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ETHYL CORP
Form 11-K
June 28, 2002

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One) :

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the Fiscal Year Ended December 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the transition period from _____ to _____

Commission file number: 33-63525

A. Full title of the plan and the address of the plan, if different
from that of the issuer named below:

SAVINGS PLAN FOR THE EMPLOYEES
OF ETHYL CORPORATION

B. Name of issuer of the securities held pursuant to the plan and
the address of its principal executive office:

Ethyl Corporation
P. O. Box 2189
Richmond, Virginia 23218

SAVINGS PLAN FOR THE EMPLOYEES OF ETHYL CORPORATION

FINANCIAL STATEMENTS AND SCHEDULE

DECEMBER 31, 2001 AND 2000

SAVINGS PLAN FOR THE EMPLOYEES OF ETHYL CORPORATION
INDEX OF FINANCIAL STATEMENTS AND SCHEDULE

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Report of Independent Accountants

To the Administrator of the Savings Plan
For the Employees of Ethyl Corporation:

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Savings Plan for the Employees of Ethyl Corporation (the "Plan") at December 31, 2001 and 2000, and the changes in net assets available for benefits for the year ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) December 31, 2001 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the

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Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

June 26, 2002

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SAVINGS PLAN FOR THE EMPLOYEES OF ETHYL CORPORATION
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2001

| | Participant Directed ----- | Non-Participant Directed ----- | T ----- |
|---|----------------------------------|--------------------------------------|------------|
| Assets: | | | |
| Cash | \$ - | \$ 49,048 | \$ |
| Investments: | | | |
| Mutual Funds: | | | |
| Pimco Total Return Fund | 2,242,787 | - | 2, |
| Merrill Lynch Capital Fund | 3,666,559 | - | 3, |
| Merrill Lynch Growth Fund | 1,253,608 | - | 1, |
| Franklin Small Cap Fund | 3,651,348 | - | 3, |
| Ivy International Fund | 649,842 | - | |
| Davis New York Venture Fund | 4,295,204 | - | 4, |
| Commingled Trusts: | | | |
| Merrill Lynch Equity Index Trust | 23,097,978 | - | 23, |
| Merrill Lynch Retirement Preservation Trust | 8,546,380 | - | 8, |
| Common stocks: | | | |
| Ethyl Corporation | | | |
| Participant directed | 2,027,240 | - | 2, |
| Non-participant directed | - | 3,995,416 | 3, |
| Albemarle Corporation | 7,907,079 | - | 7, |
| Tredegar Corporation | 3,229,347 | - | 3, |
| Loans to participants | 746,349 | - | |
| Pending Settlement Fund | 13,896 | - | |
| Total investments | 61,327,617 | 3,995,416 | 65, |
| Receivables: | | | |
| Interest and dividends | 50,041 | 39,019 | |
| Net assets available for benefits | \$ 61,377,658 | \$ 4,083,483 | \$65, |

The accompanying notes are an integral part of the financial statements.

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SAVINGS PLAN FOR THE EMPLOYEES OF ETHYL CORPORATION
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2000

| | Participant Directed ----- | Non-Participant Directed ----- | T ----- |
|---|----------------------------------|--------------------------------------|------------|
| Assets: | | | |
| Cash | \$ 205,682 | \$ 89,612 | \$ |
| Investments: | | | |
| Mutual Funds: | | | |
| Pimco Total Return Fund | 1,482,806 | - | 1, |
| Merrill Lynch Capital Fund | 4,264,297 | - | 4, |
| Merrill Lynch Growth Fund | 1,422,829 | - | 1, |
| Franklin Small Cap Fund | 10,389,120 | - | 10, |
| Ivy International Fund | 1,943,101 | - | 1, |
| Davis New York Venture Fund | 4,167,164 | - | 4, |
| Commingled Trusts: | | | |
| Merrill Lynch Equity Index Trust | 30,615,482 | - | 30, |
| Merrill Lynch Retirement Preservation Trust | 9,561,309 | - | 9, |
| Common stocks: | | | |
| Ethyl Corporation | | | |
| Participant directed | 3,642,421 | - | 3, |
| Non-participant directed | - | 4,798,114 | 4, |
| Albemarle Corporation | 14,181,386 | - | 14, |
| Tredegar Corporation | 5,989,182 | - | