.1	$ 59.6	$ 48.6	$ 48.1	$ 32.1	$ 31.6	$ 189.3	$ 187.2
Per common share – basic:										
Continuing operations	$ 0.59	$ 0.59	$ 0.74	$ 0.73	$ 0.63	$ 0.62	$ 0.42	$ 0.41	$ 2.38	$ 2.35
Discontinued operations	0.13	0.13	0.14	0.14	0.08	0.08	0.05	0.05	0.41	0.41
Net income	$ 0.72	$ 0.72	$ 0.88	$ 0.87	$ 0.71	$ 0.70	$ 0.47	$ 0.46	$ 2.79	$ 2.76
Per common share – diluted:										
Continuing operations	$ 0.59	$ 0.58	$ 0.73	$ 0.72	$ 0.62	$ 0.61	$ 0.41	$ 0.40	$ 2.35	$ 2.32
Discontinued operations	0.12	0.12	0.14	0.14	0.08	0.08	0.05	0.05	0.40	0.40
Net income	$ 0.71	$ 0.70	$ 0.87	$ 0.86	$ 0.70	$ 0.69	$ 0.46	$ 0.45	$ 2.75	$ 2.72

(1) The company recorded restructuring and impairment charges of $1.8 million, $1.8 million, $2.7 million and $45.6 million in the first, second, third and fourth quarters of 2006, respectively.

(2) The company recorded restructuring and impairment charges of $6.1 million, $5.4 million, $1.1 million and $3.3 million in the first, second, third and fourth quarters of 2005, respectively.

The sum of the quarterly earnings per-share amounts does not equal the annual amount reported since per-share amounts are computed independently for each quarter and for the full year based upon respective weighted-average common shares outstanding and other dilutive shares.

Note 20 - RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

On October 22, 2007, the company concluded to restate its previously issued financial statements because of reporting errors relating to five postemployment employee benefit plans in three foreign countries. Accordingly, the company has restated the consolidated balance sheets as of December 31, 2006 and 2005 and the consolidated statements of income, consolidated statements of cash flows and consolidated statements of shareholders' equity for fiscal years 2006, 2005 and 2004.

The impact of the restatement decreased income from continuing operations and net income for 2006 by $2.0 million or 1.1% and 1.9%, respectively, for 2005 by $2.1 million or 1.3% and 1.1%, respectively, and for 2004 by $1.7 million or 1.9% and 1.8%, respectively, from amounts previously reported. The restatement had no effect on the company's previously reported revenues or net cash flows. The cumulative effect of the errors decreased shareholders' equity as of December 31, 2006, 2005, 2004 and January 1, 2004 by $24.3 million, $15.3 million, $15.0 million and $12.3 million, respectively.

The errors primarily arose in three different postemployment employee benefit plans at a wholly owned subsidiary and in postemployment employee benefit plans for employees at two of the company's consolidated joint ventures. Four of these postemployment employee benefit plans had been accounted for inappropriately on a cash basis rather than an accrual basis as required by U.S. GAAP, while the accrual recorded in the financial statements for the fifth plan was not calculated in accordance with U.S. GAAP. The cumulative effect of the errors resulted in an understatement of postemployment employee benefit plan liabilities of $38.9 million and $27.1 million at December 31, 2006 and 2005, respectively.

The following tables show the impact of the restatement:

Consolidated Statement of Income

	Year Ended December 31, 2006		
(In Millions of Dollars Except Per Share Data)	(as previously reported)	(adjustments)	(as restated)
Net sales	$ 4,036.4	$ –	$ 4,036.4
Royalties and other revenues	4.4	–	4.4
Total revenues	4,040.8	–	4,040.8
Cost of sales	3,041.9	3.3	3,045.2
Selling and administrative expenses	381.7	–	381.7
Research, testing and development expenses	205.5	–	205.5
Amortization of intangible assets	23.7	–	23.7
Restructuring and impairment charges	51.9	–	51.9
Total costs and expenses	3,704.7	3.3	3,708.0
Other income - net	8.3	0.2	8.5
Interest income	20.4	–	20.4
Interest expense	(99.7)	–	(99.7)
Income from continuing operations before income taxes	265.1	(3.1)	262.0
Provision for income taxes	83.3	(1.1)	82.2
Income from continuing operations	181.8	(2.0)	179.8
Loss from discontinued operations - net of tax	(76.2)	–	(76.2)
Net income	$ 105.6	$ (2.0)	$ 103.6
Basic earnings (loss) per share:			
Continuing operations	$ 2.65	$ (0.03)	$ 2.62
Discontinued operations	(1.11)	–	(1.11)
Net income per share, basic	$ 1.54	$ (0.03)	$ 1.51
Diluted earnings (loss) per share:			
Continuing operations	$ 2.62	$ (0.03)	$ 2.59
Discontinued operations	(1.10)	–	(1.10)
Net income per share, diluted	$ 1.52	$ (0.03)	$ 1.49

Consolidated Statement of Income

(In Millions of Dollars Except Per Share Data)	Year Ended December 31, 2005 (as previously reported)	(adjustments)	(as restated)
Net sales	$ 3,618.8	$ –	$ 3,618.8
Royalties and other revenues	3.4	–	3.4
Total revenues	3,622.2	–	3,622.2
Cost of sales	2,696.6	3.5	2,700.1
Selling and administrative expenses	348.4	–	348.4
Research, testing and development expenses	198.9	–	198.9
Amortization of intangible assets	23.5	–	23.5
Restructuring and impairment charges	15.9	–	15.9
Total costs and expenses	3,283.3	3.5	3,286.8
Other income - net	1.6	0.2	1.8
Interest income	8.1	–	8.1
Interest expense	(105.1)	–	(105.1)
Income from continuing operations before income taxes	243.5	(3.3)	240.2
Provision for income taxes	82.0	(1.2)	80.8
Income from continuing operations	161.5	(2.1)	159.4
Income from discontinued operations - net of tax	27.8	–	27.8
Net income	$ 189.3	$ (2.1)	$ 187.2
Basic earnings per share:			
Continuing operations	$ 2.38	$ (0.03)	$ 2.35
Discontinued operations	0.41	–	0.41
Net income per share, basic	$ 2.79	$ (0.03)	$ 2.76
Diluted earnings per share:			
Continuing operations	$ 2.35	$ (0.03)	$ 2.32
Discontinued operations	0.40	–	0.40
Net income per share, diluted	$ 2.75	$ (0.03)	$ 2.72

Consolidated Statement of Income

(In Millions of Dollars Except Per Share Data)	Year Ended December 31, 2004 (as previously reported)	(adjustments)	(as restated)
Net sales	$ 2,860.5	$ –	$ 2,860.5
Royalties and other revenues	3.9	–	3.9
Total revenues	2,864.4	–	2,864.4
Cost of sales	2,101.7	2.9	2,104.6
Selling and administrative expenses	284.8	–	284.8
Research, testing and development expenses	184.8	–	184.8
Amortization of intangible assets	16.9	–	16.9
Write-off of acquired in-process research and developmen	34.0	–	34.0
Restructuring and impairment charges	38.1	–	38.1
Total costs and expenses	2,660.3	2.9	2,663.2
Other income - net	5.4	0.2	5.6
Interest income	4.8	–	4.8
Interest expense	(77.1)	–	(77.1)
Income from continuing operations before income taxes	137.2	(2.7)	134.5
Provision for income taxes	50.0	(1.0)	49.0
Income from continuing operations	87.2	(1.7)	85.5
Income from discontinued operations - net of tax	6.3	–	6.3
Net income	$ 93.5	$ (1.7)	$ 91.8
Basic earnings per share:			
Continuing operations	$ 1.57	$ (0.03)	$ 1.54
Discontinued operations	0.11	–	0.11
Net income per share, basic	$ 1.68	$ (0.03)	$ 1.65
Diluted earnings per share:			
Continuing operations	$ 1.56	$ (0.03)	$ 1.53
Discontinued operations	0.11	–	0.11
Net income per share, diluted	$ 1.67	$ (0.03)	$ 1.64

Consolidated Balance Sheet

(In Millions of Dollars)	December 31, 2006 (as previously reported)	(adjustments)	(as restated)
ASSETS			
Cash and short-term investments	$ 575.7	$ –	$ 575.7
Receivables	573.6	–	573.6
Inventories	589.0	–	589.0
Other current assets	98.0	–	98.0
Total current assets	1,836.3	–	1,836.3
Property and equipment - at cost	2,546.0	–	2,546.0
Less accumulated depreciation	1,464.7	–	1,464.7
Property and equipment - net	1,081.3	–	1,081.3
Goodwill	1,076.1	–	1,076.1
Intangible assets - net	322.8	–	322.8
Investments in non-consolidated companies	7.7	–	7.7
Other assets	62.0	4.7	66.7
TOTAL	$ 4,386.2	$ 4.7	$ 4,390.9
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term debt and current portion of long-term debt	$ 3.7	$ –	$ 3.7
Accounts payable	340.5	–	340.5
Accrued expenses and other current liabilities	287.8	2.4	290.2
Total current liabilities	632.0	2.4	634.4
Long-term debt	1,538.0		1,538.0
Pension obligations	218.5	19.4	237.9
Other postretirement benefit obligations	82.0	11.5	93.5
Noncurrent liabilities	66.7	5.6	72.3
Deferred income taxes	88.9	(8.5)	80.4
Total liabilities	2,626.1	30.4	2,656.5
Minority interest in consolidated companies	52.7	(1.4)	51.3
Contingencies and commitments			
Preferred stock without par value - unissued	–	–	–
Common shares without par value	710.1	–	710.1
Retained earnings	1,050.2	(16.4)	1,033.8
Accumulated other comprehensive loss	(52.9)	(7.9)	(60.8)
Total shareholders' equity	1,707.4	(24.3)	1,683.1
TOTAL	$ 4,386.2	$ 4.7	$ 4,390.9

Consolidated Balance Sheet

(In Millions of Dollars)	December 31, 2005 (as previously reported)	(adjustments)	(as restated)
ASSETS			
Cash and short-term investments	$ 262.4	$ –	$ 262.4
Receivables	585.6	–	585.6
Inventories	586.0	–	586.0
Other current assets	138.3	–	138.3
Total current assets	1,572.3	–	1,572.3
Property and equipment - at cost	2,621.5	–	2,621.5
Less accumulated depreciation	1,437.1	–	1,437.1
Property and equipment - net	1,184.4	–	1,184.4
Goodwill	1,138.8	–	1,138.8
Intangible assets - net	404.6	2.6	407.2
Investments in non-consolidated companies	7.6	–	7.6
Other assets	58.6	2.3	60.9
TOTAL	$ 4,366.3	$ 4.9	$ 4,371.2
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term debt and current portion of long-term debt	$ 7.9	$ –	$ 7.9
Accounts payable	372.2	–	372.2
Accrued expenses and other current liabilities	284.8	0.8	285.6
Total current liabilities	664.9	0.8	665.7
Long-term debt	1,662.9		1,662.9
Pension obligations	125.7	14.9	140.6
Other postretirement benefit obligations	102.6	6.9	109.5
Noncurrent liabilities	78.3	4.5	82.8
Deferred income taxes	113.7	(6.0)	107.7
Total liabilities	2,748.1	21.1	2,769.2
Minority interest in consolidated companies	51.0	(0.9)	50.1
Contingencies and commitments			
Preferred stock without par value - unissued	–	–	–
Common shares without par value	663.7		663.7
Retained earnings	1,016.0	(14.3)	1,001.7
Accumulated other comprehensive loss	(112.5)	(1.0)	(113.5)
Total shareholders' equity	1,567.2	(15.3)	1,551.9
TOTAL	$ 4,366.3	$ 4.9	$ 4,371.2

Consolidated Statement of Cash Flows

(In Millions of Dollars)	Year Ended December 31, 2006 (as previously reported)	(adjustments)	(as restated)
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net income	$ 105.6	$ (2.0)	$ 103.6
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	161.8	–	161.8
Deferred income taxes	29.8	(1.2)	28.6
Deferred compensation	19.5	–	19.5
Restructuring and impairment charges	105.6	–	105.6
Loss from divestitures and sales of property and equipment	9.6	–	9.6
Change in current assets and liabilities, net of acquisitions and divestitures:			
Receivables	(3.4)	–	(3.4)
Inventories	(56.2)	–	(56.2)
Accounts payable, accrued expenses and other current liabilities	(58.5)	1.4	(57.1)
Other current assets	3.4	–	3.4
	(114.7)	1.4	(113.3)
Change in noncurrent liabilities	6.6	1.9	8.5
Other items - net	11.0	(0.1)	10.9
Total operating activities	334.8	–	334.8
INVESTING ACTIVITIES			
Capital expenditures	(130.9)	–	(130.9)
Net proceeds from divestitures and sales of property and equipment	281.9	–	281.9
Other items - net	0.4	–	0.4
Total investing activities	151.4	–	151.4
FINANCING ACTIVITIES			
Changes in short-term debt - net	(0.6)	–	(0.6)
Repayments of long-term debt	(143.4)	–	(143.4)
Dividends paid	(71.2)	–	(71.2)
Proceeds from the exercise of stock options	31.3	–	31.3
Total financing activities	(183.9)	–	(183.9)
Effect of exchange rate changes on cash	11.0	–	11.0
Net increase in cash and short-term investments	313.3	–	313.3
Cash and short-term investments at the beginning of year	262.4	–	262.4
Cash and short-term investments at the end of year	$ 575.7	$ –	$ 575.7

Consolidated Statement of Cash Flows

(In Millions of Dollars)	Year Ended December 31, 2005 (as previously reported)	(adjustments)	(as restated)
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net income	$ 189.3	$(2.1)	$ 187.2
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	179.8	–	179.8
Deferred income taxes	10.3	(1.2)	9.1
Deferred compensation	16.3	–	16.3
Restructuring and impairment charges	11.1	–	11.1
Gain from divestitures and sales of property and equipment	(3.9)	–	(3.9)
Change in current assets and liabilities, net of acquisitions and divestitures:			
Receivables	(52.9)	–	(52.9)
Inventories	(47.5)	–	(47.5)
Accounts payable, accrued expenses and other current liabilities	56.0	0.1	56.1
Other current assets	6.9	–	6.9
	(37.5)	0.1	(37.4)
Change in noncurrent liabilities	5.4	3.2	8.6
Other items - net	(8.6)	–	(8.6)
Total operating activities	362.2	–	362.2
INVESTING ACTIVITIES			
Capital expenditures	(136.7)	–	(136.7)
Net proceeds from divestitures and sales of property and equipment	30.1	–	30.1
Other items - net	(0.2)	–	(0.2)
Total investing activities	(106.8)	–	(106.8)
FINANCING ACTIVITIES			
Changes in short-term debt - net	(4.0)	–	(4.0)
Repayments of long-term debt	(512.2)	–	(512.2)
Proceeds from the issuance of long-term debt	235.8	–	235.8
Dividends paid	(70.4)	–	(70.4)
Payment of debt issuance costs	(0.8)	–	(0.8)
Proceeds from the exercise of stock options	38.8	–	38.8
Total financing activities	(312.8)	–	(312.8)
Effect of exchange rate changes on cash	(16.1)	–	(16.1)
Net decrease in cash and short-term investments	(73.5)	–	(73.5)
Cash and short-term investments at the beginning of year	335.9	–	335.9
Cash and short-term investments at the end of year	$ 262.4	$ –	$ 262.4

Consolidated Statement of Cash Flows

(In Millions of Dollars)	Year Ended December 31, 2004 (as previously reported)	(adjustments)	(as restated)
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net income	$ 93.5	$(1.7)	$ 91.8
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	154.7	–	154.7
Write-off of acquired in-process research and development	34.0	–	34.0
Deferred income taxes	5.9	(1.0)	4.9
Deferred compensation	3.4	–	3.4
Restructuring and impairment charges	27.5	–	27.5
Loss from divestitures and sales of property and equipment	3.1	–	3.1
Change in current assets and liabilities, net of acquisitions and divestitures:			
Receivables	(38.4)	–	(38.4)
Inventories	(50.0)	–	(50.0)
Accounts payable, accrued expenses and other current liabilities	80.5	0.2	80.7
Other current assets	2.5	–	2.5
	(5.4)	0.2	(5.2)
Change in noncurrent liabilities	9.0	2.6	11.6
Other items - net	5.9	(0.1)	5.8
Total operating activities	331.6	–	331.6
INVESTING ACTIVITIES			
Capital expenditures	(133.2)	–	(133.2)
Acquisitions - net of cash received and liabilities assumed	(958.4)	–	(958.4)
Net proceeds from divestitures and sales of property and equipment	3.0	–	3.0
Other items - net	(0.2)	–	(0.2)
Total investing activities	(1,088.8)	–	(1,088.8)
FINANCING ACTIVITIES			
Changes in short-term debt - net	(72.6)	–	(72.6)
Repayments of long-term debt	(1,193.0)	–	(1,193.0)
Proceeds from the issuance of long-term debt	1,743.3	–	1,743.3
Dividends paid	(57.6)	–	(57.6)
Proceeds from sale of common shares, net of underwriting commissions and offering expenses of $20.2 million	470.0	–	470.0
Payment of debt issuance costs	(16.8)	–	(16.8)
Payment of treasury rate lock upon settlement	(73.9)	–	(73.9)
Payment on termination of interest rate swaps	(2.9)	–	(2.9)
Proceeds from the exercise of stock options	12.0	–	12.0
Total financing activities	808.5	–	808.5
Effect of exchange rate changes on cash	25.9	–	25.9
Net increase in cash and short-term investments	77.2	–	77.2
Cash and short-term investments at the beginning of year	258.7	–	258.7
Cash and short-term investments at the end of year	$ 335.9	$ –	$ 335.9

Exhibit 12.1

THE LUBRIZOL CORPORATION AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges (as restated)
(all amounts except ratios are shown in millions)

	2006	2005	2004	2003	2002
Pretax income from continuing operations	$ 262.0	$ 240.2	$ 134.5	$ 123.8	$ 178.3
Add (deduct) earnings of less than 50% owned affiliates (net of distributed earnings) included in pretax income	(0.8)	0.1	(0.8)	0.8	1.6
Add losses of less than 50% owned affiliates included in pretax income	–	–	–	0.2	–
Add fixed charges net of capitalized interest	108.5	114.9	85.8	30.4	28.5
Add previously capitalized interest amortized during period	1.0	1.1	1.2	1.3	1.1
"Earnings"	$ 370.7	$ 356.3	$ 220.7	$ 156.5	$ 209.5
Gross interest expense including capitalized interest	$ 101.2	$ 105.8	$ 77.6	$ 25.3	$ 23.3
Interest portion of rental expense	8.8	9.8	8.8	5.3	5.2
"Fixed charges"	$ 110.0	$ 115.6	$ 86.4	$ 30.6	$ 28.5
Ratio of earnings to fixed charges	3.37	3.08	2.55	5.11	7.35

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 33-61091, 33-42211, 333-42338 and 333-124763 on Form S-8 and 333-115662 on Form S-3 of The Lubrizol Corporation of (1) our report dated February 28, 2007 (November 9, 2007, as to the effects of the restatement discussed in Note 20) relating to the financial statements and financial statement schedule of The Lubrizol Corporation (which report expresses an unqualified opinion and includes explanatory paragraphs regarding the Company's adoption of new accounting standards and the restatement discussed in Note 20), and (2) our report dated February 28, 2007 (November 9, 2007, as to the effects of the material weakness described in Management's Report on Internal Control Over Financial Reporting (Restated)) relating to management's report on the effectiveness of internal control over financial reporting (which report expresses an adverse opinion on the effectiveness of the Company's internal control over financial reporting), appearing in this Annual Report on Form 10-K/A of The Lubrizol Corporation for the year ended December 31, 2006.

/s/ Deloitte & Touche LLP

Cleveland, Ohio
November 9, 2007

Exhibit 24.1

POWER OF ATTORNEY

Each person whose name is signed below has made, constituted and appointed, and does hereby make, constitute and appoint, JAMES L. HAMBRICK, CHARLES P. COOLEY and W. SCOTT EMERICK as his or her true and lawful attorney, for him or her and in his or her name, place and stead to affix, as attorney-in-fact, his or her signature as a director or officer or both, as the case may be, of The Lubrizol Corporation ("Lubrizol") to this Annual Report on Form 10-K/A, including any and all amendments or modifications to such Form 10-K/A, and to file the same, with exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, giving and granting unto such attorney-in-fact full power and authority to do and perform every act and thing whatsoever necessary to be done in connection with any such filing, as fully as he or she might or could do if personally present, hereby ratifying and confirming all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof.

In witness whereof, this Power of Attorney, which may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which shall together constitute but one and the same instrument, has been signed as of November 8, 2007.

/s/ James L. Hambrick James L. Hambrick	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
/s/ Charles P. Cooley Charles P. Cooley	Sr. Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ W. Scott Emerick W. Scott Emerick	Corporate Controller (Chief Accounting Officer)
/s/ Forest J. Farmer, Sr. Forest J. Farmer, Sr.	Director
/s/ Gordon D. Harnett Gordon D. Harnett	Director
/s/ William P. Madar William P. Madar	Director
/s/ Dominic J. Pileggi Dominic J. Pileggi	Director
/s/ James E. Sweetnam James E. Sweetnam	Director
/s/ Harriett Tee Taggart Harriett Tee Taggart	Director

Exhibit 31.1

THE LUBRIZOL CORPORATION
Rule 13a-14(a) Certification

I, James L. Hambrick, certify that:

1. I have reviewed this annual report on Form 10-K/A of The Lubrizol Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

   (d) disclosed in this report any change in registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James L. Hambrick
James L. Hambrick
Chief Executive Officer and President
November 9, 2007

Exhibit 31.2

THE LUBRIZOL CORPORATION
Rule 13a-14(a) Certification

I, Charles P. Cooley, certify that:

1. I have reviewed this annual report on Form 10-K/A of The Lubrizol Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

   (d) disclosed in this report any change in registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Charles P. Cooley
Charles P. Cooley
Chief Financial Officer
November 9, 2007

Exhibit 32.1

THE LUBRIZOL CORPORATION
Certification of Chief Executive Officer and Chief Financial Officer of
The Lubrizol Corporation Pursuant to 18 U.S.C. Section 1350

I certify that, to the best of my knowledge and belief, the Annual Report on Form 10-K/A of The Lubrizol Corporation for the period ended December 31, 2006:

(1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of The Lubrizol Corporation.

/s/ James L. Hambrick
James L. Hambrick
Chief Executive Officer and President
November 9, 2007

I certify that, to the best of my knowledge and belief, the Annual Report on Form 10-K/A of The Lubrizol Corporation for the period ended December 31, 2006:

(1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of The Lubrizol Corporation.

/s/ Charles P. Cooley
Charles P. Cooley
Chief Financial Officer
November 9, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2007

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 1-5263

THE LUBRIZOL CORPORATION

(Exact name of registrant as specified in its charter)

Ohio	34-0367600
(State or other jurisdiction of incorporation or organization)	(I.R.S.Employer Identification No.)

29400 Lakeland Boulevard
Wickliffe, Ohio 44092-2298
(Address of principal executive offices)
(Zip Code)

(440) 943-4200
(Registrant's telephone number, including area code)

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 ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):
Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

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

Number of the registrant's common shares, without par value, outstanding as of September 30, 2007: 68,587,544.

EXPLANATORY NOTE

On October 22, 2007, we concluded to restate our previously issued financial statements because of reporting errors relating to five postemployment employee benefit plans in three foreign countries. Accordingly, we restated our previously issued financial statements included in our most recently filed annual report on Form 10-K/A for the year ended December 31, 2006 and our previously issued interim financial statements included in our most recently filed quarterly reports on Form 10-Q/A for the quarters ended March 31, 2007 and June 30, 2007. The impacts of the restatement have been reflected in this quarterly report on Form 10-Q for the three and nine months ended September 30, 2006 in the following items:

- Part I - Item 1. Financial Statements
- Part I - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
- Part I - Item 4. Controls and Procedures

The impact of the restatement decreased net income for the three and nine months ended September 30, 2006 by $0.7 million or 1.4% and $1.7 million or 2.0%, respectively, from amounts previously reported. For the three and nine months ended September 30, 2006, the impact of the restatement decreased income from continuing operations by $0.7 million or 1.4% and $1.7 million or 1.1%, respectively, from amounts previously reported. The restatement had no effect on our previously reported revenues or net cash flows.

The errors primarily arose in three different postemployment employee benefit plans at a wholly owned subsidiary and postemployment employee benefit plans at two of our consolidated joint ventures. Four of these postemployment employee benefit plans had been accounted for inappropriately on a cash basis rather than an accrual basis as required by U.S. generally accepted accounting principles (U.S. GAAP), while the accrual recorded in the financial statements for the fifth plan was not calculated in accordance with U.S. GAAP.

See "Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Note 16 - Restatement of Consolidated Financial Statements" contained in the Notes to Financial Statements for more information regarding the restatement and changes to previously issued financial statements.

THE LUBRIZOL CORPORATION
Quarterly Report on Form 10-Q
Quarter Ended September 30, 2007

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

THE LUBRIZOL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(In Millions of Dollars Except Per Share Data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006 (as restated, see Note 16)	2007	2006 (as restated, see Note 16)
Net sales	$ 1,120.4	$ 1,029.9	$ 3,349.7	$ 3,053.2
Royalties and other revenues	1.0	1.1	3.0	3.0
Total revenues	1,121.4	1,031.0	3,352.7	3,056.2
Cost of sales	846.0	782.8	2,503.0	2,297.4
Selling and administrative expenses	103.7	101.7	309.4	280.6
Research, testing and development expenses	56.0	50.5	161.4	152.8
Amortization of intangible assets	5.8	5.9	17.7	17.7
Restructuring and impairment charges	2.1	2.7	0.6	6.3
Total costs and expenses	1,013.6	943.6	2,992.1	2,754.8
Other income (expense) – net	5.5	1.6	9.7	(0.1)
Interest income	6.9	7.6	20.9	13.5
Interest expense	(21.7)	(25.0)	(70.3)	(75.0)
Income from continuing operations before income taxes	98.5	71.6	320.9	239.8
Provision for income taxes	27.1	21.5	97.2	81.4
Income from continuing operations	71.4	50.1	223.7	158.4
Discontinued operations – net of tax	–	(0.5)	–	(73.6)
Net income	$ 71.4	$ 49.6	$ 223.7	$ 84.8
Basic earnings (loss) per share:				
Continuing operations	$ 1.03	$ 0.73	$ 3.23	$ 2.31
Discontinued operations	–	(0.01)	–	(1.07)
Net income per share, basic	$ 1.03	$ 0.72	$ 3.23	$ 1.24
Diluted earnings (loss) per share:				
Continuing operations	$ 1.02	$ 0.72	$ 3.19	$ 2.29
Discontinued operations	–	(0.01)	–	(1.06)
Net income per share, diluted	$ 1.02	$ 0.71	$ 3.19	$ 1.23
Dividends paid per share	$ 0.30	$ 0.26	$ 0.86	$ 0.78

Amounts shown are unaudited.
See accompanying notes to the financial statements.

THE LUBRIZOL CORPORATION
CONSOLIDATED BALANCE SHEETS

(In Millions of Dollars Except Share Data)	September 30, 2007	December 31, 2006
ASSETS		
Cash and short-term investments	$ 646.0	$ 575.7
Receivables	655.3	573.6
Inventories	571.5	589.0
Other current assets	78.2	98.0
Total current assets	1,951.0	1,836.3
Property and equipment – at cost	2,696.6	2,546.0
Less accumulated depreciation	1,571.7	1,464.7
Property and equipment – net	1,124.9	1,081.3
Goodwill	1,113.5	1,076.1
Intangible assets – net	320.7	322.8
Investments in non-consolidated companies	7.3	7.7
Other assets	73.1	66.7
TOTAL	$ 4,590.5	$ 4,390.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term debt and current portion of long-term debt	$ 3.5	$ 3.7
Accounts payable	392.4	340.5
Accrued expenses and other current liabilities	290.6	290.2
Total current liabilities	686.5	634.4
Long-term debt	1,428.8	1,538.0
Pension obligations	232.2	237.9
Other postretirement benefit obligations	97.2	93.5
Noncurrent liabilities	141.9	72.3
Deferred income taxes	78.1	80.4
Total liabilities	2,664.7	2,656.5
Minority interest in consolidated companies	58.1	51.3
Contingencies and commitments		
Shareholders' equity:		
Preferred stock without par value – authorized and unissued:		
Serial preferred stock – 2,000,000 shares	–	–
Serial preference shares – 25,000,000 shares	–	–
Common shares without par value:		
Authorized – 120,000,000 shares		
Outstanding – 68,587,544 shares as of September 30, 2007 after deducting 17,608,350 treasury shares; 69,020,569 shares as of December 31, 2006 after deducting 17,175,325 treasury shares	756.3	710.1
Retained earnings	1,107.1	1,033.8
Accumulated other comprehensive income (loss)	4.3	(60.8)
Total shareholders' equity	1,867.7	1,683.1
TOTAL	$ 4,590.5	$ 4,390.9

Amounts shown are unaudited.
See accompanying notes to the financial statements.

THE LUBRIZOL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of Dollars)	Nine Months Ended September 30, 2007	2006 (as restated, see Note 16)
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Net income	$ 223.7	$ 84.8
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	117.9	120.8
Deferred income taxes	10.9	32.2
Deferred compensation	16.0	12.9
Restructuring and impairment charges	2.8	61.6
(Gain) loss from divestitures and sales of property and equipment	(8.0)	5.2
Change in current assets and liabilities, net of acquisitions and divestitures:		
Receivables	(46.1)	(45.0)
Inventories	33.7	(28.8)
Accounts payable, accrued expenses and other current liabilities	50.3	(24.1)
Other current assets	8.1	9.5
	46.0	(88.4)
Change in noncurrent liabilities	(1.9)	5.5
Other items – net	(0.9)	10.5
Total operating activities	406.5	245.1
INVESTING ACTIVITIES		
Capital expenditures	(121.6)	(91.2)
Acquisitions	(15.7)	–
Net proceeds from divestitures and sales of property and equipment	12.9	281.4
Other items – net	(1.3)	(0.8)
Total investing activities	(125.7)	189.4
FINANCING ACTIVITIES		
Changes in short-term debt – net	(0.4)	4.5
Repayments of long-term debt	(113.7)	(114.3)
Dividends paid	(59.4)	(53.3)
Common shares purchased	(82.1)	–
Proceeds from the exercise of stock options	34.5	17.9
Total financing activities	(221.1)	(145.2)
Effect of exchange rate changes on cash	10.6	8.0
Net increase in cash and short-term investments	70.3	297.3
Cash and short-term investments at the beginning of period	575.7	262.4
Cash and short-term investments at the end of period	$ 646.0	$ 559.7

Amounts shown are unaudited.
See accompanying notes to the financial statements.

(In Millions of Dollars except Share and Per Share Data)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles (U.S. GAAP) for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals unless otherwise noted) considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

The balance sheet at December 31, 2006 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

2. Significant Accounting Policies

Net Income Per Share

Net income per share is computed by dividing net income by the weighted-average common shares outstanding during the period, including contingently issuable shares. Net income per diluted share includes the dilutive effect resulting from outstanding stock options and awards. Per share amounts from continuing operations are computed as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Numerator:				
Income from continuing operations	$ 71.4	$ 50.1	$ 223.7	$ 158.4
Denominator (in millions):				
Weighted-average common shares outstanding	69.2	68.7	69.3	68.6
Dilutive effect of stock options and awards	0.8	0.6	0.8	0.6
Denominator for income from continuing operations per share, diluted	70.0	69.3	70.1	69.2
Income from continuing operations per share, basic	$ 1.03	$ 0.73	$ 3.23	$ 2.31
Income from continuing operations per share, diluted	$ 1.02	$ 0.72	$ 3.19	$ 2.29

Weighted-average shares issuable upon the exercise of stock options and awards that were excluded from the diluted earnings per share calculations because they were antidilutive were less than 0.1 million for the three and nine months ended September 30, 2007 and 2006, respectively.

New Accounting Standards

In February 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to make an irrevocable election to measure many financial instruments and certain other items at fair value at specified election dates. The fair value option may be applied instrument by instrument and must be applied to entire instruments. Unrealized gains and losses on items for which the entity elects the fair value option are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of the fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157, "Fair Value Measurements." Entities are not permitted to apply this statement retrospectively to the fiscal years preceding the effective date unless the entity chooses early adoption. The company currently is evaluating the impact of this recently issued standard on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair value measurements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but simplifies and codifies related guidance within U.S. GAAP. SFAS No. 157 establishes a fair value hierarchy from observable market data as the highest level to fair value based on an entity's own fair value assumptions as the lowest level. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those years. SFAS No. 157 requires adoption prospectively as of the beginning of the fiscal year in which this statement is initially applied, with the exception of certain financial instruments in which adoption is applied retrospectively as of the beginning of the fiscal year in which this statement is initially applied. The company currently is evaluating the impact of this recently issued standard on its consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

3. Stock-Based Compensation

The company utilizes the 2005 Stock Incentive Plan (2005 Plan) and other deferred compensation plans to provide equity awards to its key employees. The 2005 Plan, approved by the company's shareholders on April 25, 2005, provides for the granting of stock appreciation rights, restricted and unrestricted shares and options to buy common shares up to an amount equal to 4,000,000 common shares, of which no more than 2,000,000 can be settled as full-value awards. After the 2,000,000 limit has been reached, full-value awards are counted in a 3-to-1 ratio against the 4,000,000 limit. Options become exercisable 50% one year after date of grant, 75% after two years, 100% after three years and expire up to 10 years after grant. In addition, the 2005 Plan provides each nonemployee director of the company an automatic annual grant of restricted stock units worth approximately $0.1 million based on the fair market value of the company's common shares on the date of each Annual Meeting of Shareholders. These restricted stock units vest one year after the grant date.

The fair value of share-based payment awards are estimated using the Black-Scholes option pricing model. There were 213,200 stock options granted during the nine months ended September 30, 2007. There were no stock options granted during the nine months ended September 30, 2006. The weighted-average assumptions used to value the options granted during the first nine months of 2007 were as follows:

Risk-free interest rate	4.8%
Dividend yield	2.0%
Volatility	17.8%
Expected life (years)	10.0
Weighted-average fair value of options granted during the period	$ 14.68

The company issued 39,288 and 877,421 common shares from treasury upon exercise of employee stock options during the three and nine months ended September 30, 2007, respectively. The company issued 214,639 and 560,663 common shares from treasury upon exercise of employee stock options during the three and nine months ended September 30, 2006, respectively. Cash received from option exercises during the nine months ended September 30, 2007 was $26.0 million. The company realized a reduction in its income tax payable of $8.5 million for the nine months ended September 30, 2007 relating to the exercise of nonqualified stock options. For accounting purposes, these tax benefits were realized as increases in paid-in capital included in the common shares caption in shareholders' equity (see Note 14).

As of September 30, 2007, there was $18.6 million of total before-tax unrecognized compensation cost related to nonvested stock-based awards. That cost is expected to be recognized over a weighted-average period of 1.8 years. The company is using previously purchased treasury shares for all net shares issued for option exercises, long-term incentive plans and restricted stock awards.

Under the company's long-term incentive program, dollar-based target awards are determined by the organization and compensation committee of the board of directors for three-year performance periods. During the nine months ended September 30, 2007, the award for the 2004-2006 performance period was paid resulting in the issuance of 178,541 shares in lieu of a cash distribution. In addition, during the nine months ended September 30, 2006, the award for the 2003-2005 performance period was paid in cash.

The following table identifies the number of shares expected to be issued based on current performance measures and the stock price on the date of grant for the performance shares granted:

Award	Expected Number of Units to be Issued	Average Stock Price on Date of Grant
2005-2007	230,515	$ 39.44
2006-2008	290,346	$ 43.07
2007-2009	219,368	$ 53.07

Performance-based stock awards as of September 30, 2007 and changes during the nine months ended September 30, 2007 were as follows:

	Share Units	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2007	370,448	$ 40.95
Granted	129,930	$ 53.07
Performance increase	250,722	$ 46.45
Vested	–	–
Forfeited	(10,871)	$ 43.55
Nonvested at September 30, 2007	740,229	$ 44.90

Total stock-based compensation expense recognized in the consolidated statements of income for the three and nine months ended September 30, 2007 was $3.7 million and $15.4 million, respectively, compared to $4.2 million and $9.7 million, respectively, for the same periods in 2006. The related tax benefit for the three and nine months ended September 30, 2007 was $1.3 million and $5.4 million, respectively, compared to $1.5 million and $3.4 million for the three and nine months ended September 30, 2006, respectively.

In prior years, certain international employees received stock-based awards that are similar to stock appreciation rights. These awards vested 50% one year after grant, 75% two years after grant and 100% three years after grant and have a 10-year exercise period from the date of grant. The value of these awards is based on Lubrizol common shares and is paid in cash upon employee exercise. At September 30, 2007, the portion of these fully vested stock-based awards that remained unexercised are accounted for using variable accounting. Compensation expense recognized in the consolidated statements of income for the three and nine months ended September 30, 2007 was $0.1 million and $2.8 million, respectively, compared to compensation credits of $1.5 million and $0.6 million, respectively, for the same periods in 2006.

The three and nine months ended September 30, 2006 also includes compensation expense of $1.3 million and $3.2 million, respectively, related to the cash portion of the 2003-2005 and 2004-2006 performance periods under the company's long-term incentive program.

4. Acquisitions

On November 1, 2007, the company completed the acquisition of the refrigeration lubricants business of Croda International Plc (Croda) for approximately $124.1 million. The acquisition primarily includes lubricant technology, trade names, customer lists, manufacturing know-how and inventory. No manufacturing facilities are included in the transaction. Annualized revenues for this business are approximately $84.0 million.

On February 7, 2007, the company completed the acquisition of the entire metalworking additives product line of Lockhart Chemical Company (Lockhart), a private company with headquarters in Gibsonia, Pennsylvania, for approximately $15.7 million. Annualized revenues of these products are approximately $20.0 million. The company began including the results of the acquired products in the Lubrizol Additives segment in February 2007. The purchase price for this acquisition included goodwill of $8.1 million.

5. Divestitures

In May 2006, the company sold the food ingredients and industrial specialties business (FIIS) and the active pharmaceutical ingredients and intermediate compounds business (A&I), both of which were included in the Lubrizol Advanced Materials segment. The results of these divested businesses have been reflected in the discontinued operations - net of tax line item in the company's consolidated statements of income for the three and nine months ended September 30, 2006.

In February 2006, the company sold certain assets and liabilities of its Telene® resins business (Telene), which was included in the Lubrizol Advanced Materials segment. The results of Telene have been reflected in the discontinued operations - net of tax line item in the company's consolidated statements of income for the nine months ended September 30, 2006.

Total revenues from discontinued operations for the nine months ended September 30, 2006 were $143.8 million. Net loss from discontinued operations for the three and nine months ended September 30, 2006 was $0.5 million or $0.01 per diluted share and $73.6 million or $1.06 per diluted share, respectively.

6. Inventories

The company's inventories were comprised of the following:

	September 30, 2007	December 31, 2006
Finished products	$ 323.9	$ 315.0
Products in process	93.6	108.2
Raw materials	123.5	138.2
Supplies and engine test parts	30.5	27.6
Total inventory	$ 571.5	$ 589.0

7. Goodwill and Intangible Assets

Goodwill is tested for impairment at the reporting unit level as of October 1 each year or if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The carrying amount of goodwill by reportable segment as of September 30, 2007 follows:

	Lubrizol Advanced Materials	Lubrizol Additives	Total
Balance, January 1, 2007	$ 978.3	$ 97.8	$ 1,076.1
Additions	–	8.1	8.1
Translation and other adjustments	28.0	1.3	29.3
Balance, September 30, 2007	$ 1,006.3	$ 107.2	$ 1,113.5

The following table shows the components of identifiable intangible assets.

	September 30, 2007		December 31, 2006	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Customer lists	$ 152.6	$ 31.5	$ 145.0	$ 24.0
Technology	141.5	52.5	139.8	44.9
Trademarks	23.0	6.8	20.7	5.5
Patents	14.5	5.4	14.0	4.2
Land-use rights	9.0	1.4	7.5	1.2
Non-compete agreements	1.4	1.0	8.2	7.2
Other	–	–	0.9	0.7
Total amortized intangible assets	342.0	98.6	336.1	87.7
Non-amortized trademarks	77.3	–	74.4	–
Total	$ 419.3	$ 98.6	$ 410.5	$ 87.7

Definite-lived intangible assets are amortized over their useful lives, which range between 3 and 40 years. The company's indefinite-lived intangible assets consist of certain trademarks that are tested for impairment each year as of October 1 or more frequently if impairment indicators arise. Indefinite-lived trademarks are assessed for impairment separately from goodwill. Annual intangible amortization expense for the next five years will approximate $23.5 million in 2007, $22.1 million in 2008, $20.3 million in 2009 and $20.2 million in each of 2010 and 2011.

8. Income Taxes

Effective January 1, 2007, the company adopted the provisions of FASB Interpretation (FIN) No. 48 "Accounting for Uncertainty in Income Taxes." FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in tax returns. Under FIN No. 48, the economic benefit associated with a tax position only will be recognized if it is more likely than not that a tax position ultimately will be sustained. After this threshold is met, a tax position is reported at the largest amount of benefit that is more likely than not to be ultimately sustained. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. Prior to January 1, 2007, the company regularly assessed positions with regard to tax exposures and recorded liabilities for uncertain income tax positions in accordance with SFAS No. 5, "Accounting for Contingencies."

As a result of adopting FIN No. 48 on January 1, 2007, the company recognized an $8.9 million reduction to retained earnings and a $5.4 million increase to goodwill for pre-acquisition income tax liabilities of Noveon International, Inc. (Noveon International). As of January 1, 2007, after recording this FIN No. 48 adoption impact, the company had gross unrecognized tax benefits of $57.8 million, of which $38.8 million, if recognized, would affect the effective tax rate.

The company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of the income tax provision. As of January 1, 2007, the date of adoption, the company had accrued interest of $7.1 million. Penalties were immaterial to the company's consolidated financial statements.

The company operates in numerous taxing jurisdictions and is subject to regular examinations by various U.S. federal, state and foreign jurisdictions. The company's income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which the company does business. Due to the subjectivity of interpretations of laws and rulings in each jurisdiction, the differences and interplay in tax laws between those jurisdictions and difficulty in estimating the final resolution of complex tax audit matters, the company's estimates of income tax liabilities may differ from actual payments or assessments.

It is reasonably possible that unrecognized tax benefits may decrease by up to $6.3 million within 12 months of September 30, 2007 primarily as a result of the settlement of foreign audits and the closure of statutes of limitations.

With few exceptions, the company is no longer subject to U.S. federal, state and local tax examinations for years before 2001 and foreign jurisdiction examinations for years before 2000.

Effective with the adoption of FIN No. 48, the majority of the company's unrecognized tax benefits are classified as noncurrent liabilities because payment of cash is not expected within one year. Prior to the adoption of FIN No. 48, the company classified unrecognized tax benefits in accrued expenses and other current liabilities.

9. Comprehensive Income

Total comprehensive income was comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Net income	$ 71.4	$ 49.6	$ 223.7	$ 84.8
Foreign currency translation adjustment	40.4	10.5	60.7	48.2
Pension and other postretirement benefit plans	1.6	–	1.6	(0.8)
Unrealized (loss) gain – natural gas hedges	(0.3)	0.2	0.5	(0.6)
Amortization of treasury rate locks	0.8	0.9	2.3	2.5
Total comprehensive income	$ 113.9	$ 61.2	$ 288.8	$ 134.1

10. Segment Reporting

The company is organized into two operating and reportable segments. The company changed the names of its two reportable segments in 2007. The new segment names are Lubrizol Additives, previously known as Lubricant Additives, and Lubrizol Advanced Materials, previously known as Specialty Chemicals. The change was in name only as the management structure of the segments and product lines included in each segment remained unchanged. The Lubrizol Additives segment represented 66% and 65% of the company's consolidated revenues for the three and nine months ended September 30, 2007, respectively. The Lubrizol Advanced Materials segment represented 34% and 35% of the company's consolidated revenues for the three and nine months ended September 30, 2007, respectively.

Lubrizol Additives consists of two product lines: engine additives and driveline and industrial oil additives. Engine additives is comprised of additives for lubricating engine oils, such as for gasoline, diesel, marine and stationary gas engines and additive components, additives for fuel products and refinery and oil field chemicals, as well as outsourcing strategies for supply chain and knowledge center management. In addition, this product line sells additive components and viscosity improvers within its lubricant and fuel additives product areas. Driveline and industrial oil additives is comprised of additives for driveline oils, such as automatic transmission fluids, gear oils and tractor lubricants and industrial oil additives, such as additives for hydraulic, grease and metalworking fluids, as well as compressor lubricants. Lubrizol Additives product lines generally are produced in company-owned shared manufacturing facilities and largely sold to a common customer base.

The Lubrizol Advanced Materials segment consists of engineered polymers, performance coatings and Noveon® consumer specialties product lines. The engineered polymers product line is characterized by products such as TempRite® engineered polymers and Estane® engineered polymers. Engineered polymers products are sold to a diverse customer base comprised of major manufacturers in the construction, automotive, telecommunications, electronics and recreation industries. The performance coatings product line includes high-performance polymers and additives for specialty paper, graphic arts, paints and textiles coatings applications. The Noveon consumer specialties product line is characterized by global production of acrylic thickeners, specialty monomers, film formers, fixatives, emollients, silicones, surfactants and process chemicals. The company markets products in the Noveon consumer specialties product line to the personal care and pharmaceutical primary end-use industries. The Noveon consumer specialties products are sold to customers worldwide and these customers include major manufacturers of cosmetics, personal care products, water soluble polymers and household products. During the first quarter of 2006, the company completed the sale of the Telene business. In addition, the FIIS and A&I businesses were sold during the second quarter of 2006. The company recorded the results of operations of these divested businesses in the discontinued operations - net of tax line item in the consolidated statements of income for 2006.

The company primarily evaluates performance and allocates resources based on segment operating income, defined as revenues less expenses identifiable to the product lines included within each segment, as well as projected future returns. Segment operating income reconciles to consolidated income from continuing operations before income taxes by deducting corporate expenses and income that are not attributed to the operating segments, restructuring and impairment charges and net interest expense.

The following table presents a summary of the results of the company's reportable segments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Revenues from external customers:				
Lubrizol Additives	$ 738.8	$ 661.3	$ 2,193.8	$ 1,967.3
Lubrizol Advanced Materials	382.6	369.7	1,158.9	1,088.9
Total revenues	$ 1,121.4	$ 1,031.0	$ 3,352.7	$ 3,056.2
Segment operating income:				
Lubrizol Additives	$ 97.0	$ 70.6	$ 304.3	$ 233.4
Lubrizol Advanced Materials	30.9	42.5	119.8	135.4
Total segment operating income	127.9	113.1	424.1	368.8
Corporate expenses	(17.7)	(22.0)	(57.0)	(56.2)
Corporate other income (expense) – net	5.2	0.6	3.8	(5.0)
Restructuring and impairment charges	(2.1)	(2.7)	(0.6)	(6.3)
Interest expense – net	(14.8)	(17.4)	(49.4)	(61.5)
Income from continuing operations before income taxes	$ 98.5	$ 71.6	$ 320.9	$ 239.8

The company's total assets by segment were as follows:

	September 30, 2007	December 31, 2006
Segment total assets:		
Lubrizol Additives	$ 1,494.0	$ 1,397.6
Lubrizol Advanced Materials	2,248.1	2,193.7
Total segment assets	3,742.1	3,591.3
Corporate assets	848.4	799.6
Total consolidated assets	$ 4,590.5	$ 4,390.9

11. Pension and Postretirement Benefits

The components of net periodic pension cost and net periodic non-pension postretirement benefit cost consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Pension benefits:				
Service cost – benefits earned during period	$ 7.9	$ 8.3	$ 23.4	$ 25.0
Interest cost on projected benefit obligation	10.0	8.7	29.7	25.7
Expected return on plan assets	(8.7)	(7.2)	(25.8)	(21.5)
Amortization of prior service costs	0.6	0.5	2.0	1.5
Recognized net actuarial loss	1.4	2.2	3.9	6.4
Settlement / curtailment loss	–	0.4	–	2.7
Amortization of initial net asset obligation	–	–	–	0.4
Net periodic pension cost	$ 11.2	$ 12.9	$ 33.2	$ 40.2
Other postretirement benefits:				
Service cost – benefits earned during period	$ 0.6	$ 0.5	$ 1.4	$ 1.4
Interest cost on projected benefit obligation	1.5	1.4	4.4	4.1
Amortization of prior service costs	(1.9)	(2.1)	(5.1)	(6.3)
Recognized net actuarial loss	0.4	0.4	1.0	1.3
Settlement / curtailment gain	–	(1.1)	–	(1.1)
Amortization of initial net obligation	0.1	0.1	0.3	0.3
Net periodic non-pension postretirement benefit cost	$ 0.7	$ (0.8)	$ 2.0	$ (0.3)

Expected employer contributions worldwide for pension benefits in 2007 approximate $44.6 million for the qualified plans, of which $38.1 million was contributed during the nine months ended September 30, 2007. The portion of the 2007 total expected contributions attributable to the U.S. qualified pension plans is $28.8 million, of which $27.4 million was contributed during the nine months ended September 30, 2007. The non-qualified pension plans and other postretirement benefit plans are unfunded. As a result, the 2007 expected contributions to these plans of $1.8 million and $4.8 million, respectively, represent actuarial estimates of future assumed payments based on historic retirement

and payment patterns as well as medical trend rates and historical claim information, as appropriate. The settlement loss in 2006 primarily resulted from a distribution from a non-qualified pension plan.

12. Restructuring and Impairment Charges

During the three and nine months ended September 30, 2007, the company recorded aggregate restructuring and impairment charges of $2.1 million and $0.6 million, respectively. The restructuring and impairment charges during the first nine months of 2007 primarily related to asset impairment charges of approximately $2.5 million for product lines in the Lubrizol Advanced Materials segment, offset by a pretax gain and restructuring credit of $2.8 million recorded on the sale of the manufacturing facility located in Bromborough, U.K. in January 2007 for net cash proceeds of $5.9 million.

The following table shows the reconciliation of the restructuring liability since January 1, 2007 by major restructuring activity:

	Liability January 1, 2007	Restructuring and Impairment Charges	Cash Paid	Non-cash Adjustments	Liability September 30, 2007
Bromborough, U.K. plant closure and sale	$ 1.0	$ (0.7)	$ (0.1)	$ (0.1)	$ 0.1
Lubrizol Advanced Materials plant and line closures and workforce reductions	0.7	3.2	(1.0)	(2.5)	0.4
Corporate / other workforce reductions	0.2	0.1	(0.3)	–	–
Noveon International restructuring liabilities assumed	0.9	–	(0.4)	–	0.5
	$ 2.8	$ 2.6	$ (1.8)	$ (2.6)	$ 1.0

Included in restructuring and impairment charges for the nine months ended September 30, 2007 was a $2.0 million gain on the sale of the U.K. plant.

13. Debt

During the three and nine months ended September 30, 2007, the company repaid €25.0 million and €85.0 million, respectively, against its €250.0 million revolving credit agreement. As of September 30, 2007, there was nothing outstanding under this agreement.

14. Shareholders' Equity

The following table summarizes the changes in shareholders' equity since December 31, 2006:

		Shareholders' Equity			
	Number of Shares Outstanding	Common Shares	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance, December 31, 2006	69.0	$ 710.1	$ 1,033.8	$ (60.8)	$ 1,683.1
Cumulative effect of a change in accounting principle due to the adoption of FIN No. 48		–	(8.9)	–	(8.9)
Balance, January 1, 2007	69.0	710.1	1,024.9	(60.8)	1,674.2
Comprehensive income:					
Net income		–	223.7	–	223.7
Other comprehensive income		–	–	65.1	65.1
Total comprehensive income					288.8
Dividends		–	(62.1)	–	(62.1)
Deferred stock compensation		14.4	–	–	14.4
Common shares – treasury:					
Common shares purchased	(1.4)	(2.7)	(79.4)	–	(82.1)
Shares issued upon exercise of stock options and awards	1.0	34.5	–	–	34.5
Balance, September 30, 2007	68.6	$ 756.3	$ 1,107.1	$ 4.3	$ 1,867.7

On April 23, 2007, the company's board of directors authorized a new share repurchase program that, combined with the company's existing repurchase program, permits the company to repurchase up to $300.0 million of its common shares through 2009.

15. Contingencies

The company has numerous purchase commitments for materials, supplies and energy in the ordinary course of business. The company also has numerous sales commitments for product supply contracts in the ordinary course of business.

General

There are pending or threatened claims, lawsuits and administrative proceedings against the company or its subsidiaries, all arising from the ordinary course of business with respect to commercial, product liability and environmental matters, which seek remedies or damages. The company believes that any liability that finally may be determined with respect to commercial and product liability claims should not have a material adverse effect on the company's consolidated financial position, results of operations or cash flows. From time to time, the company also may be involved in legal proceedings as a plaintiff involving contract, patent protection, environmental and other matters. Gain contingencies, if any, are recognized when they are realized.

ENVIRONMENTAL

The company's environmental engineers and consultants review and monitor environmental issues at operating facilities and, where appropriate, the company initiates corrective and/or preventive environmental projects to ensure environmental compliance and safe and lawful activities at its current operations. The company also conducts compliance and management systems audits.

The company and its subsidiaries are generators of both hazardous and non-hazardous wastes, the treatment, storage, transportation and disposal of which are regulated by various laws and governmental regulations. These laws and regulations generally impose liability for costs to investigate and remediate contamination without regard to fault and, under certain circumstances, liability may be joint and several resulting in one party being held responsible for the entire obligation. Liability also may include damages to natural resources. Although the company believes past operations were in substantial compliance with the then-applicable regulations, either the company or the predecessor of Noveon International, the Performance Materials Segment of Goodrich Corporation (Goodrich), has been designated under a country's laws and/or regulations as a potentially responsible party (PRP) in connection with several sites including both third party sites and/or current operating facilities.

The company participates in the remediation process for onsite and third party waste management sites at which the company has been identified as a PRP. This process includes investigation, remedial action selection and implementation, as well as discussions and negotiations with other parties, which primarily include PRPs, past owners and operators and governmental agencies. The estimates of environmental liabilities are based on the results of this process. Inherent uncertainties exist in these estimates primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability, remediation standards and evolving technologies for managing investigations and remediation. The company revises its estimates accordingly as events in this process occur and additional information is obtained.

The company's environmental reserves, measured on an undiscounted basis, totaled $16.6 million at September 30, 2007 and $14.2 million at December 31, 2006. Of these amounts, $6.5 million and $4.5 million were included in accrued expenses and other current liabilities at September 30, 2007 and December 31, 2006, respectively. Goodrich provided Noveon International with an indemnity for various environmental liabilities. The company estimates Goodrich's share of such currently identified liabilities under the indemnity, which extends through February 2011, to be approximately $3.7 million of which $0.6 million is included in receivables and $3.1 million is included in other assets. There are specific environmental contingencies for company-owned sites for which third parties such as past owners and/or operators are the named PRPs and also for which the company is indemnified by Goodrich. Goodrich currently is indemnifying Noveon International for several environmental remediation projects. Goodrich's share of all of these liabilities may increase to the extent such third parties fail to honor their obligations through February 2011.

The company believes that its environmental accruals are adequate based on currently available information. The company believes that it is reasonably possible that $12.9 million in additional costs may be incurred at certain locations beyond the amounts accrued as a result of new information, newly discovered conditions, changes in remediation standards or technologies or a change in the law. Additionally, as the indemnification from Goodrich extends through February 2011, changes in assumptions regarding when costs will be incurred may result in additional expenses to the company. Additional costs in excess of $12.9 million cannot currently be estimated.

GUARANTEES

On May 1, 2006, the company sold the FIIS business to SPM Group Holdings, LLC, now known as Emerald Performance Materials, LLC (Emerald). As a result of the sale, Emerald became responsible for contracts relating to FIIS, including a Toluene Sale and Purchase Agreement between SK Corporation (SK) and the company dated December 6, 2005 (the Toluene Agreement). Although Emerald has assumed the obligations under the Toluene Agreement, the company has guaranteed to SK the timely performance of Emerald's payment obligations under the Toluene Agreement for purchases thereunder. The term of the Toluene Agreement extends to January 31, 2008.

If Emerald does not satisfy its obligations under the Toluene Agreement, SK shall notify the company and use commercially reasonable efforts to collect what is due from Emerald. If SK is unable to collect from Emerald, then SK may make a demand on the company for payment of the outstanding obligations. The guarantee is revocable by the company upon 60 days' prior written notice.

Because of the guarantee's existing revocation clause, the company estimates that the maximum liability under the guarantee would be approximately $19.0 million, representing the estimated liability for two shipments to Emerald. However, the company believes that it is highly unlikely that an event would occur requiring the company to pay any monies pursuant to the guarantee. Accordingly, no liability has been reflected in the accompanying consolidated balance sheet at September 30, 2007.

On November 5, 2007, the company terminated the guarantee with SK as SK no longer required a guarantee for Emerald's obligations as of this date.

INDEMNIFICATIONS

In connection with the sale of the FIIS business, the company has provided indemnifications to Emerald with respect to the business sold. These indemnifications have been associated with the price and quantity of raw material purchases and environmental matters. In each of these circumstances, payment by the company is dependent on Emerald filing a claim. In addition, the company's obligations under these agreements may be limited in terms of time and/or amount. It is not possible to predict the maximum potential amount of future payments under certain of these agreements due to the conditional nature of the company's obligations and the unique facts and circumstances involved in each particular agreement. The company believes that if it were to incur a loss in any of these matters, such loss would not have a material effect on the company's business, financial condition or results of operations. For those indemnification agreements where a payment by the company is probable and estimable, a liability has been recorded as of September 30, 2007.

16. Restatement of Consolidated Financial Statements

On October 22, 2007, the company concluded to restate its previously issued financial statements because of reporting errors relating to five postemployment employee benefit plans in three foreign countries. Accordingly, the company has restated its previously issued financial statements included in its most recently filed annual report on Form 10-K/A for the fiscal year ended December 31, 2006 and its previously issued interim financial statements included in its most recently filed quarterly reports on Form 10-Q/A for the quarters ended March 31, 2007 and June 30, 2007. As a result, the company also has restated the accompanying interim financial statements for the three and nine months ended September 30, 2006.

The impact of the restatement decreased net income for the three and nine months ended September 30, 2006 by $0.7 million or 1.4% and $1.7 million or 2.0%, respectively, from amounts previously reported. For the three and nine months ended September 30, 2006, the impact of the restatement decreased income from continuing operations by $0.7 million or 1.4% and $1.7 million or 1.1%, respectively, from amounts previously reported. The restatement had no effect on the company's previously reported revenues or net cash flows.

The errors primarily arose in three different postemployment employee benefit plans at a wholly owned subsidiary and in postemployment employee benefit plans at two of the company's consolidated joint ventures. Four of these

postemployment employee benefit plans had been accounted for inappropriately on a cash basis rather than an accrual basis as required by U.S. GAAP, while the accrual recorded in the financial statements for the fifth plan was not calculated in accordance with U.S. GAAP.

The following tables show the impact of the restatement:

Consolidated Statement of Income

(In Millions of Dollars Except Per Share Data)	Three Months Ended September 30, 2006		
	(as previously reported)	**(adjustments)**	**(as restated)**
Net sales	$ 1,029.9	$ –	$ 1,029.9
Royalties and other revenues	1.1	–	1.1
Total revenues	1,031.0	–	1,031.0
Cost of sales	781.8	1.0	782.8
Selling and administrative expenses	101.7	–	101.7
Research, testing and development expenses	50.5	–	50.5
Amortization of intangible assets	5.9	–	5.9
Restructuring and impairment charges	2.7	–	2.7
Total costs and expenses	942.6	1.0	943.6
Other expense – net	1.6	–	1.6
Interest income	7.6	–	7.6
Interest expense	(25.0)	–	(25.0)
Income from continuing operations before income taxes	72.6	(1.0)	71.6
Provision for income taxes	21.8	(0.3)	21.5
Income from continuing operations	50.8	(0.7)	50.1
Discontinued operations – net of tax	(0.5)	–	(0.5)
Net income	$ 50.3	$ (0.7)	$ 49.6
Basic earnings (loss) per share:			
Continuing operations	$ 0.74	$ (0.01)	$ 0.73
Discontinued operations	(0.01)	–	(0.01)
Net income per share, basic	$ 0.73	$ (0.01)	$ 0.72
Diluted earnings (loss) per share:			
Continuing operations	$ 0.73	$ (0.01)	$ 0.72
Discontinued operations	(0.01)	–	(0.01)
Net income per share, diluted	$ 0.72	$ (0.01)	$ 0.71

THE LUBRIZOL CORPORATION
Notes to Consolidated Financial Statements
September 30, 2007
(Unaudited)

Consolidated Statement of Income

(In Millions of Dollars Except Per Share Data)	Nine Months Ended September 30, 2006		
	(as previously reported)	(adjustments)	(as restated)
Net sales	$ 3,053.2	$ –	$ 3,053.2
Royalties and other revenues	3.0	–	3.0
Total revenues	3,056.2	–	3,056.2
Cost of sales	2,294.8	2.6	2,297.4
Selling and administrative expenses	280.6	–	280.6
Research, testing and development expenses	152.8	–	152.8
Amortization of intangible assets	17.7	–	17.7
Restructuring and impairment charges	6.3	–	6.3
Total costs and expenses	2,752.2	2.6	2,754.8
Other expense – net	(0.1)	–	(0.1)
Interest income	13.5	–	13.5
Interest expense	(75.0)	–	(75.0)
Income from continuing operations before income taxes	242.4	(2.6)	239.8
Provision for income taxes	82.3	(0.9)	81.4
Income from continuing operations	160.1	(1.7)	158.4
Discontinued operations – net of tax	(73.6)	–	(73.6)
Net income	$ 86.5	$ (1.7)	$ 84.8
Basic earnings (loss) per share:			
Continuing operations	$ 2.33	$ (0.02)	$ 2.31
Discontinued operations	(1.07)	–	(1.07)
Net income per share, basic	$ 1.26	$ (0.02)	$ 1.24
Diluted earnings (loss) per share:			
Continuing operations	$ 2.31	$ (0.02)	$ 2.29
Discontinued operations	(1.06)	–	(1.06)
Net income per share, diluted	$ 1.25	$ (0.02)	$ 1.23

THE LUBRIZOL CORPORATION
Notes to Consolidated Financial Statements
September 30, 2007
(Unaudited)

Consolidated Statement of Cash Flows

(In Millions of Dollars)	Nine Months Ended September 30, 2006 (as previously reported)	(adjustments)	(as restated)
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net income	$ 86.5	$ (1.7)	$ 84.8
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	120.8	–	120.8
Deferred income taxes	33.1	(0.9)	32.2
Deferred compensation	12.9	–	12.9
Restructuring and impairment charges	61.6	–	61.6
Loss from divestitures and sales of property and equipment	5.2	–	5.2
Change in current assets and liabilities, net of acquisitions and divestitures:			
Receivables	(45.0)	–	(45.0)
Inventories	(28.8)	–	(28.8)
Accounts payable, accrued expenses and other current liabilities	(23.4)	(0.7)	(24.1)
Other current assets	9.5	–	9.5
	(87.7)	(0.7)	(88.4)
Change in noncurrent liabilities	4.3	1.2	5.5
Other items – net	8.4	2.1	10.5
Total operating activities	245.1	–	245.1
INVESTING ACTIVITIES			
Capital expenditures	(91.2)	–	(91.2)
Net proceeds from divestitures and sales of property and equipment	281.4	–	281.4
Other items – net	(0.8)	–	(0.8)
Total investing activities	189.4	–	189.4
FINANCING ACTIVITIES			
Changes in short-term debt – net	4.5	–	4.5
Repayments of long-term debt	(114.3)	–	(114.3)
Dividends paid	(53.3)	–	(53.3)
Proceeds from the exercise of stock options	17.9	–	17.9
Total financing activities	(145.2)	–	(145.2)
Effect of exchange rate changes on cash	8.0	–	8.0
Net increase in cash and short-term investments	297.3	–	297.3
Cash and short-term investments at the beginning of period	262.4	–	262.4
Cash and short-term investments at the end of period	$ 559.7	$ –	$ 559.7

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(In Millions of Dollars except Share and Per Share Data)

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the unaudited consolidated financial statements and the notes thereto appearing elsewhere in this quarterly report on Form 10-Q. Historical results and percentage relationships set forth in the consolidated financial statements, including trends that might appear, should not be taken as indicative of future operations. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those described under the section "Cautionary Statements for Safe Harbor Purposes" included elsewhere in this quarterly report on Form 10-Q.

On October 22, 2007, we concluded to restate our previously issued financial statements because of reporting errors relating to five postemployment employee benefit plans in three foreign countries. Accordingly, the effects of the restatement have been reflected in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and we have not modified or updated disclosures except as required to reflect the effects of the restatement. See the Explanatory Note included in the front section of this quarterly report on Form 10-Q and "Note 16 - Restatement of Consolidated Financial Statements" contained in the Notes to Financial Statements for more information regarding the restatement and changes to previously issued financial statements.

The impact of the restatement decreased net income for the three and nine months ended September 30, 2006 by $0.7 million or 1.4% and $1.7 million or 2.0%, respectively, from amounts previously reported. For the three and nine months ended September 30, 2006, the impact of the restatement decreased income from continuing operations by $0.7 million or 1.4% and $1.7 million or 1.1%, respectively, from amounts previously reported. The effect of the restatement is not significant to our reported expenses and the changes resulting from these restatements had no effect on our previously reported revenues or net cash flows.

OVERVIEW

We are an innovative specialty chemical company that produces and supplies technologies that improve the quality and performance of our customers' products in the global transportation, industrial and consumer markets. Our business is founded on technological leadership. Innovation provides opportunities for us in growth markets as well as advantages over our competitors. From a base of approximately 1,600 patents, we use our product development and formulation expertise to sustain our leading market positions and fuel our future growth. We create additives, ingredients, resins and compounds that enhance the performance, quality and value of our customers' products, while minimizing their environmental impact. Our products are used in a broad range of applications, and are sold into stable markets such as those for engine oils, specialty driveline lubricants and metalworking fluids, as well as higher-growth markets such as personal care and over-the-counter pharmaceutical products and performance coatings and inks. Our engineered polymers products also are used in a variety of industries, including the construction, sporting goods, medical products and automotive industries. We are an industry leader in many of the markets in which our product lines compete.

We are geographically diverse, with an extensive global manufacturing, supply chain, technical and commercial infrastructure. We operate facilities in 28 countries, including production facilities in 19 countries and laboratories in 13 countries, in key regions around the world through the efforts of approximately 6,850 employees. We sell our products in more than 100 countries and believe that our customers value our ability to provide customized, high-quality, cost-effective performance formulations and solutions worldwide. We also believe that our customers value our global supply chain capabilities.

On November 1, 2007, the company completed the acquisition of the refrigeration lubricants business of Croda International Plc (Croda) for approximately $124.1 million. The acquisition primarily includes lubricant technology, trade names, customer lists, manufacturing know-how and inventory. No manufacturing facilities are included in the transaction. Annualized revenues for this business are approximately $84.0 million.

On February 7, 2007, we completed the acquisition of the entire metalworking additives product line of Lockhart Chemical Company (Lockhart), a private company with headquarters in Gibsonia, Pennsylvania. Annualized revenues of these products are approximately $20.0 million.

In May 2006, we sold the food ingredients and industrial specialties business (FIIS) and the active pharmaceutical ingredients and intermediate compounds business (A&I), both of which were included in the Lubrizol Advanced Materials segment. We have reflected the results of these divested businesses in the discontinued operations - net of tax line item in the consolidated statements of income for the three and nine months ended September 30, 2006.

In February 2006, we sold certain assets and liabilities of our Telene® resins business (Telene), which was included in the Lubrizol Advanced Materials segment. We have reflected the results of Telene in the discontinued operations - net of tax line item in the consolidated statement of income for the nine months ended September 30, 2006.

RESULTS OF OPERATIONS

Income from continuing operations increased $21.3 million to $71.4 million for the three months ended September 30, 2007 compared to the three months ended September 30, 2006 and increased $65.3 million to $223.7 million for the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006. The increase in earnings from continuing operations for the three-month period primarily was due to improvements in the combination of price and product mix in the Lubrizol Additives segment, an increase in volume, the favorable resolution of tax matters from prior years, favorable currency gains included in other income and reduced net interest expense. The increase in earnings from continuing operations for the nine-month comparative period primarily was a result of improvements in the combination of price and product mix in the Lubrizol Additives segment as we continued to recover lost margin attributable to past raw material cost increases in this segment. The nine-month period also was favorably impacted by higher volume, the resolution of tax matters from prior years, lower net interest costs, higher other income including a gain on the sale of land and currency gains and a net decrease in restructuring-related charges. Higher raw material costs, increased manufacturing costs and higher selling, technology, administrative and research (STAR) expenses partially offset improvements in income from continuing operations for both the three-month and nine-month comparative periods.

Net income of $49.6 million for the three months ended September 30, 2006 included a $0.5 million loss from discontinued operations - net of tax. Net income of $84.8 million for the nine months ended September 30, 2006 included a $73.6 million loss from discontinued operations - net of tax, which primarily was comprised of a $60.6 million after-tax impairment charge recorded to reflect the FIIS business at its fair value and losses on the sales of the FIIS and A&I businesses.

REVENUES

The changes in consolidated revenues are summarized as follows:

	Three Months Ended September 30,			
	2007	2006	$ Change	% Change
Net sales	$ 1,120.4	$ 1,029.9	$ 90.5	9%
Royalties and other revenues	1.0	1.1	(0.1)	(9%)
Total revenues	$ 1,121.4	$ 1,031.0	$ 90.4	9%

	Nine Months Ended September 30,			
	2007	2006	$ Change	% Change
Net sales	$ 3,349.7	$ 3,053.2	$ 296.5	10%
Royalties and other revenues	3.0	3.0	–	–
Total revenues	$ 3,352.7	$ 3,056.2	$ 296.5	10%

The increase in revenues for the three months ended September 30, 2007 compared to the same period in 2006 was due to a 4% increase in volume, a 3% improvement in the combination of price and product mix and a 2% favorable currency impact. The increase in revenues for the nine months ended September 30, 2007 compared to the same period in 2006 was due to a 6% improvement in the combination of price and product mix, a 2% increase in volume and a 2% favorable currency impact.

The following table shows the geographic break-down of our volume for the three and nine months ended September 30, 2007:

	2007 Volume	
	3rd Quarter	Year-to-Date
North America	46%	47%
Europe	26%	26%
Asia-Pacific / Middle East	21%	21%
Latin America	7%	6%
Total	100%	100%

The following table shows the percentage change in our volume by geographic zone for the three and nine months ended September 30, 2007 compared to the corresponding periods in 2006:

	2007 vs. 2006 % Change	
	3rd Quarter	Year-to-Date
North America	(1%)	(1%)
Europe	3%	5%
Asia-Pacific / Middle East	9%	2%
Latin America	25%	24%
Total	4%	2%

Segment volume variances by geographic zone as well as the factors explaining the changes in segment revenues for the three and nine months ended September 30, 2007 compared with the same periods in 2006 are contained within the "Segment Analysis" section below.

COSTS AND EXPENSES

The changes in consolidated costs and expenses are summarized as follows:

	Three Months Ended September 30,			
	2007	2006	$ Change	% Change
Cost of sales	$ 846.0	$ 782.8	$ 63.2	8%
Selling and administrative expenses	103.7	101.7	2.0	2%
Research, testing and development expenses	56.0	50.5	5.5	11%
Amortization of intangible assets	5.8	5.9	(0.1)	(2%)
Restructuring and impairment charges	2.1	2.7	(0.6)	*
Total costs and expenses	$ 1,013.6	$ 943.6	$ 70.0	7%

	Nine Months Ended September 30,			
	2007	2006	$ Change	% Change
Cost of sales	$ 2,503.0	$ 2,297.4	$ 205.6	9%
Selling and administrative expenses	309.4	280.6	28.8	10%
Research, testing and development expenses	161.4	152.8	8.6	6%
Amortization of intangible assets	17.7	17.7	–	–
Restructuring and impairment charges	0.6	6.3	(5.7)	*
Total costs and expenses	$ 2,992.1	$ 2,754.8	$ 237.3	9%

* Calculation not meaningful

The increases in cost of sales for the three and nine months ended September 30, 2007 compared to the same periods in 2006 primarily were due to higher average raw material cost and higher manufacturing expenses. Average raw material cost increased 3% and 6% in the three and nine months ended September 30, 2007, respectively, compared to the same periods in 2006. Total manufacturing expenses increased 10% and 11% in the three and nine months ended September 30, 2007, respectively, compared to the same periods in 2006. The increases in manufacturing expenses for both comparative periods primarily were due to an unfavorable currency impact, increased environmental-related charges and higher maintenance materials and contract labor costs in the Lubrizol Additives segment mostly attributable to the U.S. Gulf Coast. The nine-month comparative period also included higher salaries and benefits and unfavorable manufacturing cost absorption as we lowered first quarter production to reduce inventory levels from the prior year end. The nine-month increase in manufacturing expenses partially was offset by a decrease in utility costs. On a per-unit-sold basis, manufacturing costs increased 6% and 8% in the three and nine months ended September 30, 2007 compared to the same periods in 2006.

Gross profit (net sales less cost of sales) increased $27.3 million, or 11%, and $90.9 million, or 12%, for the three and nine months ended September 30, 2007, respectively, compared to the same periods in 2006. The increases primarily were due to improvement in the combination of price and product mix in the Lubrizol Additives segment, increased volume and a favorable currency impact offset by higher average unit raw material cost and higher manufacturing cost. Our gross profit percentage (gross profit divided by net sales) increased to 24.5% and 25.3% for the three and nine months ended September 30, 2007, respectively, compared to 24.0% and 24.8% in the same periods last year. The increases in gross profit percentage for the three-month and nine-month comparative periods were attributable to increases in the Lubrizol Additives segment gross profit percentage largely due to the favorable combination of price and product mix and increased volume, partially offset by gross profit percentage decreases in the Lubrizol Advanced Materials segment primarily as a result of higher raw material costs.

Selling and administrative expenses increased $2.0 million, or 2%, and $28.8 million, or 10%, for the three and nine months ended September 30, 2007, respectively, compared to the same periods in 2006. The increase for the nine-

month period primarily was due to an increase in salaries and benefits as a result of annual merit increases, higher incentive compensation expense, the funding of growth resources and implementation of a common information systems platform in the Lubrizol Advanced Materials segment and an unfavorable currency impact. The first quarter of 2006 included a $2.8 million pension settlement charge related to a non-qualified pension plan distribution.

Research, testing and development expenses increased $5.5 million, or 11%, and $8.6 million, or 6%, for the three and nine months ended September 30, 2007, respectively, compared to the same periods in the prior year. The increases for both periods primarily were due to an unfavorable currency impact and increased salaries and benefits.

In the three and nine months ended September 30, 2007, we recorded aggregate restructuring and impairment charges of $2.1 million and $0.6 million, respectively. The restructuring charges for the nine-month period primarily related to impairment charges of approximately $2.5 million for product lines in the Lubrizol Advanced Materials segment, offset by a pretax gain and restructuring credit of $2.8 million recorded on the sale of the manufacturing facility located in Bromborough, U.K. in January 2007 for net cash proceeds of $5.9 million. Restructuring and impairment charges of $2.7 million and $6.3 million were recorded during the three and nine months ended September 30, 2006, respectively, which primarily were associated with the U.K. plant closure mentioned above.

The components of restructuring and impairment charges are detailed as follows:

	Three Months Ended September 30, 2007			
	Asset Impairments	Other Plant Exit Costs	Severance	Total
Lubrizol Advanced Materials production line impairment and workforce reductions	$ 2.0	$ –	$ 0.1	$ 2.1

	Nine Months Ended September 30, 2007			
	Asset Impairments (Gains)	Other Plant Exit Costs	Severance	Total
Lubrizol Advanced Materials plant closures, production line impairments and workforce reductions	$ 2.5	$ 0.2	$ 0.6	$ 3.3
Bromborough, U.K. plant closure and sale	(2.8)	0.1	–	(2.7)
Total restructuring and impairment charges	$ (0.3)	$ 0.3	$ 0.6	$ 0.6

	Three Months Ended September 30, 2006			
	Asset Impairments	Other Plant Exit Costs	Severance	Total
Lubrizol Advanced Materials plant closures and workforce reductions	$ 0.6	$ 0.3	$ 0.3	$ 1.2
Bromborough, U.K. plant closure	–	1.2	0.5	1.7
Other	–	–	(0.2)	(0.2)
Total restructuring and impairment charges	$ 0.6	$ 1.5	$ 0.6	$ 2.7

	Nine Months Ended September 30, 2006			
	Asset Impairments	Other Plant Exit Costs	Severance	Total
Lubrizol Advanced Materials plant closures and workforce reductions	$ 0.6	$ 0.3	$ 0.8	$ 1.7
Bromborough, U.K. plant closure	–	3.3	1.6	4.9
Other	–	–	(0.3)	(0.3)
Total restructuring and impairment charges	$ 0.6	$ 3.6	$ 2.1	$ 6.3

The charges for these cost reduction initiatives and impairments are reported as a separate line item in the consolidated statements of income, entitled "Restructuring and impairment charges" and are included in the "Total cost and expenses" subtotal on the consolidated statements of income.

OTHER ITEMS AND NET INCOME

The changes in other items and net income are summarized as follows:

	Three Months Ended September 30,			
	2007	2006	$ Change	% Change
Other income (expense) – net	$ 5.5	$ 1.6	$ 3.9	*
Interest expense – net	(14.8)	(17.4)	2.6	(15%)
Income from continuing operations before income taxes	98.5	71.6	26.9	38%
Provision for income taxes	27.1	21.5	5.6	26%
Income from continuing operations	71.4	50.1	21.3	43%
Discontinued operations	–	(0.5)	0.5	*
Net income	71.4	49.6	21.8	*

	Nine Months Ended September 30,			
	2007	2006	$ Change	% Change
Other income (expense) – net	$ 9.7	$ (0.1)	$ 9.8	*
Interest expense – net	(49.4)	(61.5)	12.1	(20%)
Income from continuing operations before income taxes	320.9	239.8	81.1	34%
Provision for income taxes	97.2	81.4	15.8	19%
Income from continuing operations	223.7	158.4	65.3	41%
Discontinued operations	–	(73.6)	73.6	*
Net income	223.7	84.8	138.9	*

* Calculation not meaningful

The increases in other income for the three and nine months ended September 30, 2007 compared to the same periods in 2006 primarily were due to favorable currency gains. In addition, the nine-month period was impacted favorably by a $5.0 million gain on the sale of land recorded in the first quarter of 2007.

The decrease in interest expense - net for the nine months ended September 30, 2007 compared to the same period in 2006 primarily was attributable to an increase in interest income as a result of our increased cash and short-term investments from the divestiture proceeds received in May 2006 and reduced interest expense associated with our reduced debt balances.

Our effective tax rates were 27.5% and 30.3% for the three and nine months ended September 30, 2007, respectively, compared to our effective tax rates of 30.0% and 33.9% for the same respective periods in 2006. The decreases in both periods in 2007 compared to 2006 primarily were due to the favorable resolution of tax matters from prior years and an improvement in our geographic earnings mix as a result of our strong international growth.

Primarily as a result of the above factors, net income per diluted share was $1.02 and $3.19 for the three and nine months ended September 30, 2007, respectively, compared to net income per diluted share of $0.71 and $1.23 for the same respective periods in 2006. Net income per diluted share for the three and nine months ended September 30, 2006 included a loss from discontinued operations per diluted share of $0.01 and $1.06, respectively. The loss from

discontinued operations per diluted share for the nine months ended September 30, 2006 included a $0.01 per diluted share of operating income, an $0.87 per diluted share non-cash impairment charge and a $0.20 per diluted share loss on the sale of the FIIS, A&I and Telene businesses.

SEGMENT ANALYSIS

We primarily evaluate performance and allocate resources based on segment operating income, defined as revenues less expenses identifiable to the product lines included within each segment, as well as projected future returns. Segment operating income will reconcile to consolidated income from continuing operations before income taxes by deducting corporate expenses and income that are not attributable to the operating segments, restructuring and impairment charges and net interest expense.

The proportion of consolidated revenues and segment operating income attributed to each segment was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Revenues:				
Lubrizol Additives	66%	64%	65%	64%
Lubrizol Advanced Materials	34%	36%	35%	36%
Segment Operating Income:				
Lubrizol Additives	76%	62%	72%	63%
Lubrizol Advanced Materials	24%	38%	28%	37%

The operating results by segment were as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2007	2006	$ Change	% Change	2007	2006	$ Change	% Change
Revenues:								
Lubrizol Additives	$ 738.8	$ 661.3	$ 77.5	12%	$ 2,193.8	$ 1,967.3	$ 226.5	12%
Lubrizol Advanced Materials	382.6	369.7	12.9	3%	1,158.9	1,088.9	70.0	6%
Total	$ 1,121.4	$ 1,031.0	$ 90.4	9%	$ 3,352.7	$ 3,056.2	$ 296.5	10%
Gross Profit:								
Lubrizol Additives	$ 175.7	$ 139.7	$ 36.0	26%	$ 528.7	$ 438.9	$ 89.8	20%
Lubrizol Advanced Materials	98.7	107.4	(8.7)	(8%)	318.0	316.9	1.1	–
Total	$ 274.4	$ 247.1	$ 27.3	11%	$ 846.7	$ 755.8	$ 90.9	12%
Segment Operating Income:								
Lubrizol Additives	$ 97.0	$ 70.6	$ 26.4	37%	$ 304.3	$ 233.4	$ 70.9	30%
Lubrizol Advanced Materials	30.9	42.5	(11.6)	(27%)	119.8	135.4	(15.6)	(12%)
Total	$ 127.9	$ 113.1	$ 14.8	13%	$ 424.1	$ 368.8	$ 55.3	15%

LUBRIZOL ADDITIVES SEGMENT

Revenues increased 12% for both the three and nine months ended September 30, 2007 compared to the same periods in 2006. The three-month increase was due to a 5% increase in volume, a 5% improvement in the combination of price and product mix and a 2% favorable currency impact. The nine-month increase resulted from a 7% improvement in the combination of price and product mix, a 3% favorable currency impact and a 2% increase in volume.

The following table shows the geographic break-down of our volume for the three and nine months ended September 30, 2007:

	2007 Volume	
	3rd Quarter	Year-to-Date
North America	36%	37%
Europe	30%	31%
Asia-Pacific / Middle East	25%	25%
Latin America	9%	7%
Total	100%	100%

The following table shows the percentage change in our volume by geographic zone for the three and nine months ended September 30, 2007 compared to the corresponding periods in 2006:

	2007 vs. 2006 % Change	
	3rd Quarter	Year-to-Date
North America	(2%)	(2%)
Europe	4%	4%
Asia-Pacific / Middle East	7%	(1%)
Latin America	34%	25%
Total	5%	2%

Volume for the three-month and nine-month periods ended September 30, 2007 were at record levels primarily due to business gains in Europe and Latin America, which partially were offset by volume declines in North America. The volume decrease in North America primarily was due to our decision to exit low margin fuel additive business and the impact of lower commercial vehicle builds on customer demand for lubricant additives. The volume decrease in the year-to-date period in Asia-Pacific / Middle East primarily was attributable to a strong first half of 2006 influenced by changes in customer order patterns.

Segment gross profit increased 26% and 20% for the three and nine months ended September 30, 2007, respectively, compared to the same periods in 2006 as we continued to recover margin lost in prior periods. The Lubrizol Additives segment implemented a series of price increases in 2005 and 2006 in response to continued raw material and manufacturing cost increases. The effective dates of the selling price increases varied by geographic sales zone. Gross profit improved primarily due to the combination of price and product mix, partially offset by a 3% and 6% increase in average raw material cost for the three and nine months ended September 30, 2007, respectively, as compared to the same periods in 2006. Manufacturing costs on a per-unit-sold basis increased 5% and 10% for the three-month and nine-month comparative periods, respectively, primarily due to the impact of unfavorable currency, increased costs for environmental matters and higher manufacturing costs for maintenance materials and contract labor costs mostly attributable to the U.S. Gulf Coast. In addition, for the nine months ended September 30, 2007 we experienced unfavorable manufacturing cost absorption as we lowered first quarter production to reduce inventory levels from the prior year end. These cost increases partially were offset by decreases in utility costs for both the three and nine months ended September 30, 2007 compared to the same periods in 2006.

The gross profit percentage increased to 23.8% and 24.1% for the three and nine months ended September 30, 2007, respectively, as compared to 21.2% and 22.3% in the corresponding prior-year periods. The increases in gross profit percentage primarily related to the improvement in the combination of price and product mix and the favorable impact of currency.

STAR expenses increased 12% and 10% in the three and nine months ended September 30, 2007 compared to the respective prior-year periods. The increases primarily were due to higher selling and administrative expenses resulting from increased incentive compensation expense and unfavorable currency. In addition, technical expenses increased in both periods, with higher outside testing costs occurring in the three months ended September 30, 2007.

Other income for the year-to-date period includes a $5.0 million gain on the sale of land recorded in the first quarter of 2007.

Segment operating income increased 37% and 30% for the three and nine months ended September 30, 2007, respectively, compared to the same periods in 2006 due to the factors discussed above.

LUBRIZOL ADVANCED MATERIALS SEGMENT

Revenues increased 3% and 6% for the three and nine months ended September 30, 2007, respectively, compared to the same periods in 2006. The increase for the three-month period was due to a 2% increase in volume and a 2% favorable currency impact offset by a 1% decrease in the combination of price and product mix. The increase for the nine-month period was due to a 3% increase in volume, a 2% favorable currency impact, and a 1% increase in the combination of price and product mix.

The following table shows the geographic break-down of our volume for the three and nine months ended September 30, 2007:

	2007 Volume	
	3rd Quarter	Year-to-Date
North America	67%	67%
Europe	16%	17%
Asia-Pacific / Middle East	13%	12%
Latin America	4%	4%
Total	100%	100%

The following table shows the percentage change in our volume by geographic zone for the three and nine months ended September 30, 2007 compared to the corresponding periods in 2006:

	2007 vs. 2006 % Change	
	3rd Quarter	Year-to-Date
North America	–	(1%)
Europe	2%	5%
Asia-Pacific / Middle East	17%	20%
Latin America	1%	21%
Total	2%	3%

In the first quarter of 2007, we made a minor change to improve the consistency of our reporting of shipment volumes. Volume in our performance coatings product line, and to a much lesser extent, our Noveon® consumer specialties product line, were reported previously on a dry basis, or excluding the carrier fluid that is shipped with the base performance material. We are now reporting all product lines on an "as-shipped" basis, including carrier fluid that is blended with the base material.

Volume in North America was level and decreased 1% for the three and nine months ended September 30, 2007, respectively, with increases in our engineered polymers and Noveon consumer specialties product lines more than offset by decreases in our performance coatings product line. The increases in both periods in our Noveon consumer specialties product line were due to increased customer demand in our surfactants business and increased customer demand in the personal care market. Volume in our engineered polymers product line increased due to strong sales of TempRite® engineered polymers products (TempRite) into industrial and fire sprinkler applications offset by weaker sales into plumbing applications in the three-month period and increased due to strong demand in

fire sprinkler, industrial and plumbing applications for the nine-month period. Volume in our performance coatings product line decreased in both periods due to reduced customer demand in textiles and inks applications.

Volume in Europe increased 2% and 5% for the three and nine months ended September 30, 2007, respectively, with increases in our engineered polymers and Noveon consumer specialties product lines more than offsetting decreases in our performance coatings product line. Higher customer demand in TempRite, Estane® engineered polymers business (Estane), and sales into the personal care and pharmaceutical markets more than offset reduced customer demand in paints and coatings applications. In addition, the three-month comparative period was impacted unfavorably by reduced customer demand.

Volume in Asia-Pacific increased 17% and 20% for the three and nine months ended September 30, 2007, respectively, with increases in all of our product lines in both periods. This increase was due to strong customer demand in plumbing, industrial, paints and coatings, inks, film and sheet and personal care applications. In addition, the nine-month comparative period was impacted favorably by strong customer demand in textiles applications.

Volume in Latin America increased 1% and 21% for the three and nine months ended September 30, 2007, respectively. For the three-month period, volume increases in our performance coatings product line were due to higher customer demand in paints and coatings and inks applications and partially were offset by reduced customer demand in our engineered polymers product line, primarily in plumbing applications. The volume increase in the nine-month period primarily was caused by increased customer demand in plumbing, personal care, and paints and coatings applications.

Segment gross profit decreased 8% and increased less than 1% for the three and nine months ended September 30, 2007, respectively, compared to the same periods in 2006. The decrease in the three-month period primarily was due to higher average raw material and manufacturing costs and competitive pricing pressures experienced in our TempRite business. Segment gross profit increased slightly for the nine-month period due to an improvement in the combination of price and product mix and an increase in volume, which partially was offset by higher average raw material and manufacturing costs. Average raw material cost increased 6% for both the three and nine months ended September 30, 2007, respectively, compared to the same periods in 2006. Manufacturing costs increased for the three-month and nine-month comparative periods primarily due to higher volume, an unfavorable currency impact and increased headcount. Manufacturing costs on a per-unit-sold basis increased 8% and 6% for the three and nine months ended September 30, 2007, respectively, compared to the same periods in 2006.

The gross profit percentages were 25.8% and 27.5% for the three and nine months ended September 30, 2007, respectively, compared to 29.1% in both corresponding prior-year periods. The decreases were due to higher average raw material and manufacturing costs.

STAR expenses increased 6% and 10% for the three and nine months ended September 30, 2007, respectively, compared to the same periods in 2006. The increases were due to higher base salaries and benefits, increased headcount to support our growth strategy, an unfavorable currency impact, higher incentive compensation expense and the implementation of a common information systems platform.

Segment operating income for the three and nine months ended September 30, 2007 of $30.9 million and $119.8 million, respectively, decreased 27% and 12% compared to the same periods in 2006 due to the factors discussed above.

WORKING CAPITAL, LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the major components of cash flow:

	Nine Months Ended September 30,	
	2007	2006
Cash provided by (used for):		
Operating activities	$ 406.5	$ 245.1
Investing activities	(125.7)	189.4
Financing activities	(221.1)	(145.2)
Effect of exchange-rate changes on cash	10.6	8.0
Net increase in cash and short-term investments	$ 70.3	$ 297.3

Operating Activities

The increase in cash provided by operating activities for the nine months ended September 30, 2007 compared to the same period in 2006 primarily related to an increase in net income and an improvement in working capital levels. Specifically, we focused our efforts toward reducing inventory levels and our accounts payable improved due to the timing of raw material purchases and cash disbursements. In addition, the accounts payable we retained at the closing of the FIIS divestiture had an unfavorable impact to operating cash flows of $27.0 million during the nine months ended September 30, 2006. We also improved the timeliness of our collections, which partially offset our increase in accounts receivable associated with higher revenues.

We manage our levels of inventories and accounts receivable on the basis of average days sales in inventory and average days sales in receivables. We establish our target for days sales in inventory with the goal of minimizing our investment in inventories while at the same time ensuring adequate supply for our customers. We establish our target for accounts receivable by taking into consideration the weighted average of our various terms of trade for each segment.

Investing Activities

In the first quarter of 2007, we used $15.7 million to acquire assets from Lockhart. For the nine months ended September 30, 2006, we received cash proceeds from the sales of the FIIS and A&I businesses. Our capital expenditures for the nine months ended September 30, 2007 were $121.6 million compared to $91.2 million for the same period in 2006. In 2007, we estimate annual capital expenditures will be approximately $175.0 million to $180.0 million.

Financing Activities

Cash used for financing activities increased $75.9 million for the nine months ended September 30, 2007 compared to the same period in 2006. Cash used for financing activities of $221.1 million for the nine months ended September 30, 2007 primarily consisted of the repayment of €85.0 million against our €250.0 million revolving credit agreement, which repaid our euro credit facility in full, the repurchase of common shares and the payment of dividends, partially offset by proceeds from the exercise of stock options. This compares to $145.2 million used for

financing activities in the same period in 2006, which primarily consisted of the repayment of long-term debt and payment of dividends, partially offset by proceeds from the exercise of stock options.

On April 23, 2007, our board of directors authorized an enhanced share repurchase program that, upon completion of repurchases under a previous repurchase program, permits us to repurchase up to 5.0 million of our common shares. We would expect that the timing of repurchases will depend on market conditions and these will be balanced with other strategic uses of our cash. Our current intention is to repurchase up to $300.0 million of our shares through 2009.

CAPITALIZATION, LIQUIDITY AND CREDIT FACILITIES

At September 30, 2007, our total debt outstanding of $1,432.3 million consisted of 72% fixed-rate debt and 28% variable-rate debt, including $400.0 million of fixed-rate debt that effectively has been swapped to a variable rate. Our weighted-average interest rate as of September 30, 2007 was approximately 6.0%.

Our net debt to capitalization ratio was 29.6% and 36.5% at September 30, 2007 and December 31, 2006, respectively. Net debt represents total short-term and long-term debt, excluding original issue discounts and unrealized gains and losses on derivative instruments designated as fair-value hedges of fixed-rate debt, reduced by cash and short-term investments. Capitalization is calculated as shareholders' equity plus net debt. Total debt as a percent of capitalization was 43.4% and 47.8% at September 30, 2007 and December 31, 2006, respectively.

Our ratio of current assets to current liabilities was 2.8 and 2.9 at September 30, 2007 and December 31, 2006, respectively.

Our $350.0 million revolving U.S. credit facility, which matures in September 2011, allows us to borrow at variable rates based upon the U.S. prime rate or LIBOR plus a specified credit spread. At September 30, 2007, we had no outstanding borrowings under this agreement.

At September 30, 2007, two of our wholly owned, foreign subsidiaries had a €250.0 million revolving credit facility that matures in September 2010. This credit agreement permits these foreign subsidiaries to borrow at variable rates based on EURIBOR plus a specified credit spread. At September 30, 2007, we had nothing outstanding under this agreement.

Our cash and short-term investments balance of $646.0 million at September 30, 2007 will be used to fund ongoing operations, pay down debt, pursue acquisitions and repurchase shares. On November 1, 2007, the company completed the acquisition of the refrigeration lubricants business of Croda for approximately $124.1 million. The acquisition was funded using a portion of the company's available cash. Given the redemption premium on our long-term debt, it is unlikely that we will reduce debt significantly before our next scheduled maturity in late 2008.

CONTRACTUAL CASH OBLIGATIONS

Our contractual cash obligations as of December 31, 2006 are contained in our annual report on Form 10-K/A for the year ended December 31, 2006. During the nine months ended September 30, 2007, our non-cancelable purchase commitments decreased approximately $15.2 million to $162.8 million. Other than the decrease in non-cancelable purchase commitments, we do not believe there have been any significant changes since December 31, 2006 in our contractual cash obligations. The non-cancelable purchase commitments by period at September 30, 2007 were $23.0 million, $122.2 million, $13.6 million and $4.0 million for the 2007, 2008-2009, 2010-2011 and 2012 and later periods, respectively.

Our debt requires us to dedicate a portion of our cash flow to make interest and principal payments, thereby reducing the availability of our cash flow for acquisitions or other purposes. Nevertheless, we believe our future operating cash flows will be sufficient to cover our debt repayments, capital expenditures, dividends, share repurchases and other obligations and that we have untapped borrowing capacity that can provide us with additional financial resources. We currently have a shelf registration statement filed with the Securities and Exchange Commission (SEC) under which $359.8 million of debt securities, preferred shares or common shares may be issued. As of September 30, 2007, we also maintained cash and short-term investment balances of $646.0 million and had $350.0 million available under our revolving U.S. credit facility and another €250.0 million available under our euro revolving credit facility. In addition, as of September 30, 2007, we had $42.0 million of contingent obligations under standby letters of credit issued in the ordinary course of business to financial institutions, customers and insurance companies to secure short-term support for a variety of commercial transactions, insurance and benefit programs.

NEW ACCOUNTING STANDARDS

Effective January 1, 2007, we adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 48 "Accounting for Uncertainty in Income Taxes." FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in tax returns. Under FIN No. 48, the economic benefit associated with a tax position only will be recognized if it is more likely than not that a tax position ultimately will be sustained. After this threshold is met, a tax position is reported at the largest amount of benefit that is more likely than not to be ultimately sustained. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. Prior to January 1, 2007, we regularly assessed positions with regard to tax exposures and recorded liabilities for uncertain income tax positions in accordance with Statement of Financial Accounting Standards (SFAS) No. 5, "Accounting for Contingencies."

As a result of adopting FIN No. 48 on January 1, 2007, we recognized an $8.9 million reduction to retained earnings and a $5.4 million increase to goodwill for pre-acquisition income tax liabilities of Noveon International, Inc. (Noveon International). As of January 1, 2007, after recording this FIN No. 48 adoption impact, we had gross unrecognized tax benefits of $57.8 million, of which $38.8 million, if recognized, would affect the effective tax rate.

We recognize accrued interest and penalties related to unrecognized tax benefits as a component of the income tax provision. As of January 1, 2007, the date of adoption, we had accrued interest of $7.1 million. Penalties were immaterial to our consolidated financial statements.

We operate in numerous taxing jurisdictions and are subject to regular examinations by various U.S. federal, state and foreign jurisdictions. Our income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which we do business. Due to the subjectivity of interpretations of laws and rulings in each jurisdiction, the differences and interplay in tax laws between those jurisdictions and difficulty in estimating the final resolution of complex tax audit matters, our estimates of income tax liabilities may differ from actual payments or assessments.

It is reasonably possible that unrecognized tax benefits may decrease by up to $6.3 million within 12 months of September 30, 2007 primarily as a result of the settlement of foreign audits and the closure of statutes of limitations.

With few exceptions, we are no longer subject to U.S. federal, state and local tax examinations for years before 2001 and foreign jurisdiction examinations for years before 2000.

Effective with the adoption of FIN No. 48, the majority of the company's unrecognized tax benefits are classified as noncurrent liabilities because payment of cash is not expected within one year. Prior to the adoption of FIN No. 48, the company classified unrecognized tax benefits in accrued expenses and other current liabilities.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to make an irrevocable election to measure many financial instruments and certain other items at fair value at specified election dates. The fair value option may be applied instrument by instrument and must be applied to entire instruments. Unrealized gains and losses on items for which the entity elects the fair value option are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of the fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157, "Fair Value Measurements." Entities are not permitted to apply this statement retrospectively to the fiscal years preceding the effective date unless the entity chooses early adoption. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair value measurements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but simplifies and codifies related guidance within U.S. GAAP. SFAS No. 157 establishes a fair value hierarchy using observable market data as the highest level and an entity's own fair value assumptions as the lowest level. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those years. SFAS No. 157 requires adoption prospectively as of the beginning of the fiscal year in which this statement is initially applied, with the exception of certain financial instruments in which adoption is applied retrospectively as of the beginning of the fiscal year in which this statement is initially applied. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

CAUTIONARY STATEMENTS FOR SAFE HARBOR PURPOSES

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the federal securities laws. As a general matter, forward-looking statements are those focused upon future plans, objectives or performance as opposed to historical items and include statements of anticipated events or trends and expectations and beliefs relating to matters not historical in nature. Forward-looking statements are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. These uncertainties and factors could cause our actual results to differ materially from those matters expressed in or implied by any forward-looking statements, although we believe our expectations reflected in those forward-looking statements are based upon reasonable assumptions. For this purpose, any statements contained herein that are not statements of historical fact should be deemed to be forward-looking statements.

We believe that the following factors, among others, could affect our future performance and cause our actual results to differ materially from those expressed or implied by forward-looking statements made in this quarterly report:

- The cost, availability and quality of raw materials, especially petroleum-based products.
- Our ability to sustain profitability of our products in a competitive environment.
- The demand for our products as influenced by factors such as the global economic environment, longer-term technology developments and the success of our commercial development programs.
- The risks of conducting business in foreign countries, including the effects of fluctuations in currency exchange rates upon our consolidated results and political, social, economic and regulatory factors.

- The extent to which we are successful in expanding our business in new and existing markets and in identifying, understanding and managing the risks inherent in those markets.
- The effect of required principal and interest payments on our ability to fund capital expenditures and acquisitions and to meet operating needs.
- Our ability to identify, complete and integrate acquisitions for profitable growth and operating efficiencies.
- Our success at continuing to develop proprietary technology to meet or exceed new industry performance standards and individual customer expectations.
- Our ability to implement a new common information systems platform primarily into our Lubrizol Advanced Materials segment successfully, including the management of project costs, its timely completion and realization of its benefits.
- Our ability to continue to reduce complexities and conversion costs and modify our cost structure to maintain and enhance our competitiveness.
- Our success in retaining and growing the business that we have with our largest customers.
- The cost and availability of energy, especially natural gas and electricity.
- The effect of interest rate fluctuations on our net interest expense.
- The risk of transportation or weather-related disruptions to our Lubrizol Additives production facilities located near the U.S. Gulf Coast.
- Significant changes in government regulations affecting environmental compliance.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We operate manufacturing and blending facilities, laboratories and offices around the world and utilize fixed-rate and variable-rate debt to finance our global operations. As a result, we are subject to business risks inherent in non-U.S. activities, including political and economic uncertainties, import and export limitations and market risks related to changes in interest rates and foreign currency exchange rates. We believe the political and economic risks related to our foreign operations are mitigated due to the stability of the countries in which our largest foreign operations are located.

In the normal course of business, we use derivative financial instruments including interest rate and commodity hedges and forward foreign currency exchange contracts to manage our market risks. Our objective in managing our exposure to changes in interest rates is to limit the impact of such changes on our earnings and cash flow. Our objective in managing the exposure to changes in foreign currency exchange rates is to reduce volatility on our earnings and cash flow associated with such changes. Our principal currency exposures are the euro, the pound sterling, the Japanese yen and certain Latin American currencies. Our objective in managing our exposure to changes in commodity prices is to reduce the volatility on earnings of utility expense. We do not hold derivatives for trading purposes.

We measure our market risk related to our holdings of financial instruments based on changes in interest rates, foreign currency exchange rates and commodity prices utilizing a sensitivity analysis. The sensitivity analysis measures the potential loss in fair value, cash flow and earnings based on a hypothetical 10% change (increase and decrease) in interest, currency exchange rates and commodity prices. We use current market rates on our debt and derivative portfolios to perform the sensitivity analysis. Certain items such as lease contracts, insurance contracts and obligations for pension and other postretirement benefits are not included in the analysis.

Our primary interest rate exposures relate to our cash and short-term investments, fixed-rate and variable-rate debt and interest rate swaps. The calculation of potential loss in fair value is based on an immediate change in the net present values of our interest rate-sensitive exposures resulting from a 10% change in interest rates. The potential loss in cash

flow and income before tax is based on the change in the net interest income/expense over a one-year period due to an immediate 10% change in rates. A hypothetical 10% increase in interest rates would have had a favorable impact and a hypothetical 10% decrease in interest rates would have had an unfavorable impact on fair values of $34.7 million and $41.1 million at September 30, 2007 and December 31, 2006, respectively. In addition, a hypothetical 10% increase in interest rates would have had an unfavorable impact and a hypothetical 10% decrease in interest rates would have had a favorable impact on cash flows and income before tax of $0.6 million and $1.5 million for 2007 and 2006, respectively, on an annualized basis.

Our primary currency exchange rate exposures are to foreign currency-denominated debt, intercompany debt, cash and short-term investments and forward foreign currency exchange contracts. The calculation of potential loss in fair value is based on an immediate change in the U.S. dollar equivalent balances of our currency exposures due to a 10% shift in exchange rates. The potential loss in cash flow and income before tax is based on the change in cash flow and income before tax over a one-year period resulting from an immediate 10% change in currency exchange rates. A hypothetical 10% increase in currency exchange rates would have had an unfavorable impact and a hypothetical 10% decrease in currency exchange rates would have had a favorable impact on fair values of $20.5 million and $3.5 million at September 30, 2007 and December 31, 2006, respectively. Further, a hypothetical 10% increase in currency exchange rates would have had an unfavorable impact and a hypothetical 10% decrease in currency exchange rates would have had a favorable impact on annualized cash flows of $27.9 million and $20.9 million, respectively, and on annualized income before tax of $4.1 million and $3.7 million in 2007 and 2006, respectively.

Our primary commodity hedge exposures relate to natural gas and electric utility expenses. The calculation of potential loss in fair value is based on an immediate change in the U.S. dollar equivalent balances of our commodity exposures due to a 10% shift in the underlying commodity prices. The potential loss in cash flow and income before tax is based on the change in cash flow and income before tax over a one-year period resulting from an immediate 10% change in commodity prices. A hypothetical 10% increase in commodity prices would have had a favorable impact and a hypothetical 10% decrease in commodity prices would have had an unfavorable impact on fair values of $1.5 million and $1.3 million at September 30, 2007 and December 31, 2006, respectively, and on annualized cash flows and income before tax of $1.5 million and $0.4 million in 2007 and 2006, respectively.

Item 4. Controls and Procedures

In connection with the restatement discussed in the Explanatory Note to this quarterly report on Form 10-Q and in Note 16 contained in the Notes to Financial Statements, we reevaluated our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer. Based on that reevaluation, our chief executive officer and chief financial officer identified a material weakness in our internal control over financial reporting for deficiencies at some international locations due to insufficient requisite technical knowledge of accounting for postemployment employee benefit plans in accordance with U.S. GAAP. Solely as a result of this material weakness, we concluded that our disclosure controls were not effective as of September 30, 2007.

As a result of this material weakness, we have taken steps to remediate the internal control weakness. Specifically, we contracted a third-party benefits consultant to complete a detailed benefits review at our wholly owned subsidiary that generated the majority of the reporting errors, made inquiries and conducted reviews of other international locations and enhanced our training on the application of U.S. GAAP to postemployment employee benefit plans and other matters at our non-U.S. subsidiaries and joint ventures. In connection with this quarterly report on Form 10-Q, under the direction of our chief executive officer and chief financial officer, we have evaluated our disclosure controls and

procedures as currently in effect, including the remedial actions noted above, and we have concluded that, as of the date of this filing, our disclosure controls and procedures are effective.

Other than the enhancements to our internal control over financial reporting related to the accounting for postemployment employee benefit plans that occurred during the third quarter of 2007, there were no other changes in our internal control over financial reporting during the quarter ended September 30, 2007 that have affected materially, or reasonably likely to affect materially, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the third quarter of 2007, we finalized the settlement with the Louisville (KY) Metro Air-Pollution Control District relating to alleged violations of the air permit held by our Louisville, Kentucky facility. We paid a penalty of approximately $0.1 million and have remaining obligations through 2007 to update certain procedures and plans at the facility.

Item 1A. Risk Factors

There are no material changes from risk factors as disclosed previously in our annual report on Form 10-K/A for the year ended December 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) On July 2, 2007, we issued 419 common shares in a private placement transaction exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to one former officer under a deferred compensation plan.

On August 1, 2007, we issued 8,407 common shares in private placement transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to two former directors under deferred compensation plans.

On September 4, 2007, we issued 15 common shares in a private placement transaction exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to one former officer under a deferred compensation plan.

On September 4, 2007, we issued 312 common shares in a private placement transaction exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to one former director under a deferred compensation plan.

(c) The following table provides information regarding our purchases of Lubrizol common shares during the third quarter.

Period	Total Number of Shares (or Units) Purchased[1]	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs[2]	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Programs
Month #1 (July 1, 2007 through July 31, 2007)	119 Shares	$ 64.55	N/A	5,928,799 Shares
Month #2 (August 1, 2007 through August 31, 2007)	467,000 Shares	$ 60.26	467,000 Shares	5,461,799 Shares
Month #3 (September 1, 2007 through September 30, 2007)	60,004 Shares	$ 63.38	60,000 Shares	5,401,795 Shares
Total	527,123 Shares		527,000 Shares	5,401,795 Shares

1 This column includes common shares (119 in July; 0 in August and 4 in September) that we purchased pursuant to our deferred compensation plans whereby we withhold shares upon a distribution to pay the withholding taxes on behalf of the employee and pursuant to our stock incentive plan in which participants exchange already owned shares to us to pay for the exercise price of an option or whereby we withhold shares upon the exercise of an option to pay the withholding taxes on behalf of the employee.

2 This column represents common shares that we purchased at a cost of $31.9 million pursuant to a share repurchase program announced on June 23, 1997. On April 23, 2007, our board of directors authorized an enhanced share repurchase program that permits the company to repurchase up to 5.0 million of its common shares upon completion of repurchases under the previous share repurchase program. These shares may be repurchased in the open market or through negotiated transactions. The program does not have an expiration date.

Item 6. Exhibits

10.1* The Lubrizol Corporation Executive Death Benefit Plan (as amended)

10.2* Employee Agreement effective June 3, 2004, between Noveon, Inc. and Julian M. Steinberg.

31.1 Rule 13a-14(a) Certification of the Chief Executive Officer, as created by Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Rule 13a-14(a) Certification of the Chief Financial Officer, as created by Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Chief Executive Officer and Chief Financial Officer of The Lubrizol Corporation pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.

* Indicates management contract or compensatory plan or arrangement.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE LUBRIZOL CORPORATION

/s/ W. Scott Emerick

W. Scott Emerick
Chief Accounting Officer and Duly Authorized
Signatory of The Lubrizol Corporation

Date: November 9, 2007

Exhibit 10.1

THE LUBRIZOL CORPORATION
EXECUTIVE DEATH BENEFIT PLAN
(As Amended)

The Lubrizol Executive Death Benefit Plan (hereinafter referred to as the "Plan") shall provide death benefits to the designated beneficiaries of certain executives of The Lubrizol Corporation (hereinafter referred to as the "Corporation") in accordance with the provisions hereinafter set forth.

Section 1. Eligibility. Participation in the Plan shall be limited to those executives of the Corporation who are designated by the Organization and Compensation Committee of the Board of Directors of the Corporation (hereinafter referred to as the "Committee") to participate in the Plan; who complete a physical examination to the satisfaction of the Corporation as soon as reasonably possible after being so designated; and who waive participation and benefits in the basic term-life insurance coverage sponsored by the Corporation or any of its affiliates, in a form satisfactory to the Corporation. Any executive so designated shall be listed in Appendix A attached hereto and shall hereinafter be referred to as a "Participant".

Section 2. Benefits. Effective July 25, 1994, upon the death of a Participant, a death benefit shall be made to the Participant's Beneficiary (as defined in Section 5) equal to a percentage of the Participant's bi-weekly salary multiplied by 26, plus quarterly pay, including any such bi-weekly salary or quarterly pay which is deferred under The Lubrizol Corporation Deferred Compensation Plan for Officers (hereinafter referred to as "Covered Pay") rounded to the nearest $1,000.00. Covered Pay for the Participants designated by the Board to participate in the Plan shall have the meaning as described in Appendix A, attached hereto. The Committee will periodically review the Plan and may, at its discretion, change the level of Covered Pay for any Participant. A death benefit shall be calculated in accordance with Paragraph (a) or (b) below, whichever is applicable.

(a) The amount of the death benefit payable with respect to a Participant, who at the time of his death, (i) is employed by the Corporation, or (ii) has retired under the normal retirement provisions of a qualified defined benefit plan maintained by the Corporation, shall be as follows:

Age of Participant at Death	Death Benefit
Less than age 70	250% of Covered Pay
At least age 70, but less than age 75	150% of Covered Pay
Age 75 and over	100% of Covered Pay

(b) The amount of the death benefit payable with respect to a Participant who (i) has retired under the early retirement provisions of a qualified

defined benefit plan maintained by the Corporation, or (ii) has voluntarily terminated his employment with the Corporation but has not obtained competitive employment with another employer, shall be as follows:

Years after Early Retirement or Voluntary Termination	Death Benefit
0 through 5	250% of Covered Pay
6 through 10	150% of Covered Pay
11 or more	100% of Covered Pay

Section 3. Funding. The obligation of the Corporation to pay benefits provided hereunder shall be satisfied by the Corporation out of its general funds. In order to provide a source of payment for its obligations under the Plan, the Corporation will cause a trust fund to be maintained and/or arrange for insurance contracts. Subject to the provisions of the trust agreement governing any such trust fund or the insurance contract, the obligation of the Corporation under the Plan to provide a benefit shall nonetheless constitute the unsecured promise of the Corporation to make payments as provided herein, and no person shall have any interest in, or a lien or prior claim upon, any property of the Corporation.

Section 4. Payment of Benefits. Payment of any death benefit under the Plan shall be made to the decreased Participant's beneficiary in a single lump sum as soon as practicable after the Participant's death.

Section 5. Beneficiaries. A Participant may designate any person or person as a beneficiary (hereinafter referred to as a "Beneficiary") to receive payment of the death benefit provided under the Plan. Such designation shall be made in writing in the form prescribed by the plan administrator and shall become effective only when filed by the Participant with the Corporation. A Participant may change or revoke his Beneficiary designation at any time by completing and filing with the Corporation a new Beneficiary designation. If at the time of the Participant's death there is no Beneficiary designation on file with the Corporation, or the Beneficiary does not survive to the date of distribution, the death benefit provided hereunder shall be paid to the Participant's estate.

Section 6. Plan Administrator. The Corporation shall be the administrator of the Plan. The plan administrator shall perform all ministerial functions with respect to the Plan. The plan administrator shall employ such advisors or agents as it may deem necessary or advisable to assist it in carrying out its duties hereunder. The plan administrator shall have full power and authority to interpret and construe the Plan and shall determine all questions arising in the administration, interpretation, and application of the Plan. Any such determination shall be conclusive and binding on all persons.

Section 7. Reduction or Termination of Benefits. The Committee reserves the right to reduce or eliminate the benefit of any Participant who is dismissed for cause, or who voluntarily terminates employment to obtain competitive employment.

For Plan purposes, "Cause" means (i) willful violation of a Corporation policy, or (ii) willful misconduct or gross negligence in the performance of duties, as determined by the Corporation in good faith consistently, if applicable, with its existing personnel practices.

For Plan purposes, "Competitive employment" shall include employment with any employer (firm, business, or individual) engaged in selling or furnishing any product similar to that available from the Corporation at the time of termination of employment with the Corporation.

Section 8. Employment. This Plan shall not constitute a contract of employment.

Section 9. Severability. In the event any provision of the Plan is deemed invalid, such provision shall be deemed to be severed from the Plan, and the remainder of the Plan shall continue in full force and effect.

Section 10. Governing Law. The provisions of the Plan shall be construed and enforced in accordance with the laws of the State of Ohio.

Section 11. Effective Date. The Plan is effective as of June 1, 1990.

THE LUBRIZOL CORPORATION
EXECUTIVE DEATH BENEFIT PLAN

APPENDIX A

September 25, 207

	PARTICIPANT	COVERED PAY
1.	W. G. Bares	February 26, 2001 Covered Pay
2.	J. L. Hambrick	October 5, 2007 Covered Pay
3.	G. R. Hill	February 26, 2001 Covered Pay
4.	J. E. Hodge	February 26, 2001 Covered Pay
5.	R. A. Andreas	January 1, 1996 Covered Pay
6.	R. Y. K. Hsu	January 1, 1993 Covered Pay
7.	W. D. Manning	January 1, 1993 Covered Pay
8.	R. J. Senz	January 1, 1993 Covered Pay
9.	P. L. Krug	June 1, 1990 Covered Pay
10.	J. A. Studebaker	June 1, 1990 Covered Pay

Exhibit 10.2

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement"), dated as of the date of the closing of acquisition by The Lubrizol Corporation, an Ohio Corporation of Noveon International, Inc. ("Effective Date"), by and between Noveon, Inc., a Delaware corporation (the "Company"), and Julian Steinberg (the "Employee");

WITNESSETH

WHEREAS, the Employee is a senior executive of the Company and has made and is expected to continue to make major contributions to the profitability, growth and financial strength of the Company;

WHEREAS, the Company desires to encourage Employee to remain with the Company for a number of years.

WHEREAS, this Agreement is not intended to alter materially the compensation and benefits which the Employee could reasonably expect to receive from the Company that are not addressed within this Agreement; and

WHEREAS, the Employee is willing to render services to the Company on the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, the Company and the Employee agree as follows:

1. Subject to Section 7, if the Executive remains in the employ of the Company until the 4th anniversary of the Effective Date, he will receive the value, less applicable taxes, of 10,000 retention units determined as of the 4th anniversary of the Effective Date.

2. Subject to Section 7, if Employee terminates employment with the Company before the 4th anniversary of the Effective Date, Employee will receive the value less applicable taxes, of the corresponding number of retention units determined as of the date of termination pursuant to the following schedule:

Termination Date	Number of Retention Units
Less than 1 year after Effective Date	0
1 year after Effective Date but less than 2 years after Effective Date	3,000
2 years after Effective Date but less than 3 years after Effective Date	5,000
3 years after Effective Date but less than 4 years after Effective Date	7,000

3. The value of one retention unit equals the value of one share of Lubrizol common stock based on the closing price of a share of Lubrizol common stock on the applicable date as reported on the NYSE composite tape.

4. Any amount payable to Employee under this Agreement will be made within 30 days of the applicable date.

5. Employee further agrees as follows:

   (a) Employee agrees and acknowledges that the term "Confidential and Proprietary Information" means any and all information not in the public domain, in any form, emanating from or relating to Company or its subsidiaries, branches

and affiliates, including, but not limited to, trade secrets, technical information, methods of operation and procedures, know-how, improvements, price lists, financial data, invoices and financial statements, computer programs, discs and printouts, sketches, and plans (engineering or otherwise), customer lists, telephone numbers, names, addresses, or any other compilation of information written or unwritten which is used in the business of Company or any of its subsidiaries, branches or affiliates. For the purpose of this paragraph (a), the term "affiliate" means a person that directly or indirectly controls, or is controlled by, or is under common control with; Company. Employee agrees and acknowledges that all Confidential and Proprietary Information, in any form, and copies and extracts thereof, is and are and will remain the sole and exclusive property of Company and upon termination of Employee's employment with Company, Employee agrees to return to Company the originals and all copies of any Confidential and Proprietary Information provided to or acquired by Employee during the period of his employment. Employee expressly agrees not to use the Confidential and Proprietary Information himself or for others in any manner which is detrimental to the interests of Company and never to disclose to any person (except to other of Company's directors, employees, and official representatives, and then only on a "need-to-know" basis) or entity any Confidential and Proprietary Information of Company either during the term of his employment or at any time after termination of such employment, except upon the express written authorization and consent of Company. Nothing contained herein shall be construed as restricting or creating any liability for the disclosure, communication, or use of Confidential and Proprietary Information that is disclosed as required by law or legal process. In the even that Employee is requested or required by law or legal process to disclose any of the Confidential and Proprietary Information, Employee shall provide the Company with prompt oral and confirming written notice, unless notice is prohibited by law (in which case such notice shall be provided as early as may be legally permissible), of any such request or requirement so the Company may seek a protective order or other appropriate remedy. Employee agrees to cooperate with Company, at the Company's expense, in any efforts to obtain such remedies, but this provision shall not be construed to require Employee to undertake litigation or other legal proceedings on Employee's own behalf. In the event that such protective order or other remedy is not promptly obtained, Employee may disclose such Confidential and Proprietary Information.

(b) Employee understands and acknowledges that each customer of Company will disclose information concerning the customer's business, which information will be within Company's control in connection with Company's furnishing of products and/or services to its customer. Employee covenants and agrees to hold such information in the strictest confidence and shall treat such information in the same manner and be obligated by the provisions of this Agreement as if such information were Confidential and Proprietary Information, as defined in Section 5(a) above.

6. Employee further agrees as follows:

(a) Employee hereby assigns to Company the entire right, title and interest of Employee in all inventions, discoveries, improvements, developments and ideas, including, but not limited to, utility, design or plant patents, invention certificates, statutory invention registrations, copyrights, computer programs, trademarks, trade secrets, whether or not patentable (collectively "Inventions"), hereafter

made or conceived by him, solely or jointly with others, during his employment, or which are conceived or reduced to practice within one year following the termination of employment hereunder.

(b) This Section 6 does not apply to any Invention for which no equipment, supplies, facilities, or trade secrets of Company are used and which is developed entirely on Employee's own time, unless

(i) the Invention relates to the business of Company, or relates to Employer's actual or demonstrably anticipated research and development, or

(ii) the Invention results from any work performed by Employee for Company. Employee further understands that he has the burden of establishing any exception described in this paragraph (b).

(c) Employee agrees that in connection with each Invention covered by paragraph (a) above:

(i) he will communicate the fact of the Invention promptly and fully to Company or its designee and, if requested, make a specific assignment of title thereto to Company or its designee;

(ii) he will keep and maintain adequate and current written records thereof at all stages, in the form of notes, sketches, drawings, and reports relating thereto, which records shall be and remain the property of and be available to Company at all times; and

(iii) he will, during and after his employment by Company, without charge to Company for his time but at its request and expense, assist Company and its designees in every proper way to obtain and to cause to be vested in it or them title to each Invention in all countries selected by Company, by executing all necessary or desirable documents, including applications for patents and assignments thereof, and otherwise assist Company at no expense to himself in the prosecution for any Invention or in any litigation or other matter.

(d) Employee represents that there are no Inventions conceived by him prior to his employment by Company which are excluded from the provisions of this Section 6, except the following:

(i) Inventions, if any, already published or disclosed in patents, applications, statutory invention registrations or invention certificates already filed in the United States or a foreign country;

(ii) Others: None

(e) Except with the prior written permission of Company, Employee will not disclose to anyone other than the employees or official representatives, of Company, or use in other than Company's business, any of Company's Inventions during or after his employment by Company, unless and until and only to the extent that any such Inventions become public knowledge and available for public use otherwise than by his act or omission.

(f) Employee will not disclose to Company or induce Company to use, any inventions or confidential information or data belonging to others.

7. Company may terminate this Agreement at any time for cause. If Employee is terminated for cause, Company will have no further obligation to Employee under this Agreement. For cause termination means the following:

   (a) Employee's breach of the patent covenants set forth in Section 6 hereof;

   (b) Employee's material breach of the confidentiality covenants set forth in Section 5 hereof;

   (c) dishonest or obvious and willful misconduct by Employee; or

   (d) the conviction of a felony.

   For the purposes of this Section 7, cause does not include Employee's refusal to relocate to another city.

8. If the Company terminates Employee's employment for reasons other than those specified in Section 7, Employee will receive the following (less any applicable taxes):

   (a) lump sum cash payment equal to one year's base salary, paid within 30 days of the date of termination;

   (b) pro-rated bonus paid based on actual results for the year of termination; and

   (c) COBRA coverage paid by the Company under Company's medical and dental program for the period ending 12 months after the date of termination, or Employee's ineligibility for further coverage under the COBRA rules, whichever is earlier.

In addition, if Company terminates Employee's employment for reasons other than those specified in Section 7 prior to the 4th anniversary of this Agreement the Employee will receive, in lieu of the retention units specified in accordance with the schedule in Section 2, the value of 10,000 retention units determined as of the date of termination, paid within 30 days of the date of termination.

9. Termination of this Agreement does not terminate Employee's obligations of the confidentiality and patents covenants of Sections 5 and 6.

10. If any section, sub-section, paragraph or portion of this Agreement is, for any reason, adjudged by a court of competent jurisdiction to be invalid or unenforceable, such judgment will not affect, impair, or invalidate the remainder of this Agreement, but will be confined in its operation to the provisions of this Agreement directly involved in the controversy in which such judgment is rendered.

11. This Agreement will in all respects be governed, construed, and enforced in accordance with the laws of the State of Ohio, excluding its principles of conflicts of law, and the parties hereto irrevocably commit to the jurisdiction of the courts of the State of Ohio, to resolve any disputes arising hereunder or related hereto.

12. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

EMPLOYEE

_____

NOVEON, INC.

By: _____
President

Exhibit 31.1

THE LUBRIZOL CORPORATION

Rule 13a-14(a) Certification

I, James L. Hambrick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Lubrizol Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

(d) disclosed in this report any change in registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James L. Hambrick
James L. Hambrick
Chief Executive Officer and President
November 9, 2007

Exhibit 31.2

THE LUBRIZOL CORPORATION

Rule 13a-14(a) Certification

I, Charles P. Cooley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Lubrizol Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

(d) disclosed in this report any change in registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Charles P. Cooley

Charles P. Cooley
Chief Financial Officer
November 9, 2007

Exhibit 32.1

THE LUBRIZOL CORPORATION
Certification of Chief Executive Officer and Chief Financial Officer of
The Lubrizol Corporation Pursuant to 18 U.S.C. Section 1350

I certify that, to the best of my knowledge and belief, the Quarterly Report on Form 10-Q of The Lubrizol Corporation for the period ended September 30, 2007:

(1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of The Lubrizol Corporation.

/s/ James L. Hambrick
James L. Hambrick
Chief Executive Officer and President
November 9, 2007

I certify that, to the best of my knowledge and belief, the Quarterly Report on Form 10-Q of The Lubrizol Corporation for the period ended September 30, 2007:

(1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of The Lubrizol Corporation.

/s/ Charles P. Cooley
Charles P. Cooley
Chief Financial Officer
November 9, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

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

For the quarterly period ended June 30, 2007

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 1-5263

THE LUBRIZOL CORPORATION

(Exact name of registrant as specified in its charter)

Ohio	34-0367600
(State or other jurisdiction of incorporation or organization)	(I.R.S.Employer Identification No.)

29400 Lakeland Boulevard
Wickliffe, Ohio 44092-2298
(Address of principal executive offices)
(Zip Code)

(440) 943-4200
(Registrant's telephone number, including area code)

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 ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):
Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

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

Number of the registrant's common shares, without par value, outstanding as of June 30, 2007: 69,066,226.

EXPLANATORY NOTE

On October 22, 2007, we concluded to restate our previously issued financial statements because of reporting errors relating to five postemployment employee benefit plans in three foreign countries. Accordingly, we restated our previously issued financial statements included in our most recently filed annual report on Form 10-K/A for the year ended December 31, 2006 and our previously issued interim financial statements included in our most recently filed quarterly report on Form 10-Q/A for the quarter ended March 31, 2007. We also are filing this quarterly report on Form 10-Q/A for the quarterly period ended June 30, 2007 to restate the interim financial statements for the periods ended June 30, 2007 and 2006. The following items have been amended as a result of this restatement:

- Part I - Item 1. Financial Statements
- Part I - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
- Part I - Item 4. Controls and Procedures

The impact of the restatement decreased net income for the three and six months ended June 30, 2007 by $0.4 million or 0.5% and $0.7 million or 0.5%, respectively, from amounts previously reported. For the three and six months ended June 30, 2006, the impact of the restatement decreased income from continuing operations by $0.5 million or 0.8% and $1.0 million or 0.9%, respectively, from amounts previously reported. In addition, net income for the three and six months ended June 30, 2006 decreased $0.5 million or 1.0% and $1.0 million or 2.8% as a result of the restatement. The restatement had no effect on our previously reported revenues or net cash flows. The cumulative effect of the errors decreased shareholders' equity as of June 30, 2007 by $25.4 million or 0.6% of total liabilities and shareholders' equity and 1.4% of total shareholders' equity. The cumulative effect of the errors decreased shareholders' equity as of December 31, 2006 by $24.3 million or 0.6% of total liabilities and shareholders' equity and 1.4% of total shareholders' equity.

The errors primarily arose in three different postemployment employee benefit plans at a wholly owned subsidiary and in postemployment employee benefit plans at two of our consolidated joint ventures. Four of these postemployment employee benefit plans had been accounted for inappropriately on a cash basis rather than an accrual basis as required by U.S. generally accepted accounting principles (U.S. GAAP), while the accrual recorded in the financial statements for the fifth plan was not calculated in accordance with U.S. GAAP. The cumulative effect of the errors resulted in an understatement of postemployment employee benefit plan liabilities of $40.3 million and $38.9 million at June 30, 2007 and December 31, 2006, respectively.

See "Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Note 16 - Restatement of Consolidated Financial Statements" contained in the Notes to Financial Statements for more information regarding the restatement and changes to previously issued financial statements.

We also concluded that a material weakness in internal control over financial reporting existed for deficiencies at some international locations due to insufficient requisite technical knowledge of accounting for postemployment employee benefit plans in accordance with U.S. GAAP for the 2004 through 2006 fiscal years and through June 30, 2007, and that our disclosure controls were not effective solely because of this material weakness. As such, we have modified our discussion of disclosure controls and procedures included in "Item 4 - Controls and Procedures."

Except as noted above, we have not updated or modified disclosures presented in the original quarterly report on Form 10-Q for the quarterly period ended June 30, 2007 except as required to reflect the effects of the restatement on this quarterly report on Form 10-Q/A. Accordingly, this quarterly report on Form 10-Q/A does not reflect events occurring after the filing of our original quarterly report on Form 10-Q on August 3, 2007.

THE LUBRIZOL CORPORATION
Quarterly Report on Form 10-Q/A
Quarter Ended June 30, 2007

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

THE LUBRIZOL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(In Millions of Dollars Except Per Share Data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2007 (as restated, see Note 16)	2006 (as restated, see Note 16)	2007 (as restated, see Note 16)	2006 (as restated, see Note 16)
Net sales	$ 1,153.5	$ 1,039.9	$ 2,229.3	$ 2,023.4
Royalties and other revenues	1.1	1.2	2.0	1.9
Total revenues	1,154.6	1,041.1	2,231.3	2,025.3
Cost of sales	858.8	775.3	1,657.1	1,514.6
Selling and administrative expenses	103.4	85.7	205.7	178.9
Research, testing and development expenses	53.7	52.6	105.4	102.3
Amortization of intangible assets	5.9	5.9	11.9	11.7
Restructuring and impairment charges (credits)	0.9	1.8	(1.5)	3.6
Total costs and expenses	1,022.7	921.3	1,978.6	1,811.1
Other (expense) income – net	(1.5)	(0.3)	4.2	(1.9)
Interest income	6.9	3.7	14.0	5.9
Interest expense	(24.4)	(24.7)	(48.6)	(50.0)
Income from continuing operations before income taxes	112.9	98.5	222.3	168.2
Provision for income taxes	31.9	35.5	70.0	59.9
Income from continuing operations	81.0	63.0	152.3	108.3
Discontinued operations – net of tax	–	(12.4)	–	(73.1)
Net income	$ 81.0	$ 50.6	$ 152.3	$ 35.2
Basic earnings (loss) per share:				
Continuing operations	$ 1.17	$ 0.92	$ 2.20	$ 1.59
Discontinued operations	–	(0.18)	–	(1.07)
Net income per share, basic	$ 1.17	$ 0.74	$ 2.20	$ 0.52
Diluted earnings (loss) per share:				
Continuing operations	$ 1.15	$ 0.91	$ 2.17	$ 1.57
Discontinued operations	–	(0.18)	–	(1.06)
Net income per share, diluted	$ 1.15	$ 0.73	$ 2.17	$ 0.51
Dividends paid per share	$ 0.30	$ 0.26	$ 0.56	$ 0.52

Amounts shown are unaudited.
See accompanying notes to the financial statements.

THE LUBRIZOL CORPORATION
CONSOLIDATED BALANCE SHEETS

(In Millions of Dollars Except Share Data)	June 30, 2007 (as restated, see Note 16)	December 31, 2006
ASSETS		
Cash and short-term investments	$ 592.6	$ 575.7
Receivables	659.5	573.6
Inventories	546.6	589.0
Other current assets	82.2	98.0
Total current assets	1,880.9	1,836.3
Property and equipment – at cost	2,623.7	2,546.0
Less accumulated depreciation	1,526.3	1,464.7
Property and equipment – net	1,097.4	1,081.3
Goodwill	1,096.9	1,076.1
Intangible assets – net	322.1	322.8
Investments in non-consolidated companies	6.7	7.7
Other assets	72.1	66.7
TOTAL	$ 4,476.1	$ 4,390.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term debt and current portion of long-term debt	$ 5.9	$ 3.7
Accounts payable	386.6	340.5
Accrued expenses and other current liabilities	215.9	290.2
Total current liabilities	608.4	634.4
Long-term debt	1,457.1	1,538.0
Pension obligations	229.5	237.9
Other postretirement benefit obligations	92.8	93.5
Noncurrent liabilities	146.7	72.3
Deferred income taxes	84.6	80.4
Total liabilities	2,619.1	2,656.5
Minority interest in consolidated companies	56.1	51.3
Contingencies and commitments		
Shareholders' equity:		
Preferred stock without par value – authorized and unissued:		
Serial preferred stock – 2,000,000 shares	–	–
Serial preference shares – 25,000,000 shares	–	–
Common shares without par value:		
Authorized – 120,000,000 shares		
Outstanding – 69,066,226 shares as of June 30, 2007 after deducting 17,129,668 treasury shares; 69,020,569 shares as of December 31, 2006 after deducting 17,175,325 treasury shares	751.9	710.1
Retained earnings	1,087.2	1,033.8
Accumulated other comprehensive loss	(38.2)	(60.8)
Total shareholders' equity	1,800.9	1,683.1
TOTAL	$ 4,476.1	$ 4,390.9

Amounts shown are unaudited.
See accompanying notes to the financial statements.

THE LUBRIZOL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of Dollars)	Six Months Ended June 30, 2007 (as restated, see Note 16)	2006 (as restated, see Note 16)
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Net income	$ 152.3	$ 35.2
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	78.8	82.4
Deferred income taxes	19.1	13.7
Deferred compensation	11.9	7.0
Restructuring and impairment charges	0.8	61.0
(Gain) loss from divestitures and sales of property and equipment	(8.0)	5.5
Change in current assets and liabilities, net of acquisitions and divestitures:		
Receivables	(71.7)	(67.9)
Inventories	47.7	(21.0)
Accounts payable, accrued expenses and other current liabilities	(2.3)	(62.1)
Other current assets	2.2	4.2
	(24.1)	(146.8)
Change in noncurrent liabilities	(5.4)	15.3
Other items – net	1.8	16.3
Total operating activities	227.2	89.6
INVESTING ACTIVITIES		
Capital expenditures	(75.8)	(62.2)
Acquisitions	(15.7)	–
Net proceeds from divestitures and sales of property and equipment	12.1	275.4
Other items – net	(1.3)	(0.7)
Total investing activities	(80.7)	212.5
FINANCING ACTIVITIES		
Changes in short-term debt – net	2.3	6.9
Repayments of long-term debt	(79.4)	(57.7)
Dividends paid	(38.8)	(35.5)
Common shares purchased	(50.1)	–
Proceeds from the exercise of stock options	32.9	10.3
Total financing activities	(133.1)	(76.0)
Effect of exchange rate changes on cash	3.5	3.0
Net increase in cash and short-term investments	16.9	229.1
Cash and short-term investments at the beginning of period	575.7	262.4
Cash and short-term investments at the end of period	$ 592.6	$ 491.5

Amounts shown are unaudited.
See accompanying notes to the financial statements.

(In Millions of Dollars except Share and Per Share Data)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles (U.S. GAAP) for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals unless otherwise noted) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

The balance sheet at December 31, 2006 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

2. Significant Accounting Policies

Net Income Per Share

Net income per share is computed by dividing net income by the weighted-average common shares outstanding during the period, including contingently issuable shares. Net income per diluted share includes the dilutive effect resulting from outstanding stock options and awards. Per share amounts from continuing operations are computed as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Numerator:				
Income from continuing operations	$ 81.0	$ 63.0	$ 152.3	$ 108.3
Denominator (in millions):				
Weighted-average common shares outstanding	69.4	68.6	69.4	68.5
Dilutive effect of stock options and awards	0.8	0.6	0.8	0.6
Denominator for income from continuing operations per share, diluted	70.2	69.2	70.2	69.1
Income from continuing operations per share, basic	$ 1.17	$ 0.92	$ 2.20	$ 1.59
Income from continuing operations per share, diluted	$ 1.15	$ 0.91	$ 2.17	$ 1.57

Weighted-average shares issuable upon the exercise of stock options and awards that were excluded from the diluted earnings per share calculations because they were antidilutive were less than 0.1 million for the three and six months ended June 30, 2007 and 2006, respectively.

New Accounting Standards

In February 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to make an irrevocable election to measure many financial instruments and certain other items at fair value at specified election dates. The fair value option may be applied instrument by instrument and must be applied to entire instruments. Unrealized gains and losses on items for which the entity elects the fair value option are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of the fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157, "Fair Value Measurements." Entities are not permitted to apply this statement retrospectively to the fiscal years preceding the effective date unless the entity chooses early adoption. The company currently is evaluating the impact of this recently issued standard on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair value measurements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but simplifies and codifies related guidance within U.S. GAAP. SFAS No. 157 establishes a fair value hierarchy from observable market data as the highest level to fair value based on an entity's own fair value assumptions as the lowest level. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those years. SFAS No. 157 requires adoption prospectively as of the beginning of the fiscal year in which this statement is initially applied, with the exception of certain financial instruments, in which adoption is applied retrospectively as of the beginning of the fiscal year in which this statement is initially applied. The company currently is evaluating the impact of this recently issued standard on its consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

3. Stock-Based Compensation

The company utilizes the 2005 Stock Incentive Plan (2005 Plan) and other deferred compensation plans to provide equity awards to its key employees. The 2005 Plan, approved by the company's shareholders on April 25, 2005, provides for the granting of stock appreciation rights, restricted and unrestricted shares and options to buy common shares up to an amount equal to 4,000,000 common shares, of which no more than 2,000,000 can be settled as full-value awards. After the 2,000,000 limit has been reached, full-value awards are counted in a 3-to-1 ratio against the 4,000,000 limit. Options become exercisable 50% one year after date of grant, 75% after two years, 100% after three years and expire up to 10 years after grant. In addition, the 2005 Plan provides each nonemployee director of the company an automatic annual grant of restricted stock units worth approximately $0.1 million based on the fair market

value of the company's common shares on the date of each Annual Meeting of Shareholders. These restricted stock units vest one year after the grant date.

The fair value of share-based payment awards are estimated using the Black-Scholes option pricing model. There were 213,200 stock options granted during the six months ended June 30, 2007. There were no stock options granted during the six months ended June 30, 2006. The weighted-average assumptions used to value the options granted during the first half of 2007 were as follows:

Risk-free interest rate	4.8%
Dividend yield	2.0%
Volatility	17.8%
Expected life (years)	10.0
Weighted-average fair value of options granted during the period	$ 14.68

The company issued 527,210 and 838,133 common shares from treasury upon exercise of employee stock options during the three and six months ended June 30, 2007, respectively. The company issued 83,881 and 346,024 common shares from treasury upon exercise of employee stock options during the three and six months ended June 30, 2006, respectively. Cash received from option exercises during the six months ended June 30, 2007 was $24.9 million. The company realized a reduction in its income tax payable of $8.0 million for the six months ended June 30, 2007 relating to the exercise of nonqualified stock options. For accounting purposes, these tax benefits were realized as increases in paid-in capital included in the common shares caption in shareholders' equity (see Note 14).

As of June 30, 2007, there was $20.2 million of total before-tax unrecognized compensation cost related to nonvested stock-based awards. That cost is expected to be recognized over a weighted-average period of 1.9 years. The company is using previously purchased treasury shares for all net shares issued for option exercises, long-term incentive plans and restricted stock awards.

Under the company's long-term incentive program, dollar-based target awards are determined by the organization and compensation committee of the board of directors for three-year performance periods. During the six months ended June 30, 2007, the award for the 2004-2006 performance period was paid resulting in the issuance of 178,541 shares in lieu of a cash distribution. In addition, during the six months ended June 30, 2006, the award for the 2003-2005 performance period was paid in cash.

The following table identifies the number of shares expected to be issued based on current performance measures and the stock price on the date of grant for the performance shares granted:

Award	Expected Number of Units to be Issued	Average Stock Price on Date of Grant
2005-2007	243,532	$ 39.44
2006-2008	291,306	$ 43.07
2007-2009	168,272	$ 53.07

Performance-based stock awards as of June 30, 2007 and changes during the six months ended June 30, 2007 were as follows:

	Share Units	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2007	370,448	$ 40.95
Granted	129,930	$ 53.07
Performance increase	213,223	$ 44.40
Vested	–	–
Forfeited	(10,491)	$ 43.01
Nonvested at June 30, 2007	703,110	$ 44.20

Total stock-based compensation expense recognized in the consolidated statements of income for the three and six months ended June 30, 2007 was $3.4 million and $11.7 million, respectively, compared to $2.7 million and $5.5 million, respectively, for the same periods in 2006. The related tax benefit for the three and six months ended June 30, 2007 was $1.2 million and $4.1 million, respectively, compared to $0.9 million and $1.9 million for the three and six months ended June 30, 2006, respectively.

In prior years, certain international employees received stock-based awards that are similar to stock appreciation rights. These awards vested 50% one year after grant, 75% two years after grant and 100% three years after grant and have a 10-year exercise period from the date of grant. The value of these awards is based on Lubrizol common shares and is paid in cash upon employee exercise. At June 30, 2007, the portion of these fully vested stock-based awards that remained unexercised are accounted for using variable accounting. Compensation expense recognized in the consolidated statements of income for the three and six months ended June 30, 2007 was $1.9 million and $2.7 million, respectively, compared to compensation credits of $1.1 million and $0.9 million, respectively, for the same periods in 2006.

The three and six months ended June 30, 2006, also includes compensation expense of $0.9 million and $1.9 million, respectively, related to the cash portion of the 2002, 2003, February 2005 and December 2005 three-year performance periods under the company's long-term incentive program.

4. Acquisitions

On February 7, 2007, the company completed the acquisition of the entire metalworking additives product line of Lockhart Chemical Company (Lockhart), a private company with headquarters in Gibsonia, Pennsylvania, for approximately $15.7 million. Annualized revenues of these products are approximately $20.0 million. The company began including the results of the acquired products in the Lubrizol Additives segment in February 2007. The purchase price for this acquisition included goodwill of $8.1 million.

5. Divestitures

In May 2006, the company sold the food ingredients and industrial specialties business (FIIS) and the active pharmaceutical ingredients and intermediate compounds business (A&I), both of which were included in the Lubrizol Advanced Materials segment. The results of these divested businesses have been reflected in the discontinued

operations – net of tax line item in the company's consolidated statements of income for the three and six months ended June 30, 2006.

In February 2006, the company sold certain assets and liabilities of its Telene® resins business (Telene), which was included in the Lubrizol Advanced Materials segment. The results of Telene have been reflected in the discontinued operations – net of tax line item in the company's consolidated statements of income for the six months ended June 30, 2006.

Total revenues from discontinued operations for the three and six months ended June 30, 2006 were $36.7 million and $143.8 million, respectively. Net loss from discontinued operations for the three and six months ended June 30, 2006 was $12.4 million or $0.18 per diluted share and $73.1 million or $1.06 per diluted share, respectively.

6. Inventories

The company's inventories were comprised of the following:

	June 30, 2007	December 31, 2006
Finished products	$ 295.9	$ 315.0
Products in process	86.4	108.2
Raw materials	133.5	138.2
Supplies and engine test parts	30.8	27.6
Total inventory	$ 546.6	$ 589.0

7. Goodwill and Intangible Assets

Goodwill is tested for impairment at the reporting unit level as of October 1 each year or if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The carrying amount of goodwill by reporting segment as of June 30, 2007 follows:

	Lubrizol Advanced Materials	Lubrizol Additives	Total
Balance, January 1, 2007	$ 978.3	$ 97.8	$ 1,076.1
Additions	–	8.1	8.1
Translation and other adjustments	12.4	0.3	12.7
Balance, June 30, 2007	$ 990.7	$ 106.2	$ 1,096.9

The following table shows the components of identifiable intangible assets.

	June 30, 2007		December 31, 2006	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Customer lists	$ 150.8	$ 28.8	$ 145.0	$ 24.0
Technology	141.5	49.9	139.8	44.9
Trademarks	22.0	6.2	20.7	5.5
Patents	14.3	5.0	14.0	4.2
Land-use rights	8.9	1.3	7.5	1.2
Non-compete agreements	1.6	1.2	8.2	7.2
Other	0.1	–	0.9	0.7
Total amortized intangible assets	339.2	92.4	336.1	87.7
Non-amortized trademarks	75.3	–	74.4	–
Total	$ 414.5	$ 92.4	$ 410.5	$ 87.7

Definite-lived intangible assets are amortized over their useful lives, which range between 3 and 40 years. The company's indefinite-lived intangible assets consist of certain trademarks that are tested for impairment each year as of October 1 or more frequently if impairment indicators arise. Indefinite-lived trademarks are assessed for impairment separately from goodwill. Annual intangible amortization expense for the next five years will approximate $23.6 million in 2007, $22.2 million in 2008 and $20.3 million in 2009, 2010 and 2011, respectively.

8. Income Taxes

Effective January 1, 2007, the company adopted the provisions of FASB Interpretation (FIN) No. 48 "Accounting for Uncertainty in Income Taxes." FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in tax returns. Under FIN No. 48, the economic benefit associated with a tax position only will be recognized if it is more likely than not that a tax position ultimately will be sustained. After this threshold is met, a tax position is reported at the largest amount of benefit that is more likely than not to be ultimately sustained. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. Prior to January 1, 2007, the company regularly assessed positions with regard to tax exposures and recorded liabilities for uncertain income tax positions in accordance with SFAS No. 5, "Accounting for Contingencies."

As a result of adopting FIN No. 48 on January 1, 2007, the company recognized an $8.9 million reduction to retained earnings and a $5.4 million increase to goodwill for pre-acquisition income tax liabilities of Noveon International, Inc. (Noveon International). As of January 1, 2007, after recording this FIN No. 48 adoption impact, the company had gross unrecognized tax benefits of $57.8 million, of which $38.8 million, if recognized, would affect the effective tax rate.

The company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of the income tax provision. As of January 1, 2007, the date of adoption, the company had accrued interest of $7.1 million. Penalties were immaterial to the company's consolidated financial statements.

The company operates in numerous taxing jurisdictions and is subject to regular examinations by various U.S. federal, state and foreign jurisdictions. The company's income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which the company does business. Due to the subjectivity of interpretations of laws and rulings in each jurisdiction, the differences and interplay in tax laws between those jurisdictions and difficulty in estimating the final resolution of complex tax audit matters, the company's estimates of income tax liabilities may differ from actual payments or assessments.

It is reasonably possible that unrecognized tax benefits may decrease by up to $10.8 million within 12 months of June 30, 2007 primarily as a result of the settlement of foreign audits and the closure of statutes of limitations.

With few exceptions, the company is no longer subject to U.S. federal, state and local tax examinations for years before 2001 and foreign jurisdiction examinations for years before 2000.

Effective with the adoption of FIN No. 48, the majority of the company's unrecognized tax benefits are classified as noncurrent liabilities because payment of cash is not expected within one year. Prior to the adoption of FIN No. 48, the company classified unrecognized tax benefits in accrued expenses and other current liabilities.

9. Comprehensive Income

Total comprehensive income was comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Net income	$ 81.0	$ 50.6	$ 152.3	$ 35.2
Foreign currency translation adjustment	10.3	31.0	20.3	37.7
Pension and other postretirement benefit plans	–	–	–	(0.8)
Unrealized (loss) gain – natural gas hedges	(0.7)	–	0.8	(0.8)
Amortization of treasury rate locks	0.8	0.9	1.5	1.6
Total comprehensive income	$ 91.4	$ 82.5	$ 174.9	$ 72.9

10. Segment Reporting

The company is organized into two operating and reporting segments. The company changed the names of its two reporting segments in 2007. The new segment names are Lubrizol Additives, previously known as Lubricant Additives, and Lubrizol Advanced Materials, previously known as Specialty Chemicals. The change was in name only as the management structure of the segments and product lines included in each segment remained unchanged. The Lubrizol Additives segment represented 66% and 65% of the company's consolidated revenues for the three and six months ended June 30, 2007, respectively. The Lubrizol Advanced Materials segment represented 34% and 35% of the company's consolidated revenues for the three and six months ended June 30, 2007, respectively.

Lubrizol Additives consists of two product lines: engine additives and driveline and industrial oil additives. Engine additives is comprised of additives for lubricating engine oils, such as for gasoline, diesel, marine and stationary gas engines and additive components, additives for fuel products and refinery and oil field chemicals, as well as outsourcing strategies for supply chain and knowledge center management. In addition, this product line

sells additive components and viscosity improvers within its lubricant and fuel additives product areas. Driveline and industrial oil additives is comprised of additives for driveline oils, such as automatic transmission fluids, gear oils and tractor lubricants and industrial oil additives, such as additives for hydraulic, grease and metalworking fluids, as well as compressor lubricants. Lubrizol Additives product lines generally are produced in company-owned shared manufacturing facilities and largely sold to a common customer base.

The Lubrizol Advanced Materials segment consists of engineered polymers, performance coatings and Noveon® consumer specialties product lines. The engineered polymers product line is characterized by products such as TempRite® engineered polymers and Estane® engineered polymers. Engineered polymers products are sold to a diverse customer base comprised of major manufacturers in the construction, automotive, telecommunications, electronics and recreation industries. The performance coatings product line includes high-performance polymers and additives for specialty paper, graphic arts, paint and textile coatings applications. The Noveon consumer specialties product line is characterized by global production of acrylic thickeners, specialty monomers, film formers, fixatives, emollients, silicones, surfactants, botanicals and process chemicals. The company markets products in the Noveon consumer specialties product line to the personal care and pharmaceutical primary end-use industries. The Noveon consumer specialties products are sold to customers worldwide and these customers include major manufacturers of cosmetics, personal care products, water soluble polymers and household products. During the first quarter of 2006, the company completed the sale of the Telene business. In addition, the FIIS and A&I businesses were sold during the second quarter of 2006. The company recorded the results of operations of these divested businesses in the discontinued operations – net of tax line item in the consolidated statements of income for 2006.

The company primarily evaluates performance and allocates resources based on segment operating income, defined as revenues less expenses identifiable to the product lines included within each segment, as well as projected future returns. Segment operating income reconciles to consolidated income from continuing operations before income taxes by deducting corporate expenses and income that are not attributed to the operating segments, restructuring and impairment charges (credits) and net interest expense.

THE LUBRIZOL CORPORATION
Notes to Consolidated Financial Statements
June 30, 2007
(Unaudited)

The following table presents a summary of the results of the company's reportable segments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Revenues from external customers:				
Lubrizol Additives	$ 759.0	$ 678.4	$ 1,455.0	$ 1,306.0
Lubrizol Advanced Materials	395.6	362.7	776.3	719.3
Total revenues	$ 1,154.6	$ 1,041.1	$ 2,231.3	$ 2,025.3
Segment operating income:				
Lubrizol Additives	$ 106.3	$ 89.0	$ 207.2	$ 162.7
Lubrizol Advanced Materials	43.5	48.4	88.9	92.9
Total segment operating income	149.8	137.4	296.1	255.6
Corporate expenses	(17.6)	(12.6)	(39.3)	(34.0)
Corporate other expense – net	(0.9)	(3.5)	(1.4)	(5.7)
Restructuring and impairment (charges) credits	(0.9)	(1.8)	1.5	(3.6)
Interest expense – net	(17.5)	(21.0)	(34.6)	(44.1)
Income from continuing operations before income taxes	$ 112.9	$ 98.5	$ 222.3	$ 168.2

The company's total assets by segment were as follows:

	June 30, 2007	December 31, 2006
Segment total assets:		
Lubrizol Additives	$ 1,471.7	$ 1,397.6
Lubrizol Advanced Materials	2,210.5	2,193.7
Total segment assets	3,682.2	3,591.3
Corporate assets	793.9	799.6
Total consolidated assets	$ 4,476.1	$ 4,390.9

11. Pension and Postretirement Benefits

The components of net periodic pension cost and net periodic non-pension postretirement benefit cost consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Pension benefits:				
Service cost – benefits earned during period	$ 8.0	$ 8.4	$ 15.5	$ 16.7
Interest cost on projected benefit obligation	9.9	8.5	19.7	17.0
Expected return on plan assets	(8.5)	(7.2)	(17.1)	(14.3)
Amortization of prior service costs	0.7	0.5	1.4	1.0
Amortization of initial net obligation	–	0.1	–	0.2
Recognized net actuarial loss	1.3	2.1	2.5	4.2
Settlement / curtailment loss	–	(0.1)	–	3.2
Net periodic pension cost	$ 11.4	$ 12.3	$ 22.0	$ 28.0
Other postretirement benefits:				
Service cost – benefits earned during period	$ 0.4	$ 0.5	$ 0.8	$ 1.0
Interest cost on projected benefit obligation	1.5	1.4	2.9	2.8
Amortization of prior service costs	(1.6)	(2.1)	(3.2)	(4.2)
Amortization of initial net obligation	0.1	0.1	0.2	0.2
Recognized net actuarial loss	0.3	0.4	0.6	0.8
Net periodic non-pension postretirement benefit cost	$ 0.7	$ 0.3	$ 1.3	$ 0.6

Expected employer contributions worldwide for pension benefits in 2007 approximate $55.4 million for the qualified plans, of which $32.5 million was contributed during the six months ended June 30, 2007. The portion of the 2007 total expected contributions attributable to the U.S. qualified pension plans is $29.8 million, of which $24.3 million was contributed during the six months ended June 30, 2007. The non-qualified pension plans and other postretirement benefit plans are unfunded. As a result, the 2007 expected contributions to these plans of $1.8 million and $4.8 million, respectively, represent actuarial estimates of future assumed payments based on historic retirement and payment patterns as well as medical trend rates and historical claim information, as appropriate. The settlement loss in 2006 primarily resulted from a distribution from a non-qualified pension plan.

12. Restructuring and Impairment Charges (Credits)

During the three and six months ended June 30, 2007, the company recorded aggregate restructuring and impairment charges (credits) of $0.9 million and ($1.5) million, respectively. The net restructuring and impairment credit during the first half of 2007 primarily related to a pretax gain and restructuring credit of $2.8 million recorded on the sale of the manufacturing facility located in Bromborough, U.K. in January 2007 for net cash proceeds of $5.9 million.

The following table shows the reconciliation of the restructuring liability since January 1, 2007 by major restructuring activity:

	Liability January 1, 2007	Restructuring and Impairment (Credits) Charges	Cash Paid	Non-cash Adjustments	Liability June 30, 2007
Bromborough, U.K. plant closure and sale	$ 1.0	$ (0.7)	$ (0.1)	$ (0.1)	$ 0.1
Lubrizol Advanced Materials plant and line closures and workforce reductions	0.7	1.1	(1.0)	(0.5)	0.3
Corporate / other workforce reductions	0.2	0.1	(0.3)	–	–
Noveon International restructuring liabilities assumed	0.9	–	(0.3)	–	0.6
	$ 2.8	$ 0.5	$ (1.7)	$ (0.6)	$ 1.0

Included in restructuring and impairment charges (credits) for the six months ended June 30, 2007 was a $2.0 million gain on the sale of the U.K. plant.

13. Debt

During the three and six months ended June 30, 2007, the company repaid €35.0 million and €60.0 million, respectively, against its €250.0 million revolving credit agreement. The remaining balance outstanding as of June 30, 2007 under this arrangement was €25.0 million, or $33.7 million.

14. Shareholders' Equity

The following table summarizes the changes in shareholders' equity since December 31, 2006:

		Shareholders' Equity			
	Number of Shares Outstanding	Common Shares	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance, December 31, 2006	69.0	$ 710.1	$ 1,033.8	$ (60.8)	$ 1,683.1
Cumulative effect of a change in accounting principle due to the adoption of FIN No. 48		–	(8.9)	–	(8.9)
Balance, January 1, 2007	69.0	710.1	1,024.9	(60.8)	1,674.2
Comprehensive income:					
Net income		–	152.3	–	152.3
Other comprehensive income		–	–	22.6	22.6
Total comprehensive income					174.9
Dividends		–	(41.6)	–	(41.6)
Deferred stock compensation		10.6	–	–	10.6
Common shares – treasury:					
Common shares purchased	(0.8)	(1.7)	(48.4)	–	(50.1)
Shares issued upon exercise of stock options and awards	0.9	32.9	–	–	32.9
Balance, June 30, 2007	69.1	$ 751.9	$ 1,087.2	$ (38.2)	$ 1,800.9

15. Contingencies

The company has numerous purchase commitments for materials, supplies and energy in the ordinary course of business. The company also has numerous sales commitments for product supply contracts in the ordinary course of business.

GENERAL

There are pending or threatened claims, lawsuits and administrative proceedings against the company or its subsidiaries, all arising from the ordinary course of business with respect to commercial, product liability and environmental matters, which seek remedies or damages. The company believes that any liability that finally may be determined with respect to commercial and product liability claims should not have a material adverse effect on the company's consolidated financial position, results of operations or cash flows. From time to time, the company also is involved in legal proceedings as a plaintiff involving contract, patent protection, environmental and other matters. Gain contingencies, if any, are recognized when they are realized.

ENVIRONMENTAL

The company's environmental engineers and consultants review and monitor environmental issues at operating facilities, and where appropriate, the company initiates corrective and/or preventive environmental projects to ensure environmental compliance and safe and lawful activities at its current operations. The company also conducts compliance and management systems audits.

The company and its subsidiaries are generators of both hazardous and non-hazardous wastes, the treatment, storage, transportation and disposal of which are regulated by various laws and governmental regulations. These laws and regulations generally impose liability for costs to investigate and remediate contamination without regard to fault and, under certain circumstances, liability may be joint and several resulting in one party being held responsible for the entire obligation. Liability also may include damages to natural resources. Although the company believes past operations were in substantial compliance with the then-applicable regulations, either the company or the predecessor of Noveon International, the Performance Materials Segment of Goodrich Corporation (Goodrich), has been designated under a country's laws and/or regulations as a potentially responsible party (PRP) in connection with several sites including both third party sites and/or current operating facilities.

The company participates in the remediation process for onsite and third party waste management sites at which the company has been identified as a PRP. This process includes investigation, remedial action selection and implementation, as well as discussions and negotiations with other parties, which primarily include PRPs, past owners and operators and governmental agencies. The estimates of environmental liabilities are based on the results of this process. Inherent uncertainties exist in these estimates primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability, remediation standards and evolving technologies for managing investigations and remediation. The company revises its estimates accordingly as events in this process occur and additional information is obtained.

The company's environmental reserves, measured on an undiscounted basis, totaled $14.4 million at June 30, 2007 and $14.2 million at December 31, 2006. Of these amounts, $4.4 million and $4.5 million were included in accrued expenses and other current liabilities at June 30, 2007 and December 31, 2006, respectively. Goodrich provided Noveon International with an indemnity for various environmental liabilities. The company estimates Goodrich's share of such currently identified liabilities under the indemnity, which extends through February 2011, to be approximately $3.6 million of which $0.6 million is included in receivables and $3.0 million is included in other assets. There are specific environmental contingencies for company-owned sites for which third parties such as past owners and/or operators are the named PRPs and also for which the company is indemnified by Goodrich. Goodrich currently is indemnifying Noveon International for several environmental remediation projects. Goodrich's share of all of these liabilities may increase to the extent such third parties fail to honor their obligations through February 2011.

The company believes that its environmental accruals are adequate based on currently available information. The company believes that it is reasonably possible that $21.6 million in additional costs may be incurred at certain locations beyond the amounts accrued as a result of new information, newly discovered conditions, changes in remediation standards or technologies or a change in the law. Additionally, as the indemnification from Goodrich extends through February 2011, changes in assumptions regarding when costs will be incurred may result in additional expenses to the company. Additional costs in excess of $21.6 million cannot currently be estimated.

GUARANTEES

On May 1, 2006, the company sold the FIIS business to SPM Group Holdings, LLC, now known as Emerald Performance Materials, LLC (Emerald). As a result of the sale, Emerald became responsible for contracts relating to FIIS, including a Toluene Sale and Purchase Agreement between SK Corporation (SK) and the company dated December 6, 2005 (the Toluene Agreement). Although Emerald has assumed the obligations under the Toluene Agreement, the company has guaranteed to SK the timely performance of Emerald's payment obligations under the Toluene Agreement for purchases thereunder. The term of the Toluene Agreement extends to January 31, 2008.

If Emerald does not satisfy its obligations under the Toluene Agreement, SK shall notify the company and use commercially reasonable efforts to collect what is due from Emerald. If SK is unable to collect from Emerald, then SK may make a demand on the company for payment of the outstanding obligations. The guarantee is revocable by the company upon 60 days' prior written notice.

Because of the guarantee's existing revocation clause, the company estimates that the maximum liability under the guarantee would be approximately $20.0 million, representing the estimated liability for two shipments to Emerald. However, the company believes that it is highly unlikely that an event would occur requiring the company to pay any monies pursuant to the guarantee. Accordingly, no liability has been reflected in the accompanying consolidated balance sheet at June 30, 2007.

INDEMNIFICATIONS

In connection with the sale of the FIIS business, the company has provided indemnifications to Emerald with respect to the business sold. These indemnifications have been associated with the price and quantity of raw material purchases, permit costs, costs incurred due to the inability to obtain permits and environmental matters. In each of these circumstances, payment by the company is dependent on Emerald filing a claim. In addition, the company's obligations under these agreements may be limited in terms of time and/or amount. It is not possible to predict the maximum potential amount of future payments under certain of these agreements due to the conditional nature of the company's obligations and the unique facts and circumstances involved in each particular agreement. The company believes that if it were to incur a loss in any of these matters, such loss would not have a material effect on the company's business, financial condition or results of operations. For those indemnification agreements where a payment by the company is probable and estimable, a liability has been recorded as of June 30, 2007.

16. Restatement of Consolidated Financial Statements

On October 22, 2007, the company concluded to restate its previously issued financial statements because of reporting errors relating to five postemployment employee benefit plans in three foreign countries. Accordingly, the company has restated its previously issued annual financial statements included in its most recently filed annual report on Form 10-K/A for the fiscal year ended December 31, 2006 and its previously issued interim financial statements included in its most recently filed quarterly report on Form 10-Q/A for the quarter ended March 31, 2007. As a result, the company also has restated the accompanying interim financial statements for the periods ended June 30, 2007 and 2006.

The impact of the restatement decreased net income for the three and six months ended June 30, 2007 by $0.4 million or 0.5% and $0.7 million or 0.5%, respectively, from amounts previously reported. For the three and six months ended June 30, 2006, the impact of the restatement decreased income from continuing operations by $0.5 million or 0.8% and $1.0 million or 0.9%, respectively, from amounts previously reported. In addition, net income for the three and six months ended June 30, 2006 decreased $0.5 million or 1.0% and $1.0 million or 2.8% as a result of the restatement. The restatement had no effect on the company's previously reported revenues or net cash flows. The cumulative effect of the errors decreased shareholders' equity as of June 30, 2007 by $25.4 million or 0.6% of total liabilities and shareholders' equity and 1.4% of total shareholders' equity. The cumulative effect of

the errors decreased shareholders' equity as of December 31, 2006 by $24.3 million or 0.6% of total liabilities and shareholders' equity and 1.4% of total shareholders' equity.

The errors primarily arose in three different postemployment employee benefit plans at a wholly owned subsidiary and in postemployment employee benefit plans at two of the company's consolidated joint ventures. Four of these postemployment employee benefit plans had been accounted for inappropriately on a cash basis rather than an accrual basis as required by U.S. GAAP, while the accrual recorded in the financial statements for the fifth plan was not calculated in accordance with U.S. GAAP. The cumulative effect of the errors resulted in an understatement of postemployment employee benefit plan liabilities of $40.3 million and $38.9 million at June 30, 2007 and December 31, 2006, respectively.

The following tables show the impact of the restatement:

THE LUBRIZOL CORPORATION
Notes to Consolidated Financial Statements
June 30, 2007
(Unaudited)

Consolidated Statement of Income

(In Millions of Dollars Except Per Share Data)	Three Months Ended June 30, 2007		
	(as previously reported)	(adjustments)	(as restated)
Net sales	$ 1,153.5	$ –	$ 1,153.5
Royalties and other revenues	1.1	–	1.1
Total revenues	1,154.6	–	1,154.6
Cost of sales	858.1	0.7	858.8
Selling and administrative expenses	103.4	–	103.4
Research, testing and development expenses	53.7	–	53.7
Amortization of intangible assets	5.9	–	5.9
Restructuring and impairment charges	0.9	–	0.9
Total costs and expenses	1,022.0	0.7	1,022.7
Other expense – net	(1.5)	–	(1.5)
Interest income	6.9	–	6.9
Interest expense	(24.4)	–	(24.4)
Income from continuing operations before income taxes	113.6	(0.7)	112.9
Provision for income taxes	32.2	(0.3)	31.9
Income from continuing operations	81.4	(0.4)	81.0
Discontinued operations – net of tax	–	–	–
Net income	$ 81.4	$ (0.4)	$ 81.0
Basic earnings per share:			
Continuing operations	$ 1.17	$ –	$ 1.17
Discontinued operations	–	–	–
Net income per share, basic	$ 1.17	$ –	$ 1.17
Diluted earnings per share:			
Continuing operations	$ 1.16	$ (0.01)	$ 1.15
Discontinued operations	–	–	–
Net income per share, diluted	$ 1.16	$ (0.01)	$ 1.15

Consolidated Statement of Income

(In Millions of Dollars Except Per Share Data)	Three Months Ended June 30, 2006		
	(as previously reported)	(adjustments)	(as restated)
Net sales	$ 1,039.9	$ –	$ 1,039.9
Royalties and other revenues	1.2	–	1.2
Total revenues	1,041.1	–	1,041.1
Cost of sales	774.5	0.8	775.3
Selling and administrative expenses	85.7	–	85.7
Research, testing and development expenses	52.6	–	52.6
Amortization of intangible assets	5.9	–	5.9
Restructuring and impairment charges	1.8	–	1.8
Total costs and expenses	920.5	0.8	921.3
Other expense – net	(0.3)	–	(0.3)
Interest income	3.7	–	3.7
Interest expense	(24.7)	–	(24.7)
Income from continuing operations before income taxes	99.3	(0.8)	98.5
Provision for income taxes	35.8	(0.3)	35.5
Income from continuing operations	63.5	(0.5)	63.0
Discontinued operations – net of tax	(12.4)	–	(12.4)
Net income	$ 51.1	$ (0.5)	$ 50.6
Basic earnings (loss) per share:			
Continuing operations	$ 0.92	$ –	$ 0.92
Discontinued operations	(0.18)	–	(0.18)
Net income per share, basic	$ 0.74	$ –	$ 0.74
Diluted earnings (loss) per share:			
Continuing operations	$ 0.92	$ (0.01)	$ 0.91
Discontinued operations	(0.18)	–	(0.18)
Net income per share, diluted	$ 0.74	$ (0.01)	$ 0.73

THE LUBRIZOL CORPORATION
Notes to Consolidated Financial Statements
June 30, 2007
(Unaudited)

Consolidated Statement of Income

(In Millions of Dollars Except Per Share Data)	Six Months Ended June 30, 2007		
	(as previously reported)	(adjustments)	(as restated)
Net sales	$ 2,229.3	$ –	$ 2,229.3
Royalties and other revenues	2.0	–	2.0
Total revenues	2,231.3	–	2,231.3
Cost of sales	1,655.8	1.3	1,657.1
Selling and administrative expenses	205.7	–	205.7
Research, testing and development expenses	105.4	–	105.4
Amortization of intangible assets	11.9	–	11.9
Restructuring and impairment credits	(1.5)	–	(1.5)
Total costs and expenses	1,977.3	1.3	1,978.6
Other income – net	4.1	0.1	4.2
Interest income	14.0	–	14.0
Interest expense	(48.6)	–	(48.6)
Income from continuing operations before income taxes	223.5	(1.2)	222.3
Provision for income taxes	70.5	(0.5)	70.0
Income from continuing operations	153.0	(0.7)	152.3
Discontinued operations – net of tax	–	–	–
Net income	$ 153.0	$ (0.7)	$ 152.3
Basic earnings per share:			
Continuing operations	$ 2.21	$ (0.01)	$ 2.20
Discontinued operations	–	–	–
Net income per share, basic	$ 2.21	$ (0.01)	$ 2.20
Diluted earnings per share:			
Continuing operations	$ 2.18	$ (0.01)	$ 2.17
Discontinued operations	–	–	–
Net income per share, diluted	$ 2.18	$ (0.01)	$ 2.17

Consolidated Statement of Income

(In Millions of Dollars Except Per Share Data)	Six Months Ended June 30, 2006		
	(as previously reported)	(adjustments)	(as restated)
Net sales	$ 2,023.4	$ –	$ 2,023.4
Royalties and other revenues	1.9	–	1.9
Total revenues	2,025.3	–	2,025.3
Cost of sales	1,513.0	1.6	1,514.6
Selling and administrative expenses	178.9	–	178.9
Research, testing and development expenses	102.3	–	102.3
Amortization of intangible assets	11.7	–	11.7
Restructuring and impairment charges	3.6	–	3.6
Total costs and expenses	1,809.5	1.6	1,811.1
Other expense – net	(1.8)	(0.1)	(1.9)
Interest income	5.9	–	5.9
Interest expense	(50.0)	–	(50.0)
Income from continuing operations before income taxes	169.9	(1.7)	168.2
Provision for income taxes	60.6	(0.7)	59.9
Income from continuing operations	109.3	(1.0)	108.3
Discontinued operations – net of tax	(73.1)	–	(73.1)
Net income	$ 36.2	$ (1.0)	$ 35.2
Basic earnings (loss) per share:			
Continuing operations	$ 1.60	$ (0.01)	$ 1.59
Discontinued operations	(1.07)	–	(1.07)
Net income per share, basic	$ 0.53	$ (0.01)	$ 0.52
Diluted earnings (loss) per share:			
Continuing operations	$ 1.58	$ (0.01)	$ 1.57
Discontinued operations	(1.06)	–	(1.06)
Net income per share, diluted	$ 0.52	$ (0.01)	$ 0.51

THE LUBRIZOL CORPORATION
Notes to Consolidated Financial Statements
June 30, 2007
(Unaudited)

Consolidated Balance Sheet

(In Millions of Dollars Except Share Data)	June 30, 2007 (as previously reported)	(adjustments)	(as restated)
ASSETS			
Cash and short-term investments	$ 592.6	$ –	$ 592.6
Receivables	659.5	–	659.5
Inventories	546.6	–	546.6
Other current assets	82.2	–	82.2
Total current assets	1,880.9	–	1,880.9
Property and equipment – at cost	2,623.7	–	2,623.7
Less accumulated depreciation	1,526.3	–	1,526.3
Property and equipment – net	1,097.4	–	1,097.4
Goodwill	1,096.9	–	1,096.9
Intangible assets – net	322.1	–	322.1
Investments in non-consolidated companies	6.7	–	6.7
Other assets	67.4	4.7	72.1
TOTAL	$ 4,471.4	$ 4.7	$ 4,476.1
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term debt and current portion of long-term debt	$ 5.9	$ –	$ 5.9
Accounts payable	386.6	–	386.6
Accrued expenses and other current liabilities	213.9	2.0	215.9
Total current liabilities	606.4	2.0	608.4
Long-term debt	1,457.1		1,457.1
Pension obligations	208.9	20.6	229.5
Other postretirement benefit obligations	80.5	12.3	92.8
Noncurrent liabilities	141.3	5.4	146.7
Deferred income taxes	93.3	(8.7)	84.6
Total liabilities	2,587.5	31.6	2,619.1
Minority interest in consolidated companies	57.6	(1.5)	56.1
Contingencies and commitments			
Preferred stock without par value – unissued	–	–	–
Common shares without par value	751.9	–	751.9
Retained earnings	1,104.3	(17.1)	1,087.2
Accumulated other comprehensive loss	(29.9)	(8.3)	(38.2)
Total shareholders' equity	1,826.3	(25.4)	1,800.9
TOTAL	$ 4,471.4	$ 4.7	$ 4,476.1

THE LUBRIZOL CORPORATION
Notes to Consolidated Financial Statements
June 30, 2007
(Unaudited)

Consolidated Statement of Cash Flows

(In Millions of Dollars)	Six Months Ended June 30, 2007 (as previously reported)	(adjustments)	(as restated)
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net income	$ 153.0	$ (0.7)	$ 152.3
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	78.8	–	78.8
Deferred income taxes	19.1	–	19.1
Deferred compensation	11.9	–	11.9
Restructuring and impairment charges	0.8	–	0.8
Gain from divestitures and sales of property and equipment	(8.0)	–	(8.0)
Change in current assets and liabilities, net of acquisitions and divestitures:			
Receivables	(71.7)	–	(71.7)
Inventories	47.7	–	47.7
Accounts payable, accrued expenses and other current liabilities	(2.0)	(0.3)	(2.3)
Other current assets	2.2	–	2.2
	(23.8)	(0.3)	(24.1)
Change in noncurrent liabilities	(6.4)	1.0	(5.4)
Other items – net	1.8	–	1.8
Total operating activities	227.2	–	227.2
INVESTING ACTIVITIES			
Capital expenditures	(75.8)	–	(75.8)
Acquisitions	(15.7)	–	(15.7)
Net proceeds from divestitures and sales of property and equipment	12.1	–	12.1
Other items – net	(1.3)	–	(1.3)
Total investing activities	(80.7)	–	(80.7)
FINANCING ACTIVITIES			
Changes in short-term debt – net	2.3	–	2.3
Repayments of long-term debt	(79.4)	–	(79.4)
Dividends paid	(38.8)	–	(38.8)
Common shares purchased	(50.1)	–	(50.1)
Proceeds from the exercise of stock options	32.9	–	32.9
Total financing activities	(133.1)	–	(133.1)
Effect of exchange rate changes on cash	3.5	–	3.5
Net increase in cash and short-term investments	16.9	–	16.9
Cash and short-term investments at the beginning of period	575.7	–	575.7
Cash and short-term investments at the end of period	$ 592.6	$ –	$ 592.6

THE LUBRIZOL CORPORATION
Notes to Consolidated Financial Statements
June 30, 2007
(Unaudited)

Consolidated Statement of Cash Flows

(In Millions of Dollars)	Six Months Ended June 30, 2006 (as previously reported)	(adjustments)	(as restated)
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net income	$ 36.2	$ (1.0)	$ 35.2
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	82.4	–	82.4
Deferred income taxes	14.3	(0.6)	13.7
Deferred compensation	7.0	–	7.0
Restructuring and impairment charges	61.0	–	61.0
Loss from divestitures and sales of property and equipment	5.5	–	5.5
Change in current assets and liabilities, net of acquisitions and divestitures:			
Receivables	(67.9)	–	(67.9)
Inventories	(21.0)	–	(21.0)
Accounts payable, accrued expenses and other current liabilities	(62.8)	0.7	(62.1)
Other current assets	4.2	–	4.2
	(147.5)	0.7	(146.8)
Change in noncurrent liabilities	14.4	0.9	15.3
Other items – net	16.3	–	16.3
Total operating activities	89.6	–	89.6
INVESTING ACTIVITIES			
Capital expenditures	(62.2)	–	(62.2)
Net proceeds from divestitures and sales of property and equipment	275.4	–	275.4
Other items – net	(0.7)	–	(0.7)
Total investing activities	212.5	–	212.5
FINANCING ACTIVITIES			
Changes in short-term debt – net	6.9	–	6.9
Repayments of long-term debt	(57.7)	–	(57.7)
Dividends paid	(35.5)	–	(35.5)
Proceeds from the exercise of stock options	10.3	–	10.3
Total financing activities	(76.0)	–	(76.0)
Effect of exchange rate changes on cash	3.0	–	3.0
Net increase in cash and short-term investments	229.1	–	229.1
Cash and short-term investments at the beginning of period	262.4	–	262.4
Cash and short-term investments at the end of period	$ 491.5	$ –	$ 491.5

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(In Millions of Dollars except Share and Per Share Data)

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the unaudited consolidated financial statements and the notes thereto appearing elsewhere in this quarterly report on Form 10-Q/A. Historical results and percentage relationships set forth in the consolidated financial statements, including trends that might appear, should not be taken as indicative of future operations. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those described under the section "Cautionary Statements for Safe Harbor Purposes" included elsewhere in this quarterly report on Form 10-Q/A.

RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

On October 22, 2007, we concluded to restate our previously issued financial statements because of reporting errors relating to five postemployment employee benefit plans in three foreign countries. Accordingly, we are filing this quarterly report on Form 10-Q/A for the quarterly period ended June 30, 2007. The effects of the restatement are reflected in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and we have not modified or updated disclosures except as required to reflect the effects of the restatement. See the Explanatory Note included in the front section of this quarterly report on Form 10-Q/A and "Note 16 - Restatement of Consolidated Financial Statements" contained in the Notes to Financial Statements for more information regarding the restatement and changes to previously issued financial statements.

The impact of the restatement decreased net income for the three and six months ended June 30, 2007 by $0.4 million or 0.5% and $0.7 million or 0.5%, respectively, from amounts previously reported. For the three and six months ended June 30, 2006, the impact of the restatement decreased income from continuing operations by $0.5 million or 0.8% and $1.0 million or 0.9%, respectively, from amounts previously reported. In addition, net income for the three and six months ended June 30, 2006 decreased $0.5 million or 1.0% and $1.0 million or 2.8% as a result of the restatement. The restatement had no effect on our previously reported revenues or net cash flows. The cumulative effect of the errors decreased shareholders' equity as of June 30, 2007 by $25.4 million or 0.6% of total liabilities and shareholders' equity and 1.4% of total shareholders' equity. The cumulative effect of the errors decreased shareholders' equity as of December 31, 2006 by $24.3 million or 0.6% of total liabilities and shareholders' equity and 1.4% of total shareholders' equity.

The errors primarily arose in three different postemployment employee benefit plans at a wholly owned subsidiary and in postemployment employee benefit plans at two of our consolidated joint ventures. Four of these postemployment employee benefit plans had been accounted for inappropriately on a cash basis rather than an accrual basis as required by U.S. generally accepted accounting principles (U.S. GAAP), while the accrual recorded in the financial statements for the fifth plan was not calculated in accordance with U.S. GAAP. The cumulative effect of the errors resulted in an understatement of postemployment employee benefit plan liabilities of $40.3 million and $38.9 million at June 30, 2007 and December 31, 2006, respectively.

OVERVIEW

We are an innovative specialty chemical company that produces and supplies technologies that improve the quality and performance of our customers' products in the global transportation, industrial and consumer markets. Our business is founded on technological leadership. Innovation provides opportunities for us in growth markets as well as advantages over our competitors. From a base of approximately 1,600 patents, we use our product development and formulation expertise to sustain our leading market positions and fuel our future growth. We create additives, ingredients, resins and compounds that enhance the performance, quality and value of our customers' products, while minimizing their environmental impact. Our products are used in a broad range of applications, and are sold into stable markets such as those for engine oils, specialty driveline lubricants and metalworking fluids, as well as higher-growth markets such as personal care and over-the-counter pharmaceutical products and performance coatings and inks. Our engineered polymers products also are used in a variety of industries, including the construction, sporting goods, medical products and automotive industries. We are an industry leader in many of the markets in which our product lines compete.

We are geographically diverse, with an extensive global manufacturing, supply chain, technical and commercial infrastructure. We operate facilities in 29 countries, including production facilities in 20 countries and laboratories in 13 countries, in key regions around the world through the efforts of approximately 6,800 employees. We sell our products in more than 100 countries and believe that our customers value our ability to provide customized, high-quality, cost-effective performance formulations and solutions worldwide. We also believe that our customers value our global supply chain capabilities.

On February 7, 2007, we completed the acquisition of the entire metalworking additives product line of Lockhart Chemical Company (Lockhart), a private company with headquarters in Gibsonia, Pennsylvania. Annualized revenues of these products are approximately $20.0 million.

In May 2006, we sold the food ingredients and industrial specialties business (FIIS) and the active pharmaceutical ingredients and intermediate compounds business (A&I), both of which were included in the Lubrizol Advanced Materials segment. We have reflected the results of these divested businesses in the discontinued operations - net of tax line item in the consolidated statements of income for the three and six months ended June 30, 2006.

In February 2006, we sold certain assets and liabilities of our Telene® resins business (Telene), which was included in the Lubrizol Advanced Materials segment. We have reflected the results of Telene in the discontinued operations - net of tax line item in the consolidated statement of income for the six months ended June 30, 2006.

RESULTS OF OPERATIONS

Income from continuing operations increased $18.0 million to $81.0 million for the three months ended June 30, 2007 compared to the three months ended June 30, 2006 and increased $44.0 million to $152.3 million for the six months ended June 30, 2007 compared to the six months ended June 30, 2006. The increase in earnings from continuing operations for the three-month and six-month comparative periods primarily was due to improvements in the combination of price and product mix in the Lubrizol Additives segment as we continued to recover lost margin attributable to past raw material cost increases in this segment. Income from continuing operations also was impacted positively by the favorable resolution of tax matters from prior years, lower net interest costs, higher volume and a favorable currency impact. Higher raw material costs, increased manufacturing costs and higher selling, technology, administrative and research (STAR) expenses partially offset improvements in income from continuing operations for both the three-month and six-month comparative periods. In addition, the six-month period also was impacted favorably by an increase in other income primarily as a result of a gain on the sale of land and a restructuring credit associated with the sale of the manufacturing facility located in Bromborough, U.K.

Net income of $50.6 million for the three months ended June 30, 2006 included a $12.4 million loss from discontinued operations - net of tax. Net income of $35.2 million for the six months ended June 30, 2006 included a $73.1 million loss from discontinued operations - net of tax, which primarily was comprised of a $60.6 million

after-tax impairment charge recorded to reflect the FIIS business at its fair value and losses on the sales of the FIIS and A&I businesses.

REVENUES

The changes in consolidated revenues are summarized as follows:

	Three Months Ended June 30,			
	2007	2006	$ Change	% Change
Net sales	$ 1,153.5	$ 1,039.9	$ 113.6	11%
Royalties and other revenues	1.1	1.2	(0.1)	(8%)
Total revenues	$ 1,154.6	$ 1,041.1	$ 113.5	11%

	Six Months Ended June 30,			
	2007	2006	$ Change	% Change
Net sales	$ 2,229.3	$ 2,023.4	$ 205.9	10%
Royalties and other revenues	2.0	1.9	0.1	5%
Total revenues	$ 2,231.3	$ 2,025.3	$ 206.0	10%

The increase in revenues for the three months ended June 30, 2007 compared to the same period in 2006 was due to a 6% improvement in the combination of price and product mix, a 3% increase in volume and a 2% favorable currency impact. The increase in revenues for the six months ended June 30, 2007 compared to the same period in 2006 was due to a 7% improvement in the combination of price and product mix, a 2% favorable currency impact and a 1% increase in volume.

The following table shows the geographic break-down of our volume for the three and six months ended June 30, 2007:

	2007 Volume	
	2nd Quarter	Year-to-Date
North America	47%	47%
Europe	26%	27%
Asia-Pacific / Middle East	21%	20%
Latin America	6%	6%
Total	100%	100%

The following table shows the percentage change in our volume by geographic zone for the three and six months ended June 30, 2007 compared to the corresponding periods in 2006:

	2007 vs. 2006 % Change	
	2nd Quarter	Year-to-Date
North America	(1%)	(2%)
Europe	9%	5%
Asia-Pacific / Middle East	(1%)	(1%)
Latin America	23%	23%
Total	3%	1%

Segment volume variances by geographic zone as well as the factors explaining the changes in segment revenues for the three and six months ended June 30, 2007 compared with the same periods in 2006 are contained within the "Segment Analysis" section below.

COSTS AND EXPENSES

The changes in consolidated costs and expenses are summarized as follows:

	Three Months Ended June 30,			
	2007	2006	$ Change	% Change
Cost of sales	$ 858.8	$ 775.3	$ 83.5	11%
Selling and administrative expenses	103.4	85.7	17.7	21%
Research, testing and development expenses	53.7	52.6	1.1	2%
Amortization of intangible assets	5.9	5.9	–	–
Restructuring and impairment charges	0.9	1.8	(0.9)	*
Total costs and expenses	$1,022.7	$ 921.3	$ 101.4	11%

	Six Months Ended June 30,			
	2007	2006	$ Change	% Change
Cost of sales	$1,657.1	$ 1,514.6	$ 142.5	9%
Selling and administrative expenses	205.7	178.9	26.8	15%
Research, testing and development expenses	105.4	102.3	3.1	3%
Amortization of intangible assets	11.9	11.7	0.2	2%
Restructuring and impairment (credits) charges	(1.5)	3.6	(5.1)	*
Total costs and expenses	$1,978.6	$ 1,811.1	$ 167.5	9%

* Calculation not meaningful

The increase in cost of sales for the three and six months ended June 30, 2007 compared to the same periods in 2006 primarily was due to higher average raw material cost and higher manufacturing expenses. Average raw material cost increased 7% for both periods in 2007 compared to the same periods in 2006. Total manufacturing expenses increased 12% and 11% in the three and six months ended June 30, 2007, respectively, compared to the same periods in 2006. The increase for both comparative periods primarily was due to an unfavorable currency impact, increased salaries and benefits, higher maintenance materials and contract labor costs in the Lubrizol Additives segment mostly attributable to the U.S. Gulf Coast and increased environmental-related charges. In addition, for the six months ended June 30, 2007 we experienced unfavorable manufacturing cost absorption as we lowered first quarter production to reduce inventory levels from the prior year end. The six-month increase partially was offset

by a decrease in utility costs. On a per-unit-sold basis, manufacturing costs increased 9% for both periods in 2007 compared to the same periods in 2006.

Gross profit (net sales less cost of sales) increased $30.1 million, or 11%, and $63.4 million, or 12%, for the three and six months ended June 30, 2007, respectively, compared to the same periods in 2006. The increases primarily were due to improvement in the combination of price and product mix in the Lubrizol Additives segment and a favorable currency impact offset by higher average unit raw material cost and higher manufacturing cost. Our gross profit percentage (gross profit divided by net sales) increased to 25.5% and 25.7% for the three and six months ended June 30, 2007, respectively, compared to 25.4% and 25.1% in the same periods last year. The increases in gross profit percentage for the three-month and six-month comparative periods were attributable to increases in the Lubrizol Additives segment gross profit percentage largely due to the favorable combination of price and product mix, partially offset by gross profit percentage decreases in the Lubrizol Advanced Materials segment primarily as a result of higher raw material costs.

Selling and administrative expenses increased $17.7 million, or 21%, and $26.8 million, or 15%, for the three and six months ended June 30, 2007, respectively, compared to the same periods in 2006. The increase for both periods primarily was due to an increase in salaries and benefits due to annual merit increases, higher incentive compensation expense, the funding of growth resources in the Lubrizol Advanced Materials segment and an unfavorable currency impact. The first quarter of 2006 included a $2.8 million pension settlement charge related to a non-qualified pension plan distribution.

Research, testing and development expenses increased $1.1 million, or 2%, and $3.1 million, or 3%, for the three and six months ended June 30, 2007, respectively, compared to the same periods in the prior year. The year-to-date increase primarily was due to an unfavorable currency impact.

In the three and six months ended June 30, 2007, we recorded aggregate restructuring and impairment charges (credits) of $0.9 million and ($1.5) million, respectively. The net restructuring credit for the six-month period primarily related to a $2.8 million pretax gain and restructuring credit recorded on the sale of the manufacturing facility located in Bromborough, United Kingdom. Restructuring and impairment charges of $1.8 million and $3.6 million were recorded during the three and six months ended June 30, 2006, respectively, which primarily were associated with the U.K. plant closure mentioned above.

The components of restructuring and impairment credits and charges are detailed as follows:

	Three Months Ended June 30, 2007			
	Asset Impairments	Other Plant Exit Costs	Severance	Total
Lubrizol Advanced Materials plant closures and workforce reductions	$ 0.5	$ –	$ 0.3	$ 0.8
Bromborough, U.K. plant closure and sale	–	0.1	–	0.1
Total restructuring and impairment charges	$ 0.5	$ 0.1	$ 0.3	$ 0.9

	Six Months Ended June 30, 2007			
	Asset Impairments (Gains)	Other Plant Exit Costs	Severance	Total
Lubrizol Advanced Materials plant closures and workforce reductions	$ 0.5	$ 0.2	$ 0.4	$ 1.1
Bromborough, U.K. plant closure and sale	(2.8)	0.1	–	(2.7)
Other	–	–	0.1	0.1
Total restructuring and impairment (credits) charges	$ (2.3)	$ 0.3	$ 0.5	$ (1.5)

	Three Months Ended June 30, 2006		
	Other Plant Exit Costs	Severance	Total
Lubrizol Advanced Materials plant closures and workforce reductions	$ –	$ 0.1	$ 0.1
Bromborough, U.K. plant closure	1.1	0.6	1.7
Total restructuring and impairment charges	$ 1.1	$ 0.7	$ 1.8

	Six Months Ended June 30, 2006		
	Other Plant Exit Costs	Severance	Total
Lubrizol Advanced Materials plant closures and workforce reductions	$ –	$ 0.5	$ 0.5
Bromborough, U.K. plant closure	2.0	1.2	3.2
Other	–	(0.1)	(0.1)
Total restructuring and impairment charges	$ 2.0	$ 1.6	$ 3.6

The charges and credits for these cost reduction initiatives and impairments are reported as a separate line item in the consolidated statements of income, entitled "Restructuring and impairment charges (credits)" and are included in the "Total cost and expenses" subtotal on the consolidated statements of income.

OTHER ITEMS AND NET INCOME

The changes in other items and net income are summarized as follows:

	Three Months Ended June 30,			
	2007	2006	$ Change	% Change
Other expense – net	$ 1.5	$ 0.3	$ 1.2	*
Interest expense – net	17.5	21.0	(3.5)	(17%)
Income from continuing operations before income taxes	112.9	98.5	14.4	15%
Provision for income taxes	31.9	35.5	(3.6)	(10%)
Income from continuing operations	81.0	63.0	18.0	29%
Discontinued operations	–	(12.4)	12.4	*
Net income	81.0	50.6	30.4	*

	Six Months Ended June 30,			
	2007	2006	$ Change	% Change
Other income (expense) – net	$ 4.2	$ (1.9)	$ 6.1	*
Interest expense – net	34.6	44.1	(9.5)	(22%)
Income from continuing operations before income taxes	222.3	168.2	54.1	32%
Provision for income taxes	70.0	59.9	10.1	17%
Income from continuing operations	152.3	108.3	44.0	41%
Discontinued operations	–	(73.1)	73.1	*
Net income	152.3	35.2	117.1	*

* Calculation not meaningful

The increase in other income (expense) - net for the six months ended June 30, 2007 compared to the same period in 2006 primarily was due to a $5.0 million gain on the sale of land recorded in the first quarter of 2007.

The decrease in interest expense - net for the three and six months ended June 30, 2007 compared to the same periods in 2006 primarily was attributable to an increase in interest income as a result of our increased cash and short-term investments from the divestiture proceeds received in May 2006.

Our effective tax rates were 28.3% and 31.5% for the three and six months ended June 30, 2007, respectively, compared to our effective tax rates of 36.0% and 35.6% for the same respective periods in 2006. The decreases in both periods in 2007 compared to 2006 primarily were due to the favorable second quarter resolution of tax matters from prior years and an improvement in our geographic earnings mix due to our strong international growth.

Primarily as a result of the above factors, net income per diluted share was $1.15 and $2.17 for the three and six months ended June 30, 2007, respectively, compared to net income per diluted share of $0.73 and $0.51 for the same respective periods in 2006. Net income per diluted share for the three and six months ended June 30, 2006 included a loss from discontinued operations per diluted share of $0.18 and $1.06, respectively. The loss from discontinued operations per diluted share for the six months ended June 30, 2006 included a $0.01 per diluted share of operating income, an $0.87 per diluted share non-cash impairment charge and a $0.20 per diluted share loss on the sale of the FIIS, A&I and Telene businesses.

SEGMENT ANALYSIS

We primarily evaluate performance and allocate resources based on segment operating income, defined as revenues less expenses identifiable to the product lines included within each segment, as well as projected future returns. Segment operating income will reconcile to consolidated income from continuing operations before income taxes by deducting corporate expenses and income that are not attributable to the operating segments, restructuring and impairment charges (credits) and net interest expense.

The proportion of consolidated revenues and segment operating income attributed to each segment was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Revenues:				
Lubrizol Additives	66%	65%	65%	64%
Lubrizol Advanced Materials	34%	35%	35%	36%
Segment Operating Income:				
Lubrizol Additives	71%	65%	70%	64%
Lubrizol Advanced Materials	29%	35%	30%	36%

The operating results by segment were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2007	2006	$ Change	% Change	2007	2006	$ Change	% Change
Revenues:								
Lubrizol Additives	$ 759.0	$ 678.4	$ 80.6	12%	$ 1,455.0	$ 1,306.0	$ 149.0	11%
Lubrizol Advanced Materials	395.6	362.7	32.9	9%	776.3	719.3	57.0	8%
Total	$ 1,154.6	$ 1,041.1	$ 113.5	11%	$ 2,231.3	$ 2,025.3	$ 206.0	10%
Gross Profit:								
Lubrizol Additives	$ 185.4	$ 159.0	$ 26.4	17%	$ 352.8	$ 299.3	$ 53.5	18%
Lubrizol Advanced Materials	109.3	105.6	3.7	4%	219.4	209.5	9.9	5%
Total	$ 294.7	$ 264.6	$ 30.1	11%	$ 572.2	$ 508.8	$ 63.4	12%
Segment Operating Income:								
Lubrizol Additives	$ 106.3	$ 89.0	$ 17.3	19 %	$ 207.2	$ 162.7	$ 44.5	27%
Lubrizol Advanced Materials	43.5	48.4	(4.9)	(10%)	88.9	92.9	(4.0)	(4%)
Total	$ 149.8	$ 137.4	$ 12.4	9%	$ 296.1	$ 255.6	$ 40.5	16%

LUBRIZOL ADDITIVES SEGMENT

Revenues increased 12% and 11% for the three and six months ended June 30, 2007, respectively, compared to the same periods in 2006. The three-month increase was due to a 7% improvement in the combination of price and product mix, a 3% favorable currency impact and a 2% increase in volume. The six-month increase resulted from an 8% improvement in the combination of price and product mix, a 2% favorable currency impact and a 1% increase in volume.

The following table shows the geographic break-down of our volume for the three and six months ended June 30, 2007:

	2007 Volume	
	2nd Quarter	Year-to-Date
North America	37%	37%
Europe	31%	31%
Asia-Pacific / Middle East	25%	25%
Latin America	7%	7%
Total	100%	100%

The following table shows the percentage change in our volume by geographic zone for the three and six months ended June 30, 2007 compared to the corresponding periods in 2006:

	2007 vs. 2006 % Change	
	2nd Quarter	Year-to-Date
North America	(2%)	(2%)
Europe	10%	5%
Asia-Pacific / Middle East	(5%)	(5%)
Latin America	25%	20%
Total	2%	1%

Volume for the three-month and six-month periods ended June 30, 2007 were at record levels primarily due to business gains in Europe and Latin America, which partially were offset by volume declines in North America and Asia-Pacific / Middle East. The volume decrease in North America primarily was due to our decision to exit low margin fuel additive business and the impact of lower commercial vehicle builds, while the volume decrease in Asia-Pacific / Middle East primarily was attributable to a strong first half of 2006 influenced by customer order patterns.

Segment gross profit increased 17% and 18% for the three and six months ended June 30, 2007, respectively, compared to the same periods in 2006 as we continued to recover margin lost in prior periods. The Lubrizol Additives segment implemented a series of price increases in 2005 and 2006 in response to continued raw material and manufacturing cost increases. The effective dates of the selling price increases varied by geographic sales zone. As a result, gross profit improved primarily due to the combination of price and product mix, partially offset by a 7% increase in average raw material cost for the three and six months ended June 30, 2007, respectively, as compared to the same periods in 2006. Manufacturing costs on a per-unit-sold basis increased 13% for the three-month comparative period and 12% for the six-month comparative period primarily due to higher unfavorable manufacturing costs for maintenance materials and contract labor costs mostly attributable to the U.S. Gulf Coast, the impact of unfavorable currency and increased environmental-related charges. In addition, for the six months ended June 30, 2007 we experienced unfavorable manufacturing cost absorption as we lowered first quarter production to reduce inventory levels from the prior year end. These cost increases partially were offset by decreases in utility costs for both the three and six months ended June 30, 2007 compared to the same periods in 2006.

The gross profit percentage increased to 24.5% and 24.3% for the three and six months ended June 30, 2007, respectively, as compared to 23.4% and 22.9% in the corresponding prior-year periods. The increases in gross profit percentage primarily related to the improvement in the combination of price and product mix.

STAR expenses increased 9% for both the three and six months ended June 30, 2007 compared to the respective prior-year periods. The increases primarily were due to higher selling and administrative expenses resulting from increased incentive compensation expense and unfavorable currency, partially offset by lower outside testing expenses in the three months ended June 30, 2007.

Other income for the year-to-date period includes a $5.0 million gain on the sale of land recorded in the first quarter of 2007.

Segment operating income increased 19% and 27% for the three and six months ended June 30, 2007, respectively, compared to the same periods in 2006 due to the factors discussed above.

LUBRIZOL ADVANCED MATERIALS SEGMENT

Revenues increased 9% and 8% for the three and six months ended June 30, 2007, respectively, compared to the same periods in 2006. The increase for the three-month period was due to a 4% increase in volume, a 3% improvement in the combination of price and product mix and a 2% favorable currency impact. The increase for the six-month period was due to a 3% increase in volume, a 3% increase in the combination of price and product mix and a 2% favorable currency impact.

The following table shows the geographic break-down of our volume for the three and six months ended June 30, 2007:

	2007 Volume	
	2nd Quarter	Year-to-Date
North America	68%	67%
Europe	17%	18%
Asia-Pacific / Middle East	12%	11%
Latin America	3%	4%
Total	100%	100%

The following table shows the percentage change in our volume by geographic zone for the three and six months ended June 30, 2007 compared to the corresponding periods in 2006:

	2007 vs. 2006 % Change	
	2nd Quarter	Year-to-Date
North America	1%	(2%)
Europe	6%	6%
Asia-Pacific / Middle East	21%	22%
Latin America	15%	34%
Total	4%	3%

In the first quarter of 2007, we made a minor change to improve the consistency of our reporting of shipment volumes. Volume in our performance coatings product line, and to a much lesser extent, our Noveon consumer specialties product line were reported previously on a dry basis, or excluding the carrier fluid that is shipped with the base performance material. We are now reporting all product lines on an "as-shipped" basis, including carrier fluid that is blended with the base material.

Volume in North America increased by 1% and decreased by 2% for the three and six months ended June 30, 2007, respectively, with increases in our engineered polymers and Noveon® consumer specialties product lines offset by decreases in our performance coatings product line. Volume in our engineered polymers product line increased in both periods benefiting from a strong start to the year in our TempRite® engineered polymers business (TempRite). TempRite benefited from strong sales into plumbing, fire sprinkler and industrial applications. This slightly was offset by continued weakness in customer demand in our Estane® engineered polymers business (Estane). Volume in our Noveon consumer specialties product line increased in both periods primarily due to higher customer demand in personal care markets. Our performance coatings product line was impacted by the continued deterioration of the textiles industry in North America in both periods, which partially was offset by volume increases in specialty paper and ink applications in the three-month period following a slower start to the year.

All product lines showed volume increases in Europe, Asia-Pacific / Middle East and Latin America for the three-month and six-month comparative periods with the exception of our engineered polymers product line, which showed a decrease in Latin America for the three-month period. The volume increase in our engineered polymers product line for the six-month period was due to increased customer demand in both our TempRite and Estane businesses in the three regions mentioned above. Estane showed volume improvement in Asia-Pacific / Middle East and Latin America for the three-month period due to increased customer demand slightly offset by a volume decrease in Europe. TempRite showed volume improvement in Europe and Asia-Pacific / Middle East for the three-month period due to increased customer demand slightly offset by a volume decrease in Latin America. The volume increases in our Noveon consumer specialties product line were due to increased customer demand in both the personal care and pharmaceutical markets. Our performance coatings product line volume increases were due to higher customer demand in the textiles and paint and coatings markets.

Segment gross profit increased 4% and 5% for the three and six months ended June 30, 2007, respectively, compared to the same periods in 2006. The increases primarily were the result of higher revenues due to an improvement in the combination of price and product mix and an increase in volume, partially offset by higher average raw material and manufacturing costs. Average raw material cost increased 9% and 6% for the three and six months ended June 30, 2007, respectively, compared to the same periods in 2006. Manufacturing costs increased for the three- and six-month comparative periods primarily due to higher volume, an unfavorable currency impact, increased headcount and a reduction of inventory levels. Manufacturing costs on a per-unit-sold basis increased 2% and 5% for the three and six months ended June 30, 2007, respectively, compared to the same periods in 2006.

The gross profit percentages were 27.6% and 28.3% for the three and six months ended June 30, 2007, respectively, compared to 29.2% and 29.1% in the corresponding prior-year periods. The decreases were due to higher average raw material cost, partially offset by some improvement in the combination of price and product mix.

STAR expenses increased 13% and 12% for the three and six months ended June 30, 2007, respectively, compared to the same periods in 2006. The increases were due to higher base salaries and benefits, increased headcount to support our growth strategy, an unfavorable currency impact and higher incentive compensation expense.

Segment operating income for the three and six months ended June 30, 2007 of $43.5 million and $88.9 million, respectively, decreased 10% and 4% compared to the same periods in 2006 due to the factors discussed above.

WORKING CAPITAL, LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the major components of cash flow:

	Six Months Ended June 30,	
	2007	2006
Cash provided by (used for):		
Operating activities	$ 227.2	$ 89.6
Investing activities	(80.7)	212.5
Financing activities	(133.1)	(76.0)
Effect of exchange-rate changes on cash	3.5	3.0
Net increase in cash and short-term investments	$ 16.9	$ 229.1

Operating Activities

The increase in cash provided by operating activities for the six months ended June 30, 2007 compared to the same period in 2006 primarily related to an increase in net income and an improvement in working capital levels. Specifically, we focused our efforts to reduce inventory levels and our accounts payable improved due to the timing of raw material purchases and cash disbursements. In addition, the accounts payable we retained at the closing of the FIIS divestiture had an unfavorable impact to operating cash flows of $27.0 million during the six months ended June 30, 2006. We also improved the timeliness of our collections, which partially offset our increase in accounts receivable associated with higher revenues.

We manage our levels of inventories and accounts receivable on the basis of average days sales in inventory and average days sales in receivables. We establish our target for days sales in inventory with the goal of minimizing our investment in inventories while at the same time ensuring adequate supply for our customers. We establish our target for accounts receivable by taking into consideration the weighted average of our various terms of trade for each segment.

Investing Activities

In the first quarter of 2007, we used $15.7 million to acquire assets from Lockhart. For the six months ended June 30, 2006, we received cash proceeds from the sales of the FIIS and A&I businesses. Our capital expenditures for the six months ended June 30, 2007 were $75.8 million compared to $62.2 million for the same period in 2006. In 2007, we estimate annual capital expenditures will be approximately $165.0 million to $175.0 million.

Financing Activities

Cash used for financing activities increased $57.1 million for the six months ended June 30, 2007 compared to the same period in 2006. Cash used for financing activities of $133.1 million for the six months ended June 30, 2007 primarily consisted of the repayment of €60.0 million against our €250.0 million revolving credit agreement, the repurchase of common shares and the payment of dividends, partially offset by proceeds from the exercise of stock options. This compares to $76.0 million used for financing activities in the same period in 2006, which primarily consisted of the repayment of long-term debt and payment of dividends, partially offset by proceeds from the exercise of stock options.

On April 23, 2007, our board of directors authorized an enhanced share repurchase program that, upon completion of repurchases under a previous repurchase program, permits us to repurchase up to 5.0 million of our common shares. We would expect that the timing of repurchases will depend on market conditions and these will be

balanced with other strategic uses of our cash without compromising our goals to further strengthen our balance sheet. Our current intention is to repurchase up to $300.0 million of our shares through 2009.

CAPITALIZATION, LIQUIDITY AND CREDIT FACILITIES

At June 30, 2007, our total debt outstanding of $1,463.0 million consisted of 70% fixed-rate debt and 30% variable-rate debt, including $400.0 million of fixed-rate debt that effectively has been swapped to a variable rate. Our weighted-average interest rate as of June 30, 2007 was approximately 6.0%.

Our net debt to capitalization ratio at June 30, 2007 was 32.7%. Net debt represents total short-term and long-term debt, excluding original issue discounts and unrealized gains and losses on derivative instruments designated as fair-value hedges of fixed-rate debt, reduced by cash and short-term investments. Capitalization is calculated as shareholders' equity plus net debt. Total debt as a percent of capitalization was 44.9% at June 30, 2007.

Our ratio of current assets to current liabilities was 3.1 at June 30, 2007.

Our $350.0 million revolving U.S. credit facility, which matures in September 2011, allows us to borrow at variable rates based upon the U.S. prime rate or LIBOR plus a specified credit spread. At June 30, 2007, we had no outstanding borrowings under this agreement.

At June 30, 2007, two of our wholly owned, foreign subsidiaries had a €250.0 million revolving credit facility that matures in September 2010. This credit agreement permits these foreign subsidiaries to borrow at variable rates based on EURIBOR plus a specified credit spread. At June 30, 2007, we had outstanding borrowings of €25.0 million, or $33.7 million, under this agreement.

Our cash and short-term investments balance of $592.6 million at June 30, 2007 will be used to fund ongoing operations, pay down debt, pursue acquisitions and repurchase shares. Given the redemption premium on our long-term debt, it is unlikely that we will reduce debt significantly before our next scheduled maturity in late 2008.

CONTRACTUAL CASH OBLIGATIONS

Our contractual cash obligations as of December 31, 2006 are contained in our annual report on Form 10-K/A for the fiscal year ended December 31, 2006. During the six months ended June 30, 2007, our non-cancelable purchase commitments decreased approximately $21.5 million to $156.5 million. Other than the decrease in non-cancelable purchase commitments, we do not believe there have been any significant changes since December 31, 2006 in our contractual cash obligations. The non-cancelable purchase commitments by period at June 30, 2007 were $45.6 million, $95.4 million, $11.5 million and $4.0 million for the 2007, 2008-2009, 2010-2011 and 2012 and later periods, respectively.

Our debt requires us to dedicate a portion of our cash flow to make interest and principal payments, thereby reducing the availability of our cash flow for acquisitions or other purposes. Nevertheless, we believe our future operating cash flows will be sufficient to cover our debt repayments, capital expenditures, dividends, share repurchases and other obligations and that we have untapped borrowing capacity that can provide us with additional financial resources. We currently have a shelf registration statement filed with the Securities and Exchange Commission (SEC) under which $359.8 million of debt securities, preferred shares or common shares may be issued. As of June 30, 2007, we also maintained cash and short-term investment balances of $592.6 million and had $350.0 million available under our revolving U.S. credit facility and another €225.0 million available under our euro revolving credit facility. In addition, as of June 30, 2007, we had $44.3 million of contingent obligations under standby letters of credit issued in the ordinary course of business to financial institutions, customers and insurance companies to secure short-term support for a variety of commercial transactions, insurance and benefit programs.

NEW ACCOUNTING STANDARDS

Effective January 1, 2007, we adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 48 "Accounting for Uncertainty in Income Taxes." FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in tax returns. Under FIN No. 48, the economic benefit associated with a tax position only will be recognized if it is more likely than not that a tax position ultimately will be sustained. After this threshold is met, a tax position is reported at the largest amount of benefit that is more likely than not to be ultimately sustained. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. Prior to January 1, 2007, we regularly assessed positions with regard to tax exposures and recorded liabilities for uncertain income tax positions in accordance with SFAS No. 5, "Accounting for Contingencies."

As a result of adopting FIN No. 48 on January 1, 2007, we recognized an $8.9 million reduction to retained earnings and a $5.4 million increase to goodwill for pre-acquisition income tax liabilities of Noveon International, Inc. (Noveon International). As of January 1, 2007, after recording this FIN No. 48 adoption impact, we had gross unrecognized tax benefits of $57.8 million, of which $38.8 million, if recognized, would affect the effective tax rate.

We recognize accrued interest and penalties related to unrecognized tax benefits as a component of the income tax provision. As of January 1, 2007, the date of adoption, we had accrued interest of $7.1 million. Penalties were immaterial to our consolidated financial statements.

We operate in numerous taxing jurisdictions and are subject to regular examinations by various U.S. federal, state and foreign jurisdictions. Our income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which we do business. Due to the subjectivity of interpretations of laws and rulings in each jurisdiction, the differences and interplay in tax laws between those jurisdictions and difficulty in estimating the final resolution of complex tax audit matters, our estimates of income tax liabilities may differ from actual payments or assessments.

It is reasonably possible that unrecognized tax benefits may decrease by up to $10.8 million within 12 months of June 30, 2007 primarily as a result of the settlement of foreign audits and the closure of statutes of limitations.

With few exceptions, we are no longer subject to U.S. federal, state and local tax examinations for years before 2001 and foreign jurisdiction examinations for years before 2000.

Effective with the adoption of FIN No. 48, the majority of the company's unrecognized tax benefits are classified as noncurrent liabilities because payment of cash is not expected within one year. Prior to the adoption of FIN No. 48, the company classified unrecognized tax benefits in accrued expenses and other current liabilities.

In February 2007, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to make an irrevocable election to measure many financial instruments and certain other items at fair value at specified election dates. The fair value option may be applied instrument by instrument and must be applied to entire instruments. Unrealized gains and losses on items for which the entity elects the fair value option are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of the fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157, "Fair Value Measurements." Entities are not permitted to apply this statement retrospectively to the fiscal years preceding the effective date unless the entity chooses early adoption. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair value measurements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but simplifies and codifies related guidance within U.S. GAAP. SFAS No. 157 establishes a fair value hierarchy using

observable market data as the highest level and an entity's own fair value assumptions as the lowest level. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those years. SFAS No. 157 requires adoption prospectively as of the beginning of the fiscal year in which this statement is initially applied, with the exception of certain financial instruments in which adoption is applied retrospectively as of the beginning of the fiscal year in which this statement is initially applied. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

CAUTIONARY STATEMENTS FOR SAFE HARBOR PURPOSES

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the federal securities laws. As a general matter, forward-looking statements are those focused upon future plans, objectives or performance as opposed to historical items and include statements of anticipated events or trends and expectations and beliefs relating to matters not historical in nature. Forward-looking statements are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. These uncertainties and factors could cause our actual results to differ materially from those matters expressed in or implied by any forward-looking statements, although we believe our expectations reflected in those forward-looking statements are based upon reasonable assumptions. For this purpose, any statements contained herein that are not statements of historical fact should be deemed to be forward-looking statements.

We believe that the following factors, among others, could affect our future performance and cause our actual results to differ materially from those expressed or implied by forward-looking statements made in this quarterly report:

- The cost, availability and quality of raw materials, especially petroleum-based products.
- Our ability to sustain profitability of our products in a competitive environment.
- The demand for our products as influenced by factors such as the global economic environment, longer-term technology developments and the success of our commercial development programs.
- The risks of conducting business in foreign countries, including the effects of fluctuations in currency exchange rates upon our consolidated results and political, social, economic and regulatory factors.
- The extent to which we are successful in expanding our business in new and existing markets and in identifying, understanding and managing the risks inherent in those markets.
- The effect of required principal and interest payments on our ability to fund capital expenditures and acquisitions and to meet operating needs.
- Our ability to identify, complete and integrate acquisitions for profitable growth and operating efficiencies.
- Our success at continuing to develop proprietary technology to meet or exceed new industry performance standards and individual customer expectations.
- Our ability to implement a new common information systems platform primarily into our Lubrizol Advanced Materials segment successfully, including the management of project costs, its timely completion and realization of its benefits.
- Our ability to continue to reduce complexities and conversion costs and modify our cost structure to maintain and enhance our competitiveness.
- Our success in retaining and growing the business that we have with our largest customers.
- The cost and availability of energy, especially natural gas and electricity.
- The effect of interest rate fluctuations on our net interest expense.
- The risk of transportation or weather-related disruptions to our Lubrizol Additives production facilities located near the U.S. Gulf Coast.
- Significant changes in government regulations affecting environmental compliance.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We operate manufacturing and blending facilities, laboratories and offices around the world and utilize fixed-rate and variable-rate debt to finance our global operations. As a result, we are subject to business risks inherent in non-U.S. activities, including political and economic uncertainties, import and export limitations and market risks related to changes in interest rates and foreign currency exchange rates. We believe the political and economic risks related to our foreign operations are mitigated due to the stability of the countries in which our largest foreign operations are located.

In the normal course of business, we use derivative financial instruments including interest rate and commodity hedges and forward foreign currency exchange contracts to manage our market risks. Our objective in managing our exposure to changes in interest rates is to limit the impact of such changes on our earnings and cash flow. Our objective in managing the exposure to changes in foreign currency exchange rates is to reduce volatility on our earnings and cash flow associated with such changes. Our principal currency exposures are the euro, the pound sterling, the Japanese yen and certain Latin American currencies. Our objective in managing our exposure to changes in commodity prices is to reduce the volatility on earnings of utility expense. We do not hold derivatives for trading purposes.

We measure our market risk related to our holdings of financial instruments based on changes in interest rates, foreign currency exchange rates and commodity prices utilizing a sensitivity analysis. The sensitivity analysis measures the potential loss in fair value, cash flow and earnings based on a hypothetical 10% change (increase and decrease) in interest, currency exchange rates and commodity prices. We use current market rates on our debt and derivative portfolios to perform the sensitivity analysis. Certain items such as lease contracts, insurance contracts and obligations for pension and other postretirement benefits are not included in the analysis.

Our primary interest rate exposures relate to our cash and short-term investments, fixed-rate and variable-rate debt and interest rate swaps. The calculation of potential loss in fair value is based on an immediate change in the net present values of our interest rate-sensitive exposures resulting from a 10% change in interest rates. The potential loss in cash flow and income before tax is based on the change in the net interest income/expense over a one-year period due to an immediate 10% change in rates. A hypothetical 10% increase in interest rates would have had a favorable impact and a hypothetical 10% decrease in interest rates would have had an unfavorable impact on fair values of $38.6 million and $41.1 million at June 30, 2007 and December 31, 2006, respectively. In addition, a hypothetical 10% increase in interest rates would have had an unfavorable impact and a hypothetical 10% decrease in interest rates would have had a favorable impact on cash flows and income before tax of $1.2 million and $2.0 million for 2007 and 2006, respectively, on an annualized basis.

Our primary currency exchange rate exposures are to foreign currency-denominated debt, intercompany debt, cash and short-term investments and forward foreign currency exchange contracts. The calculation of potential loss in fair value is based on an immediate change in the U.S. dollar equivalent balances of our currency exposures due to a 10% shift in exchange rates. The potential loss in cash flow and income before tax is based on the change in cash flow and income before tax over a one-year period resulting from an immediate 10% change in currency exchange rates. A hypothetical 10% increase in currency exchange rates would have had an unfavorable impact and a hypothetical 10% decrease in currency exchange rates would have had a favorable impact on fair values of $13.8 million and $3.5 million at June 30, 2007 and December 31, 2006, respectively. Further, a hypothetical 10% increase in currency exchange rates would have had an unfavorable impact and a hypothetical 10% decrease in currency exchange rates would have had a favorable impact on annualized cash flows of $25.5 million and $19.0 million, respectively, and on annualized income before tax of $4.5 million and $3.9 million in 2007 and 2006, respectively.

Our primary commodity hedge exposures relate to natural gas and electric utility expenses. The calculation of potential loss in fair value is based on an immediate change in the U.S. dollar equivalent balances of our commodity exposures due to a 10% shift in the underlying commodity prices. The potential loss in cash flow and income before tax is based on the change in cash flow and income before tax over a one-year period resulting from an immediate 10% change in commodity prices. A hypothetical 10% increase in commodity prices would have had a favorable impact and a hypothetical 10% decrease in commodity prices would have had an unfavorable impact on fair values of $1.0 million

and $1.3 million at June 30, 2007 and December 31, 2006, respectively, and on annualized cash flows and income before tax of $1.0 million and $0.7 million in 2007 and 2006, respectively.

Item 4. Controls and Procedures

In connection with the restatement discussed in the Explanatory Note to this quarterly report on Form 10-Q/A and in Note 16 contained in our Notes to Financial Statements we reevaluated our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer. Based on that reevaluation, our chief executive officer and chief financial officer identified a material weakness in our internal control over financial reporting for deficiencies at some international locations due to insufficient requisite technical knowledge of accounting for postemployment employee benefit plans in accordance with U.S. GAAP. Solely as a result of this material weakness, we concluded that our disclosure controls were not effective as of June 30, 2007.

As a result of this material weakness, we have taken steps to remediate the internal control weakness. Specifically, we contracted a third-party benefits consultant to complete a detailed benefits review at our wholly owned subsidiary that generated the majority of the reporting errors, made inquiries and conducted reviews of other international locations and enhanced our training on the application of U.S. GAAP to postemployment employee benefit plans and other matters at our non-U.S. subsidiaries and joint ventures.

As previously reported, there were no changes in our internal control over financial reporting during the quarter ended June 30, 2007 that have affected materially, or reasonably likely to affect materially, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the fourth quarter of 2006, we received a notice of violation from the Louisville (KY) Metro Air-Pollution Control District relating to alleged violations of the air permit held by our Louisville, Kentucky facility. We currently are in negotiations with the regulator who has offered to settle this matter for approximately $0.1 million. No enforcement proceeding has been commenced at this time.

Item 1A. Risk Factors

There are no material changes from risk factors as disclosed previously in our annual report on Form 10-K/A for the year ended December 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) On April 2, 2007, we issued 4,857 common shares in private placement transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to two former directors under deferred compensation plans for directors.

On May 1, 2007, we issued 3,115 common shares in a private placement transaction exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to one former officer under a deferred compensation plan for officers.

On May 1, 2007, we issued 1,317 common shares in a private placement transaction exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to one former director under a deferred compensation plan for directors.

On May 8, 2007, we issued 99 common shares in a transaction exempt from registration under the Securities Act of 1933 pursuant to Regulation S. We issued the common shares to one employee of a wholly owned U. K. subsidiary of the company under an employee benefit plan.

On June 1, 2007, we issued 1,604 common shares in private placement transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to three former officers under a deferred compensation plan for officers.

On June 18, 2007, we issued 95 common shares in a transaction exempt from registration under the Securities Act of 1933 pursuant to Regulation S. We issued the common shares to one employee of a wholly owned Canadian subsidiary of the company under an employee benefit plan.

(c) The following table provides information regarding our purchases of Lubrizol common shares during the second quarter.

Period	Total Number of Shares (or Units) Purchased[1]	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs[2]	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Programs
Month #1 (April 1, 2007 through April 30, 2007)	0 Shares	N/A	N/A	6,413,118 Shares
Month #2 (May 1, 2007 through May 31, 2007)	440,210 Shares	$ 63.43	437,200 Shares	5,975,918 Shares
Month #3 (June 1, 2007 through June 30, 2007)	57,315 Shares	$ 65.60	47,000 Shares	5,928,918 Shares
Total	497,525 Shares		484,200 Shares	5,928,918 Shares

1 This column includes common shares (0 in April; 3,010 in May and 10,315 in June) that we purchased pursuant to our deferred compensation plans whereby we withhold shares upon a distribution to pay the withholding taxes on behalf of the employee and pursuant to our stock incentive plan whereby participants exchange already owned shares to us to pay for the exercise price of an option or whereby we withhold shares upon the exercise of an option to pay the withholding taxes on behalf of the employee.

2 This column represents common shares that we purchased at a cost of $30.8 million pursuant to a share repurchase program announced on June 23, 1997. On April 23, 2007, our board of directors authorized an enhanced share repurchase program that permits the company to repurchase up to 5.0 million of its common shares upon completion of repurchases under the previous share repurchase program. These shares may be repurchased in the open market or through negotiated transactions. The program does not have an expiration date.

Item 4. Submission of Matters to a Vote of Security Holders

Our Annual Meeting of Shareholders was held on April 23, 2007. The following matters were voted on by the shareholders.

1. Election of Directors.

   a. Harriett Tee Taggart. The vote was 62,690,271 shares for and 1,826,692 shares to withhold authority.

   b. James E. Sweetnam. The vote was 62,625,582 shares for and 1,891,381 shares to withhold authority.

   c. James L. Hambrick. The vote was 62,698,437 shares for and 1,818,527 shares to withhold authority.

   d. Gordon D. Harnett. The vote was 61,267,560 shares for and 3,249,404 shares to withhold authority.

   e. Victoria F. Haynes. The vote was 60,706,418 shares for and 3,810,546 shares to withhold authority.

   f. William P. Madar. The vote was 61,230,078 shares for and 3,286,886 shares to withhold authority.

   The names of each director whose term of office as a director continued after the meeting are: Robert E. Abernathy, Jerald A. Blumberg, Forest J. Farmer, Sr. and Dominic Pileggi.

2. A proposal to confirm the appointment of Deloitte & Touche LLP as the independent registered public accountant. The vote was 64,432,075 shares for; 43,356 shares against; and 41,532 shares abstaining.

Item 6. Exhibits

31.1	Rule 13a-14(a) Certification of the Chief Executive Officer, as created by Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Rule 13a-14(a) Certification of the Chief Financial Officer, as created by Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer and Chief Financial Officer of The Lubrizol Corporation pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE LUBRIZOL CORPORATION

/s/ W. Scott Emerick

W. Scott Emerick
Chief Accounting Officer and Duly Authorized
Signatory of The Lubrizol Corporation

Date: November 9, 2007

Exhibit 31.1

THE LUBRIZOL CORPORATION
Rule 13a-14(a) Certification

I, James L. Hambrick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A of The Lubrizol Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

(d) disclosed in this report any change in registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James L. Hambrick
James L. Hambrick
Chief Executive Officer and President
November 9, 2007

Exhibit 31.2

THE LUBRIZOL CORPORATION
Rule 13a-14(a) Certification

I, Charles P. Cooley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A of The Lubrizol Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

(d) disclosed in this report any change in registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Charles P. Cooley
Charles P. Cooley
Chief Financial Officer
November 9, 2007

Exhibit 32.1

THE LUBRIZOL CORPORATION
Certification of Chief Executive Officer and Chief Financial Officer of
The Lubrizol Corporation Pursuant to 18 U.S.C. Section 1350

I certify that, to the best of my knowledge and belief, the Quarterly Report on Form 10-Q/A of The Lubrizol Corporation for the period ended June 30, 2007:

(1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of The Lubrizol Corporation.

/s/ James L. Hambrick

James L. Hambrick
Chief Executive Officer and President
November 9, 2007

I certify that, to the best of my knowledge and belief, the Quarterly Report on Form 10-Q/A of The Lubrizol Corporation for the period ended June 30, 2007:

(1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of The Lubrizol Corporation.

/s/ Charles P. Cooley

Charles P. Cooley
Chief Financial Officer
November 9, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

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

For the quarterly period ended March 31, 2007

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 1-5263

THE LUBRIZOL CORPORATION

(Exact name of registrant as specified in its charter)

Ohio	34-0367600
(State or other jurisdiction of incorporation or organization)	(I.R.S.Employer Identification No.)

29400 Lakeland Boulevard
Wickliffe, Ohio 44092-2298
(Address of principal executive offices)
(Zip Code)

(440) 943-4200
(Registrant's telephone number, including area code)

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 ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):
Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

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

Number of the registrant's common shares, without par value, outstanding as of April 30, 2007: 69,193,107.

EXPLANATORY NOTE

On October 22, 2007, we concluded to restate our previously issued financial statements because of reporting errors relating to five postemployment employee benefit plans in three foreign countries. Accordingly, we restated our previously issued financial statements included in our most recently filed annual report on Form 10-K/A for the year ended December 31, 2006. We are filing this quarterly report on Form 10-Q/A for the quarterly period ended March 31, 2007 to restate the interim financial statements for the periods ended March 31, 2007 and 2006. The following items have been amended as a result of this restatement:

- Part I - Item 1. Financial Statements
- Part I - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
- Part I - Item 4. Controls and Procedures

The impact of the restatement decreased both income from continuing operations and net income for the three months ended March 31, 2007 by $0.3 million or less than one-half percent from amounts previously reported. The impact of the restatement decreased income from continuing operations and net income for the three months ended March 31, 2006 by $0.6 million or 1.3% and 4.1%, respectively, from amounts previously reported. The restatement had no effect on our previously reported revenues or net cash flows. The cumulative effect of the errors decreased shareholders' equity as of March 31, 2007 by $24.9 million or 0.6% of total liabilities and shareholders' equity and by 1.4% of total shareholders' equity. The cumulative effect of the errors decreased shareholders' equity as of December 31, 2006 by $24.3 million or 0.6% of total liabilities and shareholders' equity and 1.4% of total shareholders' equity.

The errors primarily arose in three different postemployment employee benefit plans at a wholly owned subsidiary and in postemployment employee benefit plans at two of our consolidated joint ventures. Four of these postemployment employee benefit plans had been accounted for inappropriately on a cash basis rather than an accrual basis as required by U.S. generally accepted accounting principles (U.S. GAAP), while the accrual recorded in the financial statements for the fifth plan was not calculated in accordance with U.S. GAAP. The cumulative effect of the errors resulted in an understatement of postemployment employee benefit plan liabilities of $39.7 million and $38.9 million at March 31, 2007 and December 31, 2006, respectively.

See "Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Note 16 - Restatement of Consolidated Financial Statements" contained in the Notes to Financial Statements for more information regarding the restatement and changes to previously issued financial statements.

We also concluded that a material weakness in internal control over financial reporting existed for deficiencies at some international locations due to insufficient requisite technical knowledge of accounting for postemployment employee benefit plans in accordance with U.S. GAAP for the 2004 through 2006 fiscal years and through June 30, 2007, and that our disclosure controls were not effective solely because of this material weakness. As such, we have modified our discussion of disclosure controls and procedures included in "Item 4 - Controls and Procedures."

Except as noted above, we have not updated or modified disclosures presented in the original quarterly report on Form 10-Q for the quarterly period ended March 31, 2007 except as required to reflect the effects of the restatement on this quarterly report on Form 10-Q/A. Accordingly, this quarterly report on Form 10-Q/A does not reflect events occurring after the filing of our original quarterly report on Form 10-Q on May 4, 2007.

THE LUBRIZOL CORPORATION
Quarterly Report on Form 10-Q/A
Quarter Ended March 31, 2007

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

THE LUBRIZOL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(In Millions of Dollars Except Per Share Data)	Three Months Ended March 31, 2007 (as restated, see Note 16)	2006 (as restated, see Note 16)
Net sales	$ 1,075.8	$ 983.5
Royalties and other revenues	0.9	0.6
Total revenues	1,076.7	984.1
Cost of sales	798.3	739.3
Selling and administrative expenses	102.3	93.3
Research, testing and development expenses	51.7	49.6
Amortization of intangible assets	6.0	5.8
Restructuring and impairment (credits) charges	(2.4)	1.8
Total costs and expenses	955.9	889.8
Other income (expense) – net	5.7	(1.5)
Interest income	7.1	2.2
Interest expense	(24.2)	(25.3)
Income from continuing operations before income taxes	109.4	69.7
Provision for income taxes	38.1	24.4
Income from continuing operations	71.3	45.3
Discontinued operations – net of tax	–	(60.7)
Net income (loss)	$ 71.3	$ (15.4)
Basic earnings (loss) per share:		
Continuing operations	$ 1.03	$ 0.66
Discontinued operations	–	(0.89)
Net income (loss) per share, basic	$ 1.03	$ (0.23)
Diluted earnings (loss) per share:		
Continuing operations	$ 1.02	$ 0.65
Discontinued operations	–	(0.88)
Net income (loss) per share, diluted	$ 1.02	$ (0.23)
Dividends per share	$ 0.26	$ 0.26

Amounts shown are unaudited.
See accompanying notes to the financial statements.

THE LUBRIZOL CORPORATION
CONSOLIDATED BALANCE SHEETS

(In Millions of Dollars Except Share Data)	March 31, 2007 (as restated, see Note 16)	December 31, 2006
ASSETS		
Cash and short-term investments	$ 582.8	$ 575.7
Receivables	625.5	573.6
Inventories	573.0	589.0
Other current assets	86.7	98.0
Total current assets	1,868.0	1,836.3
Property and equipment – at cost	2,580.3	2,546.0
Less accumulated depreciation	1,496.5	1,464.7
Property and equipment – net	1,083.8	1,081.3
Goodwill	1,092.9	1,076.1
Intangible assets – net	325.4	322.8
Investments in non-consolidated companies	7.2	7.7
Other assets	71.7	66.7
TOTAL	$ 4,449.0	$ 4,390.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term debt and current portion of long-term debt	$ 6.1	$ 3.7
Accounts payable	360.2	340.5
Accrued expenses and other current liabilities	229.7	290.2
Total current liabilities	596.0	634.4
Long-term debt	1,507.1	1,538.0
Pension obligations	226.7	237.9
Other postretirement benefit obligations	93.0	93.5
Noncurrent liabilities	141.0	72.3
Deferred income taxes	76.1	80.4
Total liabilities	2,639.9	2,656.5
Minority interest in consolidated companies	51.7	51.3
Contingencies and commitments		
Shareholders' equity:		
Preferred stock without par value – authorized and unissued:		
Serial preferred stock – 2,000,000 shares	–	–
Serial preference shares – 25,000,000 shares	–	–
Common shares without par value:		
Authorized – 120,000,000 shares		
Outstanding – 69,024,228 shares as of March 31, 2007 after deducting 17,171,666 treasury shares; 69,020,569 shares as of December 31, 2006 after deducting 17,175,325 treasury shares	728.5	710.1
Retained earnings	1,077.5	1,033.8
Accumulated other comprehensive loss	(48.6)	(60.8)
Total shareholders' equity	1,757.4	1,683.1
TOTAL	$ 4,449.0	$ 4,390.9

Amounts shown are unaudited.
See accompanying notes to the financial statements.

THE LUBRIZOL CORORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of Dollars)	Three Months Ended March 31, 2007 (as restated, see Note 16)	2006 (as restated, see Note 16)
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Net income (loss)	$ 71.3	$ (15.4)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	39.2	42.9
Deferred income taxes	10.7	7.9
Deferred compensation	8.0	3.8
Restructuring and impairment charges	–	61.0
(Gain) loss from divestitures and sales of property and equipment	(7.9)	0.9
Change in current assets and liabilities, net of acquisitions and divestitures:		
Receivables	(46.3)	(38.1)
Inventories	18.8	(13.2)
Accounts payable, accrued expenses and other current liabilities	16.5	(31.2)
Other current assets	(1.1)	0.9
	(12.1)	(81.6)
Change in noncurrent liabilities	(8.5)	4.1
Other items – net	(2.7)	2.1
Total operating activities	98.0	25.7
INVESTING ACTIVITIES		
Capital expenditures	(31.9)	(30.3)
Acquisitions	(15.7)	–
Net proceeds from divestitures and sales of property and equipment	11.4	8.5
Other items – net	(0.1)	–
Total investing activities	(36.3)	(21.8)
FINANCING ACTIVITIES		
Changes in short-term debt – net	2.4	0.3
Repayments of long-term debt	(32.5)	(23.7)
Dividends paid	(18.0)	(17.7)
Common shares purchased	(19.3)	–
Proceeds from the exercise of stock options	11.7	7.3
Total financing activities	(55.7)	(33.8)
Effect of exchange rate changes on cash	1.1	0.8
Net increase (decrease) in cash and short-term investments	7.1	(29.1)
Cash and short-term investments at the beginning of period	575.7	262.4
Cash and short-term investments at the end of period	$ 582.8	$ 233.3

Amounts shown are unaudited.
See accompanying notes to the financial statements.

(In Millions of Dollars except Share and Per Share Data)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals unless otherwise noted) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

The balance sheet at December 31, 2006 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

2. Significant Accounting Policies

Net Income Per Share

Net income per share is computed by dividing net income by the weighted-average common shares outstanding during the period, including contingently issuable shares. Net income per diluted share includes the dilutive effect resulting from outstanding stock options and awards. Per share amounts from continuing operations are computed as follows:

	Three Months Ended March 31,	
	2007	2006
Numerator:		
Income from continuing operations	$ 71.3	$ 45.3
Denominator:		
Weighted-average common shares outstanding	69.3	68.4
Dilutive effect of stock options and awards	0.8	0.7
Denominator for income from continuing operations per share, diluted	70.1	69.1
Income from continuing operations per share, basic	$ 1.03	$ 0.66
Income from continuing operations per share, diluted	$ 1.02	$ 0.65

Weighted-average shares issuable upon the exercise of stock options that were excluded from the diluted earnings per share calculations because they were antidilutive for the three months ended March 31, 2007 and 2006 were 0.7 million and 0.1 million, respectively.

New Accounting Standards

In February 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to make an irrevocable election to measure many financial instruments and certain other items at fair value at specified election dates. The fair value option may be applied instrument by instrument and must be applied to entire instruments. Unrealized gains and losses on items for which the entity elects the fair value option are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of the fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157, "Fair Value Measurements." Entities are not permitted to apply this statement retrospectively to the fiscal years preceding the effective date unless the entity chooses early adoption. The company currently is evaluating the impact of this recently issued standard on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair value measurements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but simplifies and codifies related guidance within U.S. GAAP. SFAS No. 157 establishes a fair value hierarchy from observable market data as the highest level to fair value based on an entity's own fair value assumptions as the lowest level. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those years. SFAS No. 157 requires adoption prospectively as of the beginning of the fiscal year in which this statement is initially applied, with the exception of certain financial instruments, in which adoption is applied retrospectively as of the beginning of the fiscal year in which this statement is initially applied. The company currently is evaluating the impact of this recently issued standard on its consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

3. Stock-Based Compensation

The company utilizes the 2005 Stock Incentive Plan (2005 Plan) and other deferred compensation plans to provide equity awards to its key employees. The 2005 Plan, approved by the company's shareholders on April 25, 2005, provides for the granting of stock appreciation rights, restricted and unrestricted shares and options to buy common shares up to an amount equal to 4,000,000 common shares, of which no more than 2,000,000 can be settled as full-value awards. After the 2,000,000 limit has been reached, full-value awards are counted in a 3-to-1 ratio against the 4,000,000 limit. Options become exercisable 50% one year after date of grant, 75% after two years, 100% after three years and expire up to 10 years after grant. In addition, the 2005 Plan provides each nonemployee director of the company an automatic annual grant of restricted stock units worth approximately $0.1 million based on the fair market value of the company's common shares on the date of each Annual Meeting of Shareholders. These restricted stock units vest one year after the grant date.

The fair value of share-based payment awards are estimated using the Black-Scholes option pricing model. There were 213,200 stock options granted during the three months ended March 31, 2007. There were no stock options granted during the three months ended March 31, 2006. The weighted-average assumptions used to value the options granted during the first quarter of 2007 were as follows:

Risk-free interest rate	4.8%
Dividend yield	2.0%
Volatility	17.8%
Expected life (years)	10.0
Weighted-average fair value of options granted during the period	$ 14.68

Cash received from option exercises and purchases during the three months ended March 31, 2007 was $9.4 million. The company realized a reduction in its income tax payable of $2.3 million for the three months ended March 31, 2007 relating to the exercise of nonqualified stock options. For accounting purposes, these tax benefits were realized as increases in paid-in capital included in the common shares caption in shareholders' equity (see Note 14).

As of March 31, 2007, there was $23.4 million of total before-tax unrecognized compensation cost related to nonvested stock-based awards. That cost is expected to be recognized over a weighted-average period of 2.1 years. The company is using previously purchased treasury shares for all net shares issued for option exercises, long-term incentive plans and restricted stock awards.

Under the company's long-term incentive program, dollar-based target awards are determined by the organization and compensation committee of the board of directors for three-year performance periods. During the three months ended March 31, 2007, the award for the 2004-2006 performance period was paid resulting in the issuance of 178,541 shares in lieu of a cash distribution. In addition, during the three months ended March 31, 2006, the award for the 2003-2005 performance period was paid in cash.

The following table identifies the number of shares expected to be issued based on current performance measures and the stock price on the date of grant for the performance shares granted:

Award	Expected Number of Units to be Issued	Average Stock Price on Date of Grant
2005-2007	268,881	$ 39.44
2006-2008	298,034	$ 43.07
2007-2009	162,414	$ 53.07

Performance-based stock awards as of March 31, 2007 and changes during the three months ended March 31, 2007 were as follows:

	Share Units	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2007	370,448	$ 40.95
Granted	129,930	$ 53.07
Performance increase	228,981	$ 43.66
Vested	–	–
Forfeited	–	–
Nonvested at March 31, 2007	729,359	$ 43.96

The following table reflects the total stock-based compensation expense and the related tax benefit recognized in the consolidated statements of income.

	Three Months Ended March 31, 2007	2006
Restricted share units:		
Long-term incentive program	$ 6.6	$ 1.7
Other plans	2.9	1.7
Stock options	0.7	0.8
Total	$ 10.2	$ 4.2
Tax benefit	$ 3.6	$ 1.5

4. Acquisitions

On February 7, 2007, the company completed the acquisition of the entire metalworking additives product line of Lockhart Chemical Company (Lockhart), a private company with headquarters in Gibsonia, Pennsylvania, for approximately $15.7 million. Annualized revenues of these products are approximately $20.0 million. The company began including the results of the acquired products in the Lubrizol Additives segment in February 2007. The purchase price for this acquisition included goodwill of $8.1 million.

5. Divestitures

In May 2006, the company sold the food ingredients and industrial specialties business (FIIS) and the active pharmaceutical ingredients and intermediate compounds business (A&I), both of which were included in the Lubrizol Advanced Materials segment. At March 31, 2006, these businesses were classified as held-for-sale pursuant to the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," as definitive sales agreements were signed during March 2006. The held-for-sale classification triggered an impairment test, which resulted in an impairment charge of $60.6 million recorded in the first quarter of 2006 to reflect the FIIS business at its fair value. The results of these divested businesses have been reflected in the discontinued operations - net of tax line item in the company's consolidated statement of income for the three months ended March 31, 2006.

In February 2006, the company sold certain assets and liabilities of its Telene® resins business (Telene), which was included in the Lubrizol Advanced Materials segment. The results of Telene have been reflected in the

discontinued operations - net of tax line item in the company's consolidated statement of income for the three months ended March 31, 2006.

Total revenues from discontinued operations for the three months ended March 31, 2006 were $107.1 million. Net loss from discontinued operations was $60.7 million or $0.88 per diluted share.

6. Inventories

The company's inventories were comprised of the following:

	March 31, 2007	December 31, 2006
Finished products	$ 310.7	$ 315.0
Products in process	87.7	108.2
Raw materials	146.3	138.2
Supplies and engine test parts	28.3	27.6
Total inventory	$ 573.0	$ 589.0

7. Goodwill and Intangible Assets

Goodwill is tested for impairment at the reporting unit level as of October 1 each year or if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The carrying amount of goodwill by reporting segment as of March 31, 2007 follows:

	Lubrizol Advanced Materials	Lubrizol Additives	Total
Balance, January 1, 2007	$ 978.3	$ 97.8	$ 1,076.1
Additions	–	8.1	8.1
Translation & other adjustments	8.6	0.1	8.7
Balance, March 31, 2007	$ 986.9	$ 106.0	$ 1,092.9

The major components of the company's identifiable intangible assets are customer lists, technology, trademarks, patents, land-use rights and non-compete agreements. Definite-lived intangible assets are amortized over their useful lives, which range between 3 and 40 years. The company's indefinite-lived intangible assets consist of certain trademarks that are tested for impairment each year as of October 1 or more frequently if impairment indicators arise. Indefinite-lived trademarks are assessed for impairment separately from goodwill.

The following table shows the components of identifiable intangible assets.

	March 31, 2007		December 31, 2006	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Customer lists	$ 150.1	$ 26.3	$ 145.0	$ 24.0
Technology	141.5	47.4	139.8	44.9
Trademarks	21.9	5.8	20.7	5.5
Patents	14.1	4.5	14.0	4.2
Land-use rights	7.5	1.2	7.5	1.2
Non-compete agreements	8.4	7.8	8.2	7.2
Other	0.9	0.9	0.9	0.7
Total amortized intangible assets	344.4	93.9	336.1	87.7
Non-amortized trademarks	74.9	–	74.4	–
Total	$ 419.3	$ 93.9	$ 410.5	$ 87.7

Annual intangible amortization expense for the next five years will approximate $23.5 million in 2007, $22.0 million in 2008 and $20.3 million in 2009, 2010 and 2011, respectively.

8. Income Taxes

Effective January 1, 2007, the company adopted the provisions of FASB Interpretation (FIN) No. 48 "Accounting for Uncertainty in Income Taxes." FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in tax returns. Under FIN No. 48, the economic benefit associated with a tax position only will be recognized if it is more likely than not that a tax position ultimately will be sustained. After this threshold is met, a tax position is reported at the largest amount of benefit that is more likely than not to be ultimately sustained. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. Prior to January 1, 2007, the company regularly assessed positions with regard to tax exposures and recorded liabilities for uncertain income tax positions in accordance with SFAS No. 5, "Accounting for Contingencies."

As a result of adopting FIN No. 48 on January 1, 2007, the company recognized an $8.9 million reduction to retained earnings and a $5.4 million increase to goodwill for pre-acquisition income tax liabilities of Noveon International, Inc. (Noveon International). As of January 1, 2007, after recording this FIN No. 48 adoption impact, the company had gross unrecognized tax benefits of $57.8 million, of which $38.8 million, if recognized, would affect the effective tax rate.

The company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of the income tax provision. As of January 1, 2007, the date of adoption, the company had accrued interest of $7.1 million. Penalties were immaterial to the company's consolidated financial statements.

The company operates in numerous taxing jurisdictions and is subject to regular examinations by various U.S. federal, state and foreign jurisdictions. The company's income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which the company does business. Due to the subjectivity of interpretations of laws and rulings in each jurisdiction, the differences and interplay in tax laws between those jurisdictions and difficulty in estimating the final resolution of complex tax audit matters, the company's estimates of income tax liabilities may differ from actual payments or assessments.

It is reasonably possible that unrecognized tax benefits may decrease by up to $8.0 million within 12 months of the January 1, 2007 adoption date primarily as a result of the settlement of foreign audits and the closure of foreign statutes of limitations.

With few exceptions, the company is no longer subject to U.S. federal, state and local tax examinations for years before 2001 and foreign jurisdiction examinations for years before 2000.

Effective with the adoption of FIN No. 48, the majority of the company's unrecognized tax benefits are classified as noncurrent liabilities because payment of cash is not expected within one year. Prior to the adoption of FIN No. 48, the company classified unrecognized tax benefits in accrued expenses and other current liabilities.

9. Comprehensive Income (Loss)

Total comprehensive income (loss) was comprised of the following:

	Three Months Ended March 31,	
	2007	2006
Net income (loss)	$ 71.3	$ (15.4)
Foreign currency translation adjustment	10.0	6.7
Pension and other postretirement benefit plans	–	(0.8)
Unrealized gain (loss) – natural gas hedges	1.5	(0.8)
Amortization of treasury rate locks	0.7	0.7
Total comprehensive income (loss)	$ 83.5	$ (9.6)

10. Segment Reporting

The company is organized into two operating and reporting segments. The company changed the names of its two reporting segments in 2007. The new segment names are Lubrizol Additives, previously known as Lubricant Additives, and Lubrizol Advanced Materials, previously known as Specialty Chemicals. The change was in name only as the management structure of the segments and product lines included in each segment remained unchanged. The Lubrizol Additives segment represented 65% of the company's consolidated revenues for the three months ended March 31, 2007 and is comprised of the company's businesses in engine additives and driveline and industrial oil additives. The Lubrizol Advanced Materials segment represented 35% of the company's consolidated revenues for three months ended March 31, 2007 and is comprised of the businesses in engineered polymers, performance coatings and Noveon consumer specialties.

Lubrizol Additives consists of two product lines: engine additives and driveline and industrial oil additives. Engine additives is comprised of additives for lubricating engine oils, such as for gasoline, diesel, marine and stationary gas engines and additive components, additives for fuel products and refinery and oil field chemicals, as well as outsourcing strategies for supply chain and knowledge center management. In addition, this product line sells additive components and viscosity improvers within its lubricant and fuel additives product areas. Driveline and industrial oil additives is comprised of additives for driveline oils, such as automatic transmission fluids, gear oils and tractor lubricants and industrial oil additives, such as additives for hydraulic, grease and metalworking fluids, as well as compressor lubricants. Lubrizol Additives product lines generally are produced in company-owned shared manufacturing facilities and largely sold to a common customer base.

The Lubrizol Advanced Materials segment consists of engineered polymers, performance coatings and Noveon consumer specialties product lines. The engineered polymers product line is characterized by products such as TempRite® engineered polymers and Estane® engineered polymers. Engineered polymers products are sold to a diverse customer base comprised of major manufacturers in the construction, automotive, telecommunications, electronics and recreation industries. The performance coatings product line includes high-performance polymers and additives for specialty paper, graphic arts, paint and textile coatings applications. The Noveon consumer specialties product line is characterized by global production of acrylic thickeners, specialty monomers, film formers, fixatives, emollients, silicones, surfactants, botanicals and process chemicals. The company markets products in the Noveon consumer specialties product line to the personal care and pharmaceutical primary end-use industries. The Noveon consumer specialties products are sold to customers worldwide and these customers include major manufacturers of cosmetics, personal care products, water soluble polymers and household products. During the first quarter of 2006, the company completed the sale of the Telene business and entered into sales agreements to divest the FIIS and A&I businesses, which were subsequently sold during the second quarter of 2006. The company recorded the results of operations of these businesses either divested or classified as held-for-sale in the discontinued operations - net of tax line item in the consolidated statements of income for 2006.

The company primarily evaluates performance and allocates resources based on segment operating income, defined as revenues less expenses identifiable to the product lines included within each segment, as well as projected future returns. Segment operating income reconciles to consolidated income from continuing operations before income taxes by deducting corporate expenses and income that are not attributed to the operating segments, restructuring and impairment (credits) charges and net interest expense.

The following table presents a summary of the results of the company's reportable segments:

THE LUBRIZOL CORPORATION
Notes to Consolidated Financial Statements
March 31, 2007
(Unaudited)

	Three Months Ended March 31,	
	2007	2006
Revenues from external customers:		
Lubrizol Additives	$ 696.0	$ 627.5
Lubrizol Advanced Materials	380.7	356.6
Total revenues	$ 1,076.7	$ 984.1
Segment operating income:		
Lubrizol Additives	$ 100.9	$ 73.5
Lubrizol Advanced Materials	45.4	44.6
Segment operating income	146.3	118.1
Corporate expenses	(21.7)	(21.3)
Corporate other expense – net	(0.5)	(2.2)
Restructuring and impairment credits (charges)	2.4	(1.8)
Interest expense – net	(17.1)	(23.1)
Income from continuing operations before income taxes	$ 109.4	$ 69.7

The company's total assets by segment were as follows:

	March 31, 2007	December 31, 2006
Segment total assets:		
Lubrizol Additives	$ 1,451.9	$ 1,397.6
Lubrizol Advanced Materials	2,209.8	2,193.7
Total segment assets	3,661.7	3,591.3
Corporate assets	787.3	799.6
Total consolidated assets	$ 4,449.0	$ 4,390.9

11. Pension and Postretirement Benefits

The components of net periodic pension cost and net periodic non-pension postretirement benefit cost consisted of the following:

	Three Months Ended March 31,	
	2007	2006
Pension benefits:		
Service cost – benefits earned during period	$ 7.5	$ 8.3
Interest cost on projected benefit obligation	9.8	8.5
Expected return on plan assets	(8.6)	(7.1)
Amortization of prior service costs	0.7	0.5
Amortization of initial net obligation	–	0.1
Settlement / curtailment loss	–	3.3
Recognized net actuarial loss	1.2	2.1
Net periodic pension cost	$ 10.6	$ 15.7
Other postretirement benefits:		
Service cost – benefits earned during period	$ 0.4	$ 0.5
Interest cost on projected benefit obligation	1.4	1.4
Amortization of prior service costs	(1.6)	(2.1)
Amortization of initial net obligation	0.1	0.1
Recognized net actuarial loss	0.3	0.4
Net periodic non-pension postretirement benefit cost	$ 0.6	$ 0.3

Expected employer contributions worldwide for pension benefits in 2007 approximate $59.5 million for the qualified plans, of which $22.4 million was contributed during the three months ended March 31, 2007. The portion of the 2007 total expected contributions attributable to the U.S. qualified pension plans is $34.5 million, of which $19.1 million was contributed during the three months ended March 31, 2007. The non-qualified pension plans and other postretirement benefit plans are unfunded. As a result, the 2007 expected contributions to these plans of $1.8 million and $4.8 million, respectively, represent actuarial estimates of future assumed payments based on historic retirement and payment patterns as well as medical trend rates and historical claim information, as appropriate. The settlement loss in 2006 resulted from a distribution from a non-qualified pension plan.

12. Restructuring and Impairment (Credits) Charges

During the three months ended March 31, 2007 and 2006, the company recorded aggregate restructuring and impairment (credits) charges of ($2.4) million and $1.8 million, respectively. The net restructuring and impairment credit during the first quarter of 2007 primarily related to a pretax gain and restructuring credit of $2.8 million recorded on the sale of the manufacturing facility located in Bromborough, U.K. in January 2007 for net cash proceeds of $5.9 million.

The following table shows the reconciliation of the restructuring liability since January 1, 2007 by major restructuring activity:

	Liability January 1, 2007	Restructuring and Impairment (Credits) Charges	Cash Paid	Liability March 31, 2007
Bromborough, U.K. plant closure and sale	$ 1.0	$ (0.8)	$ –	$ 0.2
Lubrizol Advanced Materials plant closures and workforce reductions	0.7	0.3	(0.4)	0.6
Corporate / other workforce reductions	0.2	0.1	(0.3)	–
Noveon International restructuring liabilities assumed	0.9	–	(0.3)	0.6
	$ 2.8	$ (0.4)	$ (1.0)	$ 1.4

Included in restructuring and impairment (credits) charges for the three months ended March 31, 2007 was a $2.0 million gain on the sale of the U.K. plant.

13. Debt

During the three months ended March 31, 2007, the company repaid €25.0 million against its €250.0 million revolving credit agreement. The remaining balance outstanding as of March 31, 2007 under this arrangement was €60.0 million, or $80.1 million.

14. Shareholders' Equity

The following table summarizes the changes in shareholders' equity since December 31, 2006:

		Shareholders' Equity			
	Number of Shares Outstanding	Common Shares	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance, December 31, 2006	69.0	$ 710.1	$ 1,033.8	$ (60.8)	$ 1,683.1
Cumulative effect of a change in accounting principle due to the adoption of FIN No. 48		–	(8.9)	–	(8.9)
Balance, January 1, 2007	69.0	710.1	1,024.9	(60.8)	1,674.2
Comprehensive income:					
Net income		–	71.3	–	71.3
Other comprehensive income		–	–	12.2	12.2
Total comprehensive income					83.5
Deferred stock compensation		7.3	–	–	7.3
Common shares – treasury:					
Common shares purchased	(0.4)	(0.6)	(18.7)	–	(19.3)
Shares issued upon exercise of stock options and awards	0.4	11.7	–	–	11.7
Balance, March 31, 2007	69.0	$ 728.5	$ 1,077.5	$ (48.6)	$ 1,757.4

15. Contingencies

The company has numerous purchase commitments for materials, supplies and energy in the ordinary course of business. The company also has numerous sales commitments for product supply contracts in the ordinary course of business.

GENERAL

There are pending or threatened claims, lawsuits and administrative proceedings against the company or its subsidiaries, all arising from the ordinary course of business with respect to commercial, product liability and environmental matters, which seek remedies or damages. The company believes that any liability that finally may be determined with respect to commercial and product liability claims should not have a material adverse effect on the company's consolidated financial position, results of operations or cash flows. From time to time, the company also is involved in legal proceedings as a plaintiff involving contract, patent protection, environmental and other matters. Gain contingencies, if any, are recognized when they are realized.

ENVIRONMENTAL

The company's environmental engineers and consultants review and monitor environmental issues at operating facilities and, where appropriate, the company initiates corrective and/or preventive environmental projects to ensure environmental compliance and safe and lawful activities at its current operations. The company also conducts compliance and management systems audits.

The company and its subsidiaries are generators of both hazardous and non-hazardous wastes, the treatment, storage, transportation and disposal of which are regulated by various laws and governmental regulations. These laws and regulations generally impose liability for costs to investigate and remediate contamination without regard to fault and, under certain circumstances, liability may be joint and several resulting in one party being held responsible for the entire obligation. Liability also may include damages to natural resources. Although the company believes past operations were in substantial compliance with the then-applicable regulations, either the company or the predecessor of Noveon International, the Performance Materials Segment of Goodrich Corporation (Goodrich), has been designated under a country's laws and/or regulations as a potentially responsible party (PRP) in connection with several sites including both third party sites and/or current operating facilities.

The company participates in the remediation process for onsite and third party waste management sites at which the company has been identified as a PRP. This process includes investigation, remedial action selection and implementation, as well as discussions and negotiations with other parties, which primarily include PRPs, past owners and operators and governmental agencies. The estimates of environmental liabilities are based on the results of this process. Inherent uncertainties exist in these estimates primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability, remediation standards and evolving technologies for managing investigations and remediation. The company revises its estimates accordingly as events in this process occur and additional information is obtained.

The company's environmental reserves, measured on an undiscounted basis, totaled $13.4 million at March 31, 2007 and $14.2 million at December 31, 2006. Of these amounts, $4.0 million and $4.5 million were included in accrued expenses and other current liabilities at March 31, 2007 and December 31, 2006, respectively. Goodrich provided Noveon International with an indemnity for various environmental liabilities. The company estimates Goodrich's share of such currently identified liabilities under the indemnity, which extends through February 2011, to be approximately $3.6 million of which $0.6 million of the recovery is included in receivables and $3.0 million is included in other assets. There are specific environmental contingencies for company-owned sites for which third parties such as past owners and/or operators are the named PRPs and also for which the company is indemnified by Goodrich. Goodrich currently is indemnifying Noveon International for several environmental remediation projects. Goodrich's share of all of these liabilities may increase to the extent such third parties fail to honor their obligations through February 2011.

The company believes that its environmental accruals are adequate based on currently available information. The company believes that it is reasonably possible that $20.5 million in additional costs may be incurred at certain locations beyond the amounts accrued as a result of new information, newly discovered conditions, changes in remediation standards or technologies or a change in the law. Additionally, as the indemnification from Goodrich extends through February 2011, changes in assumptions regarding when costs will be incurred may result in additional expenses to the company. Additional costs in excess of $20.5 million cannot currently be estimated.

GUARANTEES

On May 1, 2006, the company sold the FIIS business to SPM Group Holdings, LLC, now known as Emerald Performance Materials, LLC (Emerald). As a result of the sale, Emerald became responsible for contracts relating to FIIS, including a Toluene Sale and Purchase Agreement between SK Corporation (SK) and the company dated December 6, 2005 (the Toluene Agreement). Although Emerald has assumed the obligations under the Toluene Agreement, the company has guaranteed to SK the timely performance of Emerald's payment obligations under the Toluene Agreement for purchases thereunder. The term of the Toluene Agreement extends to January 31, 2008.

If Emerald does not satisfy its obligations under the Toluene Agreement, SK shall notify the company and use commercially reasonable efforts to collect what is due from Emerald. If SK is unable to collect from Emerald, then SK may make a demand on the company for payment of the outstanding obligations. The guarantee is revocable by the company upon 60 days' prior written notice.

Because of the guarantee's existing revocation clause, the company estimates that the maximum liability under the guarantee would be approximately $15.2 million, representing the estimated liability for two shipments to Emerald. However, the company believes that it is highly unlikely that an event would occur requiring the company to pay any monies pursuant to the guarantee. Accordingly, no liability has been reflected in the accompanying consolidated balance sheet at March 31, 2007.

INDEMNIFICATIONS

In connection with the sale of the FIIS business, the company has provided indemnifications to Emerald with respect to the business sold. These indemnifications have been associated with the price and quantity of raw material purchases, permit costs, costs incurred due to the inability to obtain permits and environmental matters. In each of these circumstances, payment by the company is dependent on Emerald filing a claim. In addition, the company's obligations under these agreements may be limited in terms of time and/or amount. It is not possible to predict the maximum potential amount of future payments under certain of these agreements due to the conditional nature of the company's obligations and the unique facts and circumstances involved in each particular agreement. The company believes that if it were to incur a loss in any of these matters, such loss would not have a material effect on the company's business, financial condition or results of operations. For those indemnification agreements where a payment by the company is probable and estimable, a liability has been recorded as of March 31, 2007.

16. Restatement of Consolidated Financial Statements

On October 22, 2007, the company concluded to restate its previously issued financial statements because of reporting errors relating to five postemployment employee benefit plans in three foreign countries. Accordingly, the company has restated its previously issued financial statements included in its most recently filed annual report on Form 10-K/A for the year ended December 31, 2006. As a result, the company also has restated the accompanying interim financial statements for the periods ended March 31, 2007 and 2006.

The impact of the restatement decreased both income from continuing operations and net income for the three months ended March 31, 2007 by $0.3 million or less than one-half percent from amounts previously reported. The impact of the restatement decreased income from continuing operations and net income for the three months ended March 31, 2006 by $0.6 million or 1.3% and 4.1%, respectively, from amounts previously reported. The restatement had no effect on the company's previously reported revenues or net cash flows. The cumulative effect of the errors decreased shareholders' equity as of March 31, 2007 by $24.9 million or 0.6% of total liabilities and shareholders' equity and 1.4% of total shareholders' equity. The cumulative effect of the errors decreased shareholders' equity as of December 31, 2006 by $24.3 million or 0.6% of total liabilities and shareholders' equity and 1.4% of total shareholders' equity.

The errors primarily arose in three different postemployment employee benefit plans at a wholly owned subsidiary and in postemployment employee benefit plans at two of the company's consolidated joint ventures. Four of these postemployment employee benefit plans had been accounted for inappropriately on a cash basis rather than an accrual basis as required by U.S. GAAP, while the accrual recorded in the financial statements for the fifth plan was not calculated in accordance with U.S. GAAP. The cumulative effect of the errors resulted in an understatement of postemployment employee benefit plan liabilities of $39.7 million and $38.9 million at March 31, 2007 and December 31, 2006, respectively.

The following tables show the impact of the restatement:

THE LUBRIZOL CORPORATION
Notes to Consolidated Financial Statements
March 31, 2007
(Unaudited)

Consolidated Statement of Income

(In Millions of Dollars Except Per Share Data)	Three Months Ended March 31, 2007		
	(as previously reported)	(adjustments)	(as restated)
Net sales	$ 1,075.8	$ –	$ 1,075.8
Royalties and other revenues	0.9	–	0.9
Total revenues	1,076.7	–	1,076.7
Cost of sales	797.7	0.6	798.3
Selling and administrative expenses	102.3	–	102.3
Research, testing and development expenses	51.7	–	51.7
Amortization of intangible assets	6.0	–	6.0
Restructuring and impairment credits	(2.4)	–	(2.4)
Total costs and expenses	955.3	0.6	955.9
Other income (expense) – net	5.6	0.1	5.7
Interest income	7.1	–	7.1
Interest expense	(24.2)	–	(24.2)
Income from continuing operations before income taxes	109.9	(0.5)	109.4
Provision for income taxes	38.3	(0.2)	38.1
Income from continuing operations	71.6	(0.3)	71.3
Discontinued operations – net of tax	–	–	–
Net income	$ 71.6	$ (0.3)	$ 71.3
Basic earnings per share:			
Continuing operations	$ 1.03	$ –	$ 1.03
Discontinued operations	–	–	–
Net income per share, basic	$ 1.03	$ –	$ 1.03
Diluted earnings per share:			
Continuing operations	$ 1.02	$ –	$ 1.02
Discontinued operations	–	–	–
Net income per share, diluted	$ 1.02	$ –	$ 1.02

Consolidated Statement of Income

(In Millions of Dollars Except Per Share Data)	Three Months Ended March 31, 2006		
	(as previously reported)	**(adjustments)**	**(as restated)**
Net sales	$ 983.5	$ –	$ 983.5
Royalties and other revenues	0.6	–	0.6
Total revenues	984.1	–	984.1
Cost of sales	738.4	0.9	739.3
Selling and administrative expenses	93.3	–	93.3
Research, testing and development expenses	49.6	–	49.6
Amortization of intangible assets	5.8	–	5.8
Restructuring and impairment charges	1.8	–	1.8
Total costs and expenses	888.9	0.9	889.8
Other expense – net	(1.5)	–	(1.5)
Interest income	2.2	–	2.2
Interest expense	(25.3)	–	(25.3)
Income from continuing operations before income taxes	70.6	(0.9)	69.7
Provision for income taxes	24.7	(0.3)	24.4
Income from continuing operations	45.9	(0.6)	45.3
Discontinued operations – net of tax	(60.7)	–	(60.7)
Net loss	$ (14.8)	$ (0.6)	$ (15.4)
Basic earnings (loss) per share:			
Continuing operations	$ 0.67	$ (0.01)	$ 0.66
Discontinued operations	(0.89)	–	(0.89)
Net loss per share, basic	$ (0.22)	$ (0.01)	$ (0.23)
Diluted earnings (loss) per share:			
Continuing operations	$ 0.66	$ (0.01)	$ 0.65
Discontinued operations	(0.88)	–	(0.88)
Net loss per share, diluted	$ (0.22)	$ (0.01)	$ (0.23)

THE LUBRIZOL CORPORATION
Notes to Consolidated Financial Statements
March 31, 2007
(Unaudited)

Consolidated Balance Sheet

(In Millions of Dollars)	March 31, 2007 (as previously reported)	(adjustments)	(as restated)
ASSETS			
Cash and short-term investments	$ 582.8	$ –	$ 582.8
Receivables	625.5	–	625.5
Inventories	573.0	–	573.0
Other current assets	86.7	–	86.7
Total current assets	1,868.0	–	1,868.0
Property and equipment – at cost	2,580.3	–	2,580.3
Less accumulated depreciation	1,496.5	–	1,496.5
Property and equipment – net	1,083.8	–	1,083.8
Goodwill	1,092.9	–	1,092.9
Intangible assets – net	325.4	–	325.4
Investments in non-consolidated companies	7.2	–	7.2
Other assets	67.0	4.7	71.7
TOTAL	$ 4,444.3	$ 4.7	$ 4,449.0
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term debt and current portion of long-term debt	$ 6.1	$ –	$ 6.1
Accounts payable	360.2	–	360.2
Accrued expenses and other current liabilities	227.5	2.2	229.7
Total current liabilities	593.8	2.2	596.0
Long-term debt	1,507.1	–	1,507.1
Pension obligations	206.7	20.0	226.7
Other postretirement benefit obligations	81.1	11.9	93.0
Noncurrent liabilities	135.4	5.6	141.0
Deferred income taxes	84.7	(8.6)	76.1
Total liabilities	2,608.8	31.1	2,639.9
Minority interest in consolidated companies	53.2	(1.5)	51.7
Contingencies and commitments			
Preferred stock without par value – unissued	–	–	–
Common shares without par value	728.5	–	728.5
Retained earnings	1,094.2	(16.7)	1,077.5
Accumulated other comprehensive loss	(40.4)	(8.2)	(48.6)
Total shareholders' equity	1,782.3	(24.9)	1,757.4
TOTAL	$ 4,444.3	$ 4.7	$ 4,449.0

Consolidated Statement of Cash Flows

(In Millions of Dollars)	Three Months Ended March 31, 2007 (as previously reported)	(adjustments)	(as restated)
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net income	$ 71.6	$ (0.3)	$ 71.3
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	39.2	–	39.2
Deferred income taxes	10.7	–	10.7
Deferred compensation	8.0	–	8.0
Gain from divestitures and sales of property and equipment	(7.9)	–	(7.9)
Change in current assets and liabilities, net of acquisitions and divestitures:			
Receivables	(46.3)	–	(46.3)
Inventories	18.8	–	18.8
Accounts payable, accrued expenses and other current liabilities	16.7	(0.2)	16.5
Other current assets	(1.1)	–	(1.1)
	(11.9)	(0.2)	(12.1)
Change in noncurrent liabilities	(9.0)	0.5	(8.5)
Other items – net	(2.7)	–	(2.7)
Total operating activities	98.0	–	98.0
INVESTING ACTIVITIES			
Capital expenditures	(31.9)	–	(31.9)
Acquisitions	(15.7)	–	(15.7)
Net proceeds from divestitures and sales of property and equipment	11.4	–	11.4
Other items – net	(0.1)	–	(0.1)
Total investing activities	(36.3)	–	(36.3)
FINANCING ACTIVITIES			
Changes in short-term debt – net	2.4	–	2.4
Repayments of long-term debt	(32.5)	–	(32.5)
Dividends paid	(18.0)	–	(18.0)
Common shares purchased	(19.3)	–	(19.3)
Proceeds from the exercise of stock options	11.7	–	11.7
Total financing activities	(55.7)	–	(55.7)
Effect of exchange rate changes on cash	1.1	–	1.1
Net increase in cash and short-term investments	7.1	–	7.1
Cash and short-term investments at the beginning of period	575.7	–	575.7
Cash and short-term investments at the end of period	$ 582.8	$ –	$ 582.8

THE LUBRIZOL CORPORATION
Notes to Consolidated Financial Statements
March 31, 2007
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Consolidated Statement of Cash Flows

(In Millions of Dollars)	Three Months Ended March 31, 2006 (as previously reported)	(adjustments)	(as restated)
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Net loss	$ (14.8)	$ (0.6)	$ (15.4)
Adjustments to reconcile net loss to cash provided by operating activities:			
Depreciation and amortization	42.9	–	42.9
Deferred income taxes	8.1	(0.2)	7.9
Deferred compensation	3.8	–	3.8
Restructuring and impairment charges	61.0	–	61.0
Loss from divestitures and sales of property and equipment	0.9	–	0.9
Change in current assets and liabilities, net of acquisitions and divestitures:			
Receivables	(38.1)	–	(38.1)
Inventories	(13.2)	–	(13.2)
Accounts payable, accrued expenses and other current liabilities	(32.0)	0.8	(31.2)
Other current assets	0.9	–	0.9
	(82.4)	0.8	(81.6)
Change in noncurrent liabilities	4.1	–	4.1
Other items – net	2.1	–	2.1
Total operating activities	25.7	–	25.7
INVESTING ACTIVITIES			
Capital expenditures	(30.3)	–	(30.3)
Net proceeds from divestitures and sales of property and equipment	8.5	–	8.5
Total investing activities	(21.8)	–	(21.8)
FINANCING ACTIVITIES			
Changes in short-term debt – net	0.3	–	0.3
Repayments of long-term debt	(23.7)	–	(23.7)
Dividends paid	(17.7)	–	(17.7)
Proceeds from the exercise of stock options	7.3	–	7.3
Total financing activities	(33.8)	–	(33.8)
Effect of exchange rate changes on cash	0.8	–	0.8
Net decrease in cash and short-term investments	(29.1)	–	(29.1)
Cash and short-term investments at the beginning of period	262.4	–	262.4
Cash and short-term investments at the end of period	$ 233.3	$ –	$ 233.3

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(In Millions of Dollars except Share and Per Share Data)

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the unaudited consolidated financial statements and the notes thereto appearing elsewhere in this quarterly report on Form 10-Q/A. Historical results and percentage relationships set forth in the consolidated financial statements, including trends that might appear, should not be taken as indicative of future operations. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those described under the section "Cautionary Statements for Safe Harbor Purposes" included elsewhere in this quarterly report on Form 10-Q/A.

RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

On October 22, 2007, we concluded to restate our previously issued financial statements because of reporting errors relating to five postemployment employee benefit plans in three foreign countries. Accordingly, we are filing this amendment to our quarterly report on Form 10-Q/A for the quarterly period ended March 31, 2007. The effects of the restatement are reflected in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and we have not modified or updated disclosures except as required to reflect the effects of the restatement. See the Explanatory Note included in the front section of this quarterly report on Form 10-Q/A and "Note 16 - Restatement of Consolidated Financial Statements" contained in the Notes to Financial Statements for more information regarding the restatement and changes to previously issued financial statements.

The impact of the restatement decreased both income from continuing operations and net income for the three months ended March 31, 2007 by $0.3 million or less than one-half percent from amounts previously reported. The impact of the restatement decreased income from continuing operations and net income for the three months ended March 31, 2006 by $0.6 million or 1.3% and 4.1%, respectively, from amounts previously reported. The restatement had no effect on our previously reported revenues or net cash flows. The cumulative effect of the errors decreased shareholders' equity as of March 31, 2007 by $24.9 million or 0.6% of total liabilities and shareholders' equity and 1.4% of total shareholders' equity. The cumulative effect of the errors decreased shareholders' equity as of December 31, 2006 by $24.3 million or 0.6% of total liabilities and shareholders' equity and 1.4% of total shareholders' equity.

The errors primarily arose in three different postemployment employee benefit plans at a wholly owned subsidiary and in postemployment employee benefit plans at two of our consolidated joint ventures. Four of these postemployment employee benefit plans had been accounted for inappropriately on a cash basis rather than an accrual basis as required by U.S. generally accepted accounting principles (U.S. GAAP), while the accrual recorded in the financial statements for the fifth plan was not calculated in accordance with U.S. GAAP. The cumulative effect of the errors resulted in an understatement of postemployment employee benefit plan liabilities of $39.7 million and $38.9 million at March 31, 2007 and December 31, 2006, respectively.

OVERVIEW

We are an innovative specialty chemical company that produces and supplies technologies that improve the quality and performance of our customers' products in the global transportation, industrial and consumer markets. Our business is founded on technological leadership. Innovation provides opportunities for us in growth markets as well as advantages over our competitors. From a base of approximately 1,600 patents, we use our product development and formulation expertise to sustain our leading market positions and fuel our future growth. We create additives, ingredients, resins and compounds that enhance the performance, quality and value of our customers' products, while minimizing their environmental impact. Our products are used in a broad range of applications, and are sold into stable markets such as those for engine oils, specialty driveline lubricants and metalworking fluids, as well as higher-growth markets such as personal care and over-the-counter pharmaceutical products and performance coatings and inks. Our engineered polymers products also are used in a variety of industries, including the construction, sporting goods, medical products and automotive industries. We are an industry leader in many of the markets in which our product lines compete.

We are geographically diverse, with an extensive global manufacturing, supply chain, technical and commercial infrastructure. We operate facilities in 29 countries, including production facilities in 20 countries and laboratories in 13 countries, in key regions around the world through the efforts of approximately 6,800 employees. We sell our products in more than 100 countries and believe that our customers value our ability to provide customized, high-quality, cost-effective performance formulations and solutions worldwide. We also believe that our customers value our global supply chain capabilities.

On February 7, 2007, we completed the acquisition of the entire metalworking additives product line of Lockhart Chemical Company (Lockhart), a private company with headquarters in Gibsonia, Pennsylvania. Annualized revenues of these products are approximately $20.0 million.

In May 2006, we sold the food ingredients and industrial specialties business (FIIS) and the active pharmaceutical ingredients and intermediate compounds business (A&I), both of which were included in the Lubrizol Advanced Materials segment. At March 31, 2006, these businesses were classified as held-for-sale pursuant to the provisions of Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," as definitive sales agreements were signed during March 2006. The held-for-sale classification triggered an impairment test, which resulted in an impairment charge of $60.6 million recorded in the first quarter of 2006 to reflect the FIIS business at its fair value. We have reflected the results of these divested businesses in the discontinued operations - net of tax line item in the consolidated statement of income for the three months ended March 31, 2006.

In February 2006, we sold certain assets and liabilities of our Telene® resins business (Telene), which was included in the Lubrizol Advanced Materials segment. We have reflected the results of Telene in the discontinued operations - net of tax line item in the consolidated statement of income for the three months ended March 31, 2006.

RESULTS OF OPERATIONS

Income from continuing operations increased $26.0 million to $71.3 million in the first quarter of 2007 compared to $45.3 million for the same period in 2006. The increase in earnings from continuing operations primarily was due to improvements in the combination of price and product mix in the Lubrizol Additives segment as we continue to recover lost margin attributable to past raw material cost increases in this segment. Although we have yet to fully recover past raw material cost increases, we believe we are returning to levels of earnings sufficient to support our operations and growth initiatives. In addition, earnings from continuing operations were impacted favorably by lower net interest costs; an increase in other income primarily as a result of a gain on the sale of land recorded in the

first quarter of 2007; a restructuring credit associated with the sale of the manufacturing facility located in Bromborough, U.K. in the first quarter of 2007; and a favorable currency impact; offset by higher raw material costs, increased manufacturing costs and higher selling, technology, administrative and research (STAR) expenses.

Net loss of $15.4 million for the three months ended March 31, 2006 included a $60.7 million loss from discontinued operations – net of tax, which primarily related to a $60.6 million after-tax impairment charge recorded in the first quarter of 2006 to reflect the FIIS business at its fair value.

REVENUES

The changes in consolidated revenues are summarized as follows:

	Three Months Ended March 31,			
	2007	2006	$ Change	% Change
Net sales	$ 1,075.8	$ 983.5	$ 92.3	9%
Royalties and other revenues	0.9	0.6	0.3	50%
Total revenues	$ 1,076.7	$ 984.1	$ 92.6	9%

The increase in revenues for the three months ended March 31, 2007 compared to the same period in 2006 was due to a 7% improvement in the combination of price and product mix and a 2% favorable currency impact. Volume was level in the first quarter of 2007 compared to the prior year as volume gains in Latin America and Europe were offset by declines in North America and Asia-Pacific / Middle East.

The following table shows our volume by geographic zone for the three months ended March 31, 2007:

	1st Quarter 2007 Volume	1st Quarter 2007 vs. 2006 % Change
North America	47%	(3%)
Europe	27%	1%
Asia-Pacific / Middle East	20%	(1%)
Latin America	6%	22%
Total	100%	–

Segment volume variances by geographic zone as well as the factors explaining the changes in segment revenues for the three months ended March 31, 2007 compared with the same period in 2006 are contained within the "Segment Analysis" section below.

COSTS AND EXPENSES

The changes in consolidated costs and expenses are summarized as follows:

	Three Months Ended March 31,			
	2007	2006	$ Change	% Change
Cost of sales	$ 798.3	$ 739.3	$ 59.0	8%
Selling and administrative expenses	102.3	93.3	9.0	10%
Research, testing and development expenses	51.7	49.6	2.1	4%
Amortization of intangible assets	6.0	5.8	0.2	3%
Restructuring and impairment (credits) charges	(2.4)	1.8	(4.2)	*
Total costs and expenses	$ 955.9	$ 889.8	$ 66.1	7%

*Calculation not meaningful

The increase in cost of sales in the first quarter of 2007 compared to the same period in 2006 primarily was due to higher average raw material cost and higher manufacturing expenses. Average raw material cost increased 7% for the three months ended March 31, 2007 compared to the same period in 2006. Total manufacturing expenses increased 10% in the first quarter of 2007 compared to the prior-year quarter, primarily due to unfavorable manufacturing cost absorption as we lowered production to reduce inventory levels from the prior year end and an unfavorable currency impact, partially offset by lower utility costs. On a per-unit-sold basis, manufacturing costs increased 10% for the three months ended March 31, 2007 compared to the same period in 2006.

Gross profit (net sales less cost of sales) increased $33.3 million, or 14%, for the three months ended March 31, 2007 compared to the same period in 2006. The increase primarily was due to improvement in the combination of price and product mix in the Lubrizol Additives segment and a favorable currency impact offset by higher average unit raw material cost and higher manufacturing expenses. Our gross profit percentage (gross profit divided by net sales) increased to 25.8% in the first quarter of 2007 compared to 24.8% in the same quarter last year. The gross profit percentage increase primarily occurred in the Lubrizol Additives segment due to the favorable combination of price and product mix attributable to price increases implemented during 2006.

Selling and administrative expenses increased $9.0 million, or 10%, in the first quarter of 2007 compared with the same period in 2006. The increase during the quarter primarily was due to higher performance-based incentive compensation and an increase in salaries and benefits primarily due to the addition of resources to support our growth in the Lubrizol Advanced Materials segment. The first quarter of 2006 included a $2.8 million pension settlement charge related to a non-qualified pension plan distribution.

Research, testing and development expenses increased $2.1 million, or 4%, for the first quarter of 2007 compared to the same quarter in the prior year primarily due to an unfavorable currency impact.

In the first quarter of 2007, we recorded aggregate restructuring and impairment credits of $2.4 million primarily related to a $2.8 million pretax gain and restructuring credit recorded on the sale of the manufacturing facility located in the United Kingdom. Restructuring and impairment charges of $1.8 million were recorded during the first quarter of 2006, which were primarily associated with the U.K. plant closure.

The components of restructuring and impairment credits and charges are detailed as follows:

	Three Months Ended March 31, 2007			
	Asset Impairments (Gains)	Other Plant Exit Costs	Severance	Total
Bromborough, U.K. plant closure and sale	$ (2.8)	$ –	$ –	$ (2.8)
Lubrizol Advanced Materials plant closures and workforce reductions	–	0.2	0.1	0.3
Other	–	–	0.1	0.1
Total restructuring and impairment (credits) charges	$ (2.8)	$ 0.2	$ 0.2	$ (2.4)

	Three Months Ended March 31, 2006		
	Other Plant Exit Costs	Severance	Total
Bromborough, U.K. plant closure	$ 0.9	$ 0.6	$ 1.5
Lubrizol Advanced Materials plant closures and workforce reductions	–	0.4	0.4
Other	–	(0.1)	(0.1)
Total restructuring and impairment charges	$ 0.9	$ 0.9	$ 1.8

The credits and charges for these cost reduction initiatives and impairments are reported as a separate line item in the consolidated statements of income, entitled "Restructuring and impairment (credits) charges" and are included in the "Total cost and expenses" subtotal on the consolidated statements of income.

OTHER ITEMS AND NET INCOME (LOSS)

The changes in other items and net income (loss) are summarized as follows:

	Three Months Ended March 31,			
	2007	2006	$ Change	% Change
Other income (expense) – net	$ 5.7	$ (1.5)	$ 7.2	*
Interest expense – net	(17.1)	(23.1)	6.0	(26%)
Income from continuing operations before income taxes	109.4	69.7	39.7	57%
Provision for income taxes	38.1	24.4	13.7	56%
Income from continuing operations	71.3	45.3	26.0	57%
Discontinued operations	–	(60.7)	60.7	*
Net income (loss)	71.3	(15.4)	86.7	*

* Calculation not meaningful

The increase in other income (expense) - net for the three months ended March 31, 2007 compared to the same period in 2006 primarily was due to a $5.0 million gain on the sale of land recorded in the first quarter of 2007.

The decrease in interest expense - net for the first quarter of 2007 compared to the prior-year quarter primarily was attributable to an increase in interest income of $4.9 million as a result of our increased cash and short-term investments from the divestiture proceeds received in May 2006.

Our effective tax rate of 34.8% in the first quarter of 2007 was comparable to our effective tax rate of 35.0% in the same period in 2006.

Primarily as a result of the above factors, net income (loss) per diluted share was $1.02 and ($0.23) for the three months ended March 31, 2007 and 2006, respectively. Net income per diluted share for the three months ended March 31, 2006 included a loss from discontinued operations per diluted share of $0.88. The loss from discontinued operations per diluted share includes a $0.01 per diluted share of operating income, an $0.88 per diluted share non-cash impairment charge and a $0.01 per diluted share loss on the sale of the Telene business.

SEGMENT ANALYSIS

We primarily evaluate performance and allocate resources based on segment operating income, defined as revenues less expenses identifiable to the product lines included within each segment, as well as projected future returns. Segment operating income will reconcile to consolidated income from continuing operations before income taxes by deducting corporate expenses and income that are not attributable to the operating segments, restructuring and impairment (credits) charges and net interest expense.

The proportion of consolidated revenues and segment operating income attributed to each segment was as follows:

	Three Months Ended March 31,	
	2007	2006
Revenues:		
Lubrizol Additives	65%	64%
Lubrizol Advanced Materials	35%	36%
Segment Operating Income:		
Lubrizol Additives	69%	62%
Lubrizol Advanced Materials	31%	38%

The operating results by segment were as follows:

	Three Months Ended March 31,		
	2007	2006	$ Change
Revenues:			
Lubrizol Additives	$ 696.0	$ 627.5	$ 68.5
Lubrizol Advanced Materials	380.7	356.6	24.1
Total	$ 1,076.7	$ 984.1	$ 92.6
Gross Profit:			
Lubrizol Additives	$ 167.5	$ 140.1	$ 27.4
Lubrizol Advanced Materials	110.0	104.1	5.9
Total	$ 277.5	$ 244.2	$ 33.3
Segment Operating Income:			
Lubrizol Additives	$ 100.9	$ 73.5	$ 27.4
Lubrizol Advanced Materials	45.4	44.6	0.8
Total	$ 146.3	$ 118.1	$ 28.2

LUBRIZOL ADDITIVES SEGMENT

Revenues increased 11% for the three months ended March 31, 2007 compared to the same period in 2006. The increase primarily was due to a 9% improvement in the combination of price and product mix and a 3% favorable currency impact, slightly offset by a 1% decrease in volume.

Volume patterns vary in different geographic zones. The following table shows our volume by geographic zone for the three months ended March 31, 2007 as well as the changes compared to the same period in 2006:

	1st Quarter 2007 Volume	1st Quarter 2007 vs. 2006 % Change
North America	37%	(1%)
Europe	31%	–
Asia-Pacific / Middle East	25%	(5%)
Latin America	7%	15%
Total	100%	(1%)

Volume in the first quarter of 2007 was strong and, sequentially, increased 6% over the fourth quarter of 2006, which was influenced by unfavorable customer order patterns. Volume levels for the three months ended March 31, 2007 indicated a return to normal customer order patterns. However, as compared to the very strong first quarter of 2006, volume declined by 1%. The 2006 first quarter results significantly were influenced by inventory replenishment of finished lubricants following the industry supply disruptions experienced in the fourth quarter of 2005 in the aftermath of the hurricanes that hit the U.S. Gulf Coast. During the first quarter of 2007, the Asia- Pacific / Middle East region was impacted negatively compared to the strong first quarter in 2006, while volume

growth in the Latin America region primarily was due to business gains at some of our major international customers compared to the prior-year quarter results.

Segment gross profit increased 20% in the first quarter of 2007 compared with the prior-year quarter as we continued to recover margin lost in prior periods. The Lubrizol Additives segment implemented a series of price increases in 2005 and 2006 in response to continued raw material and manufacturing cost increases. The effective dates of the selling price increases varied by geographic sales zone. As a result, the gross profit increase primarily was due to an improvement in the combination of price and product mix partially offset by a 9% increase in average raw material cost for the three months ended March 31, 2007 as compared to the same period in 2006. Manufacturing costs on a per-unit-sold basis increased 12% for the three-month comparative period primarily due to higher unfavorable manufacturing cost absorption as we lowered production to reduce inventory levels from the prior year end. Currency also had an unfavorable impact on manufacturing costs in the first quarter of 2007.

The gross profit percentage increased to 24.1% for the three months ended March 31, 2007, from 22.3% in the prior-year period. The increase in gross profit percentage primarily related to the improvement in the combination of price and product mix.

STAR expenses increased 8% for the three months ended March 31, 2007 compared with the prior-year period. This increase primarily was due to higher selling and administrative expenses of $3.7 million for the first quarter of 2007 compared to the prior-year period. The higher selling and administrative costs primarily resulted from increased performance-based incentive compensation and increased headcount to support our organic growth initiatives. Technical expense increased 4% or $1.5 million in the first quarter of 2007 compared to the same period in the prior year primarily due to the impact of unfavorable currency.

Other income includes a $5.0 million gain on the sale of land recorded in the first quarter of 2007.

Segment operating income of $100.9 million increased 37% for the three months ended March 31, 2007 compared to the same period in 2006 due to the factors discussed above.

LUBRIZOL ADVANCED MATERIALS SEGMENT

Revenues for the Lubrizol Advanced Materials segment increased 7% for the three months ended March 31, 2007 compared with the same period last year. The increase for the three-month period was due to a 3% improvement in the combination of price and product mix, a 2% increase in volume and a 2% favorable currency impact.

Volume patterns vary in different geographic zones. The following table shows our volume by geographic zone for the three months ended March 31, 2007 as well as the changes compared to the same period in 2006:

	1st Quarter 2007 Volume	1st Quarter 2007 vs. 2006 % Change
North America	67%	(4%)
Europe	18%	7%
Asia-Pacific / Middle East	11%	24%
Latin America	4%	57%
Total	100%	2%

In the first quarter of 2007, we made a minor change to improve the consistency of our reporting of shipment volumes. Volume in our performance coatings product line, and to a much lesser extent, our Noveon consumer specialties product line were reported previously on a dry basis, or excluding the carrier fluid that is shipped with the base performance material. We are now reporting all product lines on an "as-shipped" basis, including carrier fluid that is blended with the base material.

The decrease in volume in North America occurred primarily in our performance coatings product line and partially was offset by a volume increase in our engineered polymers product line. Volume decreased in our performance coatings product line for the three months ended March 31, 2007 compared to the same period in 2006 primarily due to the continued deterioration of the textiles industry in North America. Volume increased in our engineered polymers product line in North America for the three months ended March 31, 2007 compared to the same period in 2006 due to increased customer demand in our TempRite® engineered polymers business (TempRite). TempRite benefited from strong sales into industrial and fire sprinkler applications, which offset a decline in plumbing market sales. Volume slightly decreased in our Noveon consumer specialties product line primarily due to lower customer demand in our surfactants business mostly offset by tolling sales to the buyer of our FIIS business.

All product lines showed volume increases in Europe, Asia-Pacific / Middle East and Latin America for the three months ended March 31, 2007 compared to the same period in 2006. The volume increase in our engineered polymers product line was due to increased customer demand in both our TempRite business in the three regions mentioned above and our Estane® engineered polymers (Estane) in Europe and Asia-Pacific / Middle East. The increase in our Noveon consumer specialties product line was due to increased customer demand in both the personal care and pharmaceutical markets. Our performance coatings product line volume increase was due to higher customer demand in the textiles and paint and coatings markets.

Segment gross profit increased $5.9 million, or 6%, for the three months ended March 31, 2007 compared to the same period in 2006. This increase primarily was the result of higher revenues due to an improvement in the combination of price and product mix and an increase in volume, partially offset by higher average raw material and manufacturing costs. Average raw material cost increased 4% for the three months ended March 31, 2007 compared with the same period in 2006. Manufacturing costs increased for the three months ended March 31, 2007 compared to the same period in 2006 primarily due to higher volume, an unfavorable currency impact and increased headcount. Manufacturing costs on a per-unit-sold basis increased 8% for the three months ended March 31, 2007 compared to the same period in 2006.

Gross profit as a percentage of net sales for this segment was 28.9% for the three months ended March 31, 2007 compared to 29.2% in the corresponding prior-year period. This decrease was due to higher average raw material cost partially offset by an improvement in the combination of price and product mix.

- STAR expenses increased $5.6 million, or 10%, for the three months ended March 31, 2007 compared with the same period in 2006. This increase was due to higher performance-based incentive compensation, increased headcount to support our growth strategy and an unfavorable currency impact.

Segment operating income increased $0.8 million for the three months ended March 31, 2007 compared to the same period in 2006 due to the factors discussed above.

WORKING CAPITAL, LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the major components of cash flow:

	Three Months Ended March 31,	
	2007	2006
Cash provided by (used for):		
Operating activities	$ 98.0	$ 25.7
Investing activities	(36.3)	(21.8)
Financing activities	(55.7)	(33.8)
Effect of exchange-rate changes on cash	1.1	0.8
Net increase (decrease) in cash and short-term investments	$ 7.1	$ (29.1)

Operating Activities

The increase in cash provided by operating activities for the three months ended March 31, 2007 compared to the same period in 2006 primarily related to an increase in net income and an improvement in working capital levels. Specifically, we focused our efforts to reduce inventory levels and our accounts payable improved due to the timing of raw material purchases and cash disbursements. In addition, we improved the timeliness of our collections, which offset our increase in accounts receivable associated with higher revenues.

We manage our levels of inventories and accounts receivable on the basis of average days sales in inventory and average days sales in receivables. We establish our target for days sales in inventory with the goal of minimizing our investment in inventories while at the same time ensuring adequate supply for our customers. We establish our target for accounts receivable by taking into consideration the weighted average of our various terms of trade for each segment.

Investing Activities

Cash used for investing activities increased $14.5 million for the first quarter of 2007 compared to the same period in 2006. The increase primarily related to the acquisition of Lockhart in the first quarter of 2007 for $15.7 million. Our capital expenditures for the three months ended March 31, 2007 were $31.9 million compared to $30.3 million for the same period in 2006. In 2007, we estimate annual capital expenditures will be approximately $175.0 million to $180.0 million.

Financing Activities

Cash used for financing activities increased $21.9 million for the three months ended March 31, 2007 compared to the same period in 2006. Cash used for financing activities of $55.7 million for the three months ended March 31, 2007 primarily consisted of the repayment of €25.0 million against our €250.0 million revolving credit agreement,

the repurchase of common shares and the payment of dividends, offset by proceeds from the exercise of stock options. This compares to $33.8 million used for financing activities in the same period in 2006, which primarily consisted of the repayment of long-term debt and payment of dividends, partially offset by proceeds from the exercise of stock options.

On April 23, 2007, our board of directors authorized a new share repurchase program that, combined with our existing repurchase program, permits us to repurchase up to $300.0 million of our common shares through 2009. We would expect that the timing of future repurchases will depend on market conditions and these will be balanced with other strategic uses of our cash without compromising our goals to further strengthen our balance sheet.

On April 23, 2007, our board of directors declared a regular quarterly dividend of $0.30 per share payable June 8, 2007 to shareholders of record at the close of business on May 10, 2007. The dividend represents an increase of 15%.

CAPITALIZATION, LIQUIDITY AND CREDIT FACILITIES

- At March 31, 2007, our total debt outstanding of $1,513.2 million consisted of 68% fixed-rate debt and 32% variable-rate debt, including $400.0 million of fixed-rate debt that effectively has been swapped to a variable rate. Our weighted-average interest rate as of March 31, 2007 was approximately 5.9%.

- Our net debt to capitalization ratio at March 31, 2007 was 34.6%. Net debt represents total short-term and long-term debt, excluding original issue discounts and unrealized gains and losses on derivative instruments designated as fair-value hedges of fixed-rate debt, reduced by cash and short-term investments. Capitalization is calculated as shareholders' equity plus net debt. Total debt as a percent of capitalization was 46.3% at March 31, 2007.

Our ratio of current assets to current liabilities was 3.1 at March 31, 2007.

Our $350.0 million revolving U.S. credit facility, which matures in September 2011, allows us to borrow at variable rates based upon the U.S. prime rate or LIBOR plus a specified credit spread. As of March 31, 2007, we had no outstanding borrowings under this agreement.

At March 31, 2007, two of our wholly owned, foreign subsidiaries had a €250.0 million revolving credit facility that matures in September 2010. This credit agreement permits these foreign subsidiaries to borrow at variable rates based on EURIBOR plus a specified credit spread. At March 31, 2007, we had outstanding borrowings of €60.0 million under this agreement.

Our cash and short term investments balance of $582.8 million at March 31, 2007 will be used to fund ongoing operations, pay down debt, pursue acquisitions and repurchase shares. Given the redemption premium on our long-term debt, it is unlikely that we will reduce debt significantly before our next scheduled maturity in late 2008.

CONTRACTUAL CASH OBLIGATIONS

Our contractual cash obligations as of December 31, 2006 are contained in our annual report on Form 10-K/A for the fiscal year ended December 31, 2006. During the three months ended March 31, 2007, our non-cancelable purchase commitments decreased approximately $31.2 million to $146.8 million. Other than the decrease in non-cancelable purchase commitments, we do not believe there have been any significant changes since December 31, 2006 in our contractual cash obligations. The non-cancelable purchase commitments by period at March 31, 2007 were $40.7 million, $89.8 million, $12.0 million and $4.3 million for the 2007, 2008-2009, 2010-2011 and 2012 and later periods, respectively.

Our debt level will require us to dedicate a portion of our cash flow to make interest and principal payments, thereby reducing the availability of our cash flow for acquisitions or other purposes. Nevertheless, we believe our future operating cash flows will be sufficient to cover our debt repayments, capital expenditures, dividends, share repurchases and other obligations and that we have untapped borrowing capacity that can provide us with additional financial resources. We currently have a shelf registration statement filed with the Securities and Exchange Commission (SEC) under which $359.8 million of debt securities, preferred shares or common shares may be issued. As of March 31, 2007, we also maintained cash and short-term investment balances of $582.8 million and had $350.0 million available under our revolving U.S. credit facility and another €190.0 million available under our euro revolving credit facility. In addition, as of March 31, 2007, we had $48.6 million of contingent obligations under standby letters of credit issued in the ordinary course of business to financial institutions, customers and insurance companies to secure short-term support for a variety of commercial transactions, insurance and benefit programs.

NEW ACCOUNTING STANDARDS

Effective January 1, 2007, we adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 48 "Accounting for Uncertainty in Income Taxes." FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in tax returns. Under FIN No. 48, the economic benefit associated with a tax position only will be recognized if it is more likely than not that a tax position ultimately will be sustained. After this threshold is met, a tax position is reported at the largest amount of benefit that is more likely than not to be ultimately sustained. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. Prior to January 1, 2007, we regularly assessed positions with regard to tax exposures and recorded liabilities for uncertain income tax positions in accordance with SFAS No. 5, "Accounting for Contingencies."

As a result of adopting FIN No. 48 on January 1, 2007, we recognized an $8.9 million reduction to retained earnings and a $5.4 million increase to goodwill for pre-acquisition income tax liabilities of Noveon International, Inc. (Noveon International). As of January 1, 2007, after recording this FIN No. 48 adoption impact, we had gross unrecognized tax benefits of $57.8 million, of which $38.8 million, if recognized, would affect the effective tax rate.

We recognize accrued interest and penalties related to unrecognized tax benefits as a component of the income tax provision. As of January 1, 2007, the date of adoption, we had accrued interest of $7.1 million. Penalties were immaterial to our consolidated financial statements.

We operate in numerous taxing jurisdictions and are subject to regular examinations by various U.S. federal, state and foreign jurisdictions. Our income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which we do business. Due to the subjectivity of interpretations of laws and rulings in each jurisdiction, the differences and interplay in tax laws between those jurisdictions and difficulty in estimating the final resolution of complex tax audit matters, our estimates of income tax liabilities may differ from actual payments or assessments.

It is reasonably possible that unrecognized tax benefits may decrease by up to $8.0 million within 12 months of the January 1, 2007 adoption date primarily as a result of the settlement of foreign audits and the closure of foreign statutes of limitations.

With few exceptions, we are no longer subject to U.S. federal, state and local tax examinations for years before 2001 and foreign jurisdiction examinations for years before 2000.

Effective with the adoption of FIN No. 48, the majority of the company's unrecognized tax benefits are classified as noncurrent liabilities because payment of cash is not expected within one year. Prior to the adoption of FIN No. 48, the company classified unrecognized tax benefits in accrued expenses and other current liabilities.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to make an irrevocable election to measure many financial instruments and certain other items at fair value at specified election dates. The fair value option may be applied instrument by instrument and must be applied to entire instruments. Unrealized gains and losses on items for which the entity elects the fair value option are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of the fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157, "Fair Value Measurements." Entities are not permitted to apply this statement retrospectively to the fiscal years preceding the effective date unless the entity chooses early adoption. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair value measurements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but simplifies and codifies related guidance within U.S. GAAP. SFAS No. 157 establishes a fair value hierarchy using observable market data as the highest level and an entity's own fair value assumptions as the lowest level. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those years. SFAS No. 157 requires adoption prospectively as of the beginning of the fiscal year in which this statement is initially applied, with the exception of certain financial instruments in which adoption is applied retrospectively as of the beginning of the fiscal year in which this statement is initially applied. We currently are evaluating the impact of this recently issued standard on our consolidated financial statements.

CAUTIONARY STATEMENTS FOR SAFE HARBOR PURPOSES

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the federal securities laws. As a general matter, forward-looking statements are those focused upon future plans, objectives or performance as opposed to historical items and include statements of anticipated events or trends and expectations and beliefs relating to matters not historical in nature. Forward-looking statements are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. These uncertainties and factors could cause our actual results to differ materially from those matters expressed in or implied by any forward-looking statements, although we believe our expectations reflected in those forward-looking statements are based upon reasonable assumptions. For this purpose, any statements contained herein that are not statements of historical fact should be deemed to be forward-looking statements.

We believe that the following factors, among others, could affect our future performance and cause our actual results to differ materially from those expressed or implied by forward-looking statements made in this quarterly report:

- The cost, availability and quality of raw materials, especially petroleum-based products.
- Our ability to sustain profitability of our products in a competitive environment.
- The demand for our products as influenced by factors such as the global economic environment, longer-term technology developments and the success of our commercial development programs.
- The risks of conducting business in foreign countries, including the effects of fluctuations in currency exchange rates upon our consolidated results and political, social, economic and regulatory factors.

- The extent to which we are successful in expanding our business in new and existing markets and in identifying, understanding and managing the risks inherent in those markets.
- The effect of required principal and interest payments on our ability to fund capital expenditures and acquisitions and to meet operating needs.
- Our ability to identify, complete and integrate acquisitions for profitable growth and operating efficiencies.
- Our success at continuing to develop proprietary technology to meet or exceed new industry performance standards and individual customer expectations.
- Our ability to implement a new common information systems platform primarily into our Lubrizol Advanced Materials segment successfully, including the management of project costs, its timely completion and realization of its benefits.
- Our ability to continue to reduce complexities and conversion costs and modify our cost structure to maintain and enhance our competitiveness.
- Our success in retaining and growing the business that we have with our largest customers.
- The cost and availability of energy, especially natural gas and electricity.
- The effect of interest rate fluctuations on our net interest expense.
- The risk of transportation or weather-related disruptions to our Lubrizol Additives production facilities located near the U.S. Gulf Coast.
- Significant changes in government regulations affecting environmental compliance.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We operate manufacturing and blending facilities, laboratories and offices around the world and utilize fixed-rate and variable-rate debt to finance our global operations. As a result, we are subject to business risks inherent in non-U.S. activities, including political and economic uncertainties, import and export limitations and market risks related to changes in interest rates and foreign currency exchange rates. We believe the political and economic risks related to our foreign operations are mitigated due to the stability of the countries in which our largest foreign operations are located.

In the normal course of business, we use derivative financial instruments including interest rate and commodity hedges and forward foreign currency exchange contracts to manage our market risks. Our objective in managing our exposure to changes in interest rates is to limit the impact of such changes on our earnings and cash flow. Our objective in managing the exposure to changes in foreign currency exchange rates is to reduce volatility on our earnings and cash flow associated with such changes. Our principal currency exposures are the euro, the pound sterling, the Japanese yen and certain Latin American currencies. Our objective in managing our exposure to changes in commodity prices is to reduce the volatility on earnings of utility expense. We do not hold derivatives for trading purposes.

We measure our market risk related to our holdings of financial instruments based on changes in interest rates, foreign currency exchange rates and commodity prices utilizing a sensitivity analysis. The sensitivity analysis measures the potential loss in fair value, cash flow and earnings based on a hypothetical 10% change (increase and decrease) in interest, currency exchange rates and commodity prices. We use current market rates on our debt and derivative portfolios to perform the sensitivity analysis. Certain items such as lease contracts, insurance contracts and obligations for pension and other postretirement benefits are not included in the analysis.

Our primary interest rate exposures relate to our cash and short-term investments, fixed-rate and variable-rate debt and interest rate swaps. The calculation of potential loss in fair value is based on an immediate change in the net present values of our interest rate-sensitive exposures resulting from a 10% change in interest rates. The potential loss in cash

flow and income before tax is based on the change in the net interest income/expense over a one-year period due to an immediate 10% change in rates. A hypothetical 10% increase in interest rates would have had a favorable impact and a hypothetical 10% decrease in interest rates would have had an unfavorable impact on fair values of $39.0 million and $41.1 million at March 31, 2007 and December 31, 2006, respectively. In addition, a hypothetical 10% increase in interest rates would have had an unfavorable impact and a hypothetical 10% decrease in interest rates would have had a favorable impact on cash flows and income before tax of $1.2 million and $2.1 million for 2007 and 2006, respectively, on an annualized basis.

Our primary currency exchange rate exposures are to foreign currency-denominated debt, intercompany debt, cash and short-term investments and forward foreign currency exchange contracts. The calculation of potential loss in fair value is based on an immediate change in the U.S. dollar equivalent balances of our currency exposures due to a 10% shift in exchange rates. The potential loss in cash flow and income before tax is based on the change in cash flow and income before tax over a one-year period resulting from an immediate 10% change in currency exchange rates. A hypothetical 10% increase in currency exchange rates would have had an unfavorable impact and a hypothetical 10% decrease in currency exchange rates would have had a favorable impact on fair values of $9.7 million and $3.5 million at March 31, 2007 and December 31, 2006, respectively. Further, a hypothetical 10% increase in currency exchange rates would have had an unfavorable impact and a hypothetical 10% decrease in currency exchange rates would have had a favorable impact on annualized cash flows of $25.0 million and $17.3 million, respectively, and on annualized income before tax of $4.1 million and $3.7 million in 2007 and 2006, respectively.

Our primary commodity hedge exposures relate to natural gas and electric utility expenses. The calculation of potential loss in fair value is based on an immediate change in the U.S. dollar equivalent balances of our commodity exposures due to a 10% shift in the underlying commodity prices. The potential loss in cash flow and income before tax is based on the change in cash flow and income before tax over a one-year period resulting from an immediate 10% change in commodity prices. A hypothetical 10% increase in commodity prices would have had a favorable impact and a hypothetical 10% decrease in commodity prices would have had an unfavorable impact on fair values of $1.1 million and $1.3 million at March 31, 2007 and December 31, 2006, respectively, and on annualized cash flows and income before tax of $1.1 million and $1.0 million in 2007 and 2006, respectively.

Item 4. Controls and Procedures

In connection with the restatement discussed in the Explanatory Note to this quarterly report on Form 10-Q/A and in Note 16 contained in our Notes to Financial Statements, we reevaluated our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer. Based on that reevaluation, our chief executive officer and chief financial officer identified a material weakness in our internal control over financial reporting for deficiencies at some international locations due to insufficient requisite technical knowledge of accounting for postemployment employee benefit plans in accordance with U.S. GAAP. Solely as a result of this material weakness, we concluded that our disclosure controls were not effective as of March 31, 2007.

As a result of this material weakness, we have taken steps to remediate the internal control weakness. Specifically, we contracted a third-party benefits consultant to complete a detailed benefits review at our wholly owned subsidiary that generated the majority of the reporting errors, made inquiries and conducted reviews of other international locations and enhanced our training on the application of U.S. GAAP to postemployment employee benefit plans and other matters at our non-U.S. subsidiaries and joint ventures.

As previously reported, there were no changes in our internal control over financial reporting during the quarter ended March 31, 2007 that have affected materially, or reasonably likely to affect materially, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the fourth quarter of 2006, we received a notice of violation from the Louisville (KY) Metro Air-Pollution Control District relating to alleged violations of the air permit held by our Louisville, Kentucky facility. We currently are in negotiations with the regulator who has offered to settle this matter for approximately $0.2 million. No enforcement proceeding has been commenced at this time.

Item 1A. Risk Factors

There are no material changes from risk factors as disclosed previously in our annual report on Form 10-K/A for the year ended December 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) On January 2, 2007, we issued 297 common shares in a private placement transaction exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to one former officer under a deferred compensation plan for officers.

On January 18, 2007, we issued 2,217 common shares in transactions exempt from registration under the Securities Act of 1933 pursuant to Regulation S. We issued the common shares to 20 employees of a wholly owned Canadian subsidiary of the company under an employee benefit plan.

On February 1, 2007, we issued 8,295 common shares in private placement transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to one former officer and the spouse of a deceased officer under a deferred compensation plan for officers.

On March 1, 2007, we issued 9,651 common shares in private placement transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that Act. We issued the common shares to three current officers and two former officers under a deferred compensation plan for officers and to one former director under a deferred compensation plan for directors.

(c) The following table provides information regarding our purchases of Lubrizol common shares during the quarter.

Period	Total Number of Shares (or Units) Purchased[1]	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs[2]	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Programs
Month #1 (January 1, 2007 through January 31, 2007)	118 Shares	$ 50.13	0 Shares	1,779,118 Shares
Month #2 (February 1, 2007 through February 28, 2007)	301,182 Shares	$ 52.83	265,000 Shares	1,514,118 Shares
Month #3 (March 1, 2007 through March 31, 2007)	103,222 Shares	$ 52.91	101,000 Shares	1,413,118 Shares
Total	404,522 Shares		366,000 Shares	1,413,118 Shares

[1] This column includes common shares (118 in January; 36,182 in February; and 2,222 in March) that we purchased pursuant to our deferred compensation plans and long-term incentive program, whereby we withhold shares upon a distribution to pay the withholding taxes on behalf of the employee.

[2] This column represents common shares that we purchased at a cost of $19.3 million pursuant to a previously announced share repurchase plan on June 23, 1997 at which time our board of directors authorized the company to repurchase up to four million of its common shares. These shares may be repurchased in the open market or through negotiated transactions. The program does not have an expiration date.

Item 6. Exhibits

31.1 Rule 13a-14(a) Certification of the Chief Executive Officer, as created by Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Rule 13a-14(a) Certification of the Chief Financial Officer, as created by Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Chief Executive Officer and Chief Financial Officer of The Lubrizol Corporation pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE LUBRIZOL CORPORATION

/s/ W. Scott Emerick
W. Scott Emerick
Chief Accounting Officer and Duly Authorized
Signatory of The Lubrizol Corporation

Date: November 9, 2007

Exhibit 31.1

THE LUBRIZOL CORPORATION
Rule 13a-14(a) Certification

I, James L. Hambrick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A of The Lubrizol Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

(d) disclosed in this report any change in registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James L. Hambrick
James L. Hambrick
Chief Executive Officer and President
November 9, 2007

Exhibit 31.2

THE LUBRIZOL CORPORATION
Rule 13a-14(a) Certification

I, Charles P. Cooley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A of The Lubrizol Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon such evaluation; and

(d) disclosed in this report any change in registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Charles P. Cooley
Charles P. Cooley
Chief Financial Officer
November 9, 2007

Exhibit 32.1

THE LUBRIZOL CORPORATION
Certification of Chief Executive Officer and Chief Financial Officer of
The Lubrizol Corporation Pursuant to 18 U.S.C. Section 1350

I certify that, to the best of my knowledge and belief, the Quarterly Report on Form 10-Q/A of The Lubrizol Corporation for the period ended March 31, 2007:

(1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of The Lubrizol Corporation.

/s/ James L. Hambrick
James L. Hambrick
Chief Executive Officer and President
November 9, 2007

I certify that, to the best of my knowledge and belief, the Quarterly Report on Form 10-Q/A of The Lubrizol Corporation for the period ended March 31, 2007:

(1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of The Lubrizol Corporation.

/s/ Charles P. Cooley
Charles P. Cooley
Chief Financial Officer
November 9, 2007

The Lubrizol Corporation
List of Subsidiaries (July 2008)

CPI Engineering Services, Inc.
Gateway Additive Company
Gemoplast SA
Lanzhou Lubrizol Lanlian Additive Co. Ltd.
Lubricant Investments, Inc.
Lubrizol (Gibraltar) Limited
Lubrizol (Gibraltar) Limited Luxembourg SCS
Lubrizol (Gibraltar) Minority Limited
Lubrizol (Gibraltar) Two Limited
Lubrizol A.G.
Lubrizol Adibis (UK) Limited
Lubrizol Adibis Holdings (UK) Limited
Lubrizol Advanced Materials Asia Pacific Limited
Lubrizol Advanced Materials Canada, Inc.
Lubrizol Advanced Materials Chemicals Canada Co.
Lubrizol Advanced Materials China, Inc.
Lubrizol Advanced Materials Deutschland GmbH
Lubrizol Advanced Materials Diamalt GmbH & Co. KG
Lubrizol Advanced Materials Europe BVBA
Lubrizol Advanced Materials FCC, Inc.
Lubrizol Advanced Materials France SA
Lubrizol Advanced Materials Gibraltar, Inc.
Lubrizol Advanced Materials Holding Corporation
Lubrizol Advanced Materials Holdings Deutschland GmbH
Lubrizol Advanced Materials Holdings Spain, S.L.
Lubrizol Advanced Materials Holdings UK Limited
Lubrizol Advanced Materials Holland B.V.
Lubrizol Advanced Materials Hong Kong Limited
Lubrizol Advanced Materials India Private Limited
Lubrizol Advanced Materials International, Inc.
Lubrizol Advanced Materials Italia S.r.l.
Lubrizol Advanced Materials Korea, Inc.
Lubrizol Advanced Materials Malaysia Sdn. Bhd.
Lubrizol Advanced Materials Manufacturing Spain, S.L.
Lubrizol Advanced Materials Manufacturing UK Limited
Lubrizol Advanced Materials Mauritius Holdings Limited
Lubrizol Advanced Materials Netherlands B.V.
Lubrizol Advanced Materials Realty Europe BVBA
Lubrizol Advanced Materials Resin B.V.
Lubrizol Advanced Materials Sales Holland B.V.
Lubrizol Advanced Materials Sales Spain, S.L.
Lubrizol Advanced Materials Sweden AB
Lubrizol Advanced Materials UK Limited
Lubrizol Advanced Materials, Inc.
Lubrizol Canada Limited

Lubrizol Coatings (Shanghai) Co., Ltd.
Lubrizol de Mexico Comercial, S. de R.L. de C.V.
Lubrizol de Venezuela, C.A.
Lubrizol Deutschland GmbH
Lubrizol do Brasil Aditivos Ltda.
Lubrizol DRC Belgium NV/SA
Lubrizol Enterprises, Inc.
Lubrizol Espanola, S.A.
Lubrizol Europe Coordination Center BVBA
Lubrizol France SAS
Lubrizol Gesellschaft m.b.H.
Lubrizol Holding Inc.
Lubrizol Holdings France SAS
Lubrizol India Private Limited
Lubrizol Inter-Americas Corporation
Lubrizol International Management Corporation
Lubrizol International, Inc.
Lubrizol Italiana S.p.A.
Lubrizol Japan Limited
Lubrizol Limited
Lubrizol Luxembourg S.à.r.l.
Lubrizol Overseas Trading Corporation
Lubrizol Overseas Trading Corporation & Co. KG
Lubrizol Performance Systems Inc.
Lubrizol Performance Systems Limited
Lubrizol Servicios Tecnicos, S. de R.L. de C.V.
Lubrizol Shanghai Investments I Limited
Lubrizol Shanghai Investments II Limited
Lubrizol Shanghai Investments III Limited
Lubrizol Shanghai Investments IV Limited
Lubrizol South Africa (Pty) Limited
Lubrizol Southeast Asia (Pte.) Ltd.
Lubrizol Specialty Chemicals (Shanghai) Co., Ltd.
Lubrizol Specialty Chemicals Manufacturing (Shanghai) Co., Ltd.
Lubrizol Transarabian Company Ltd.
LZ Holding Corporation
MPP Pipeline Corporation
Noveon Hilton Davis, Inc.
Noveon Pharma GmbH & Co. KG
Noveon SA (Proprietary) Ltd.
Noveon Verwaltungs GmbH
Operadora TIASA, S.A. de C.V.
Shanghai Lubrizol International Trading Co., Ltd.
Terminal Industrial Apodaca, S. A. de C.V.
Youli Piping Co., Ltd.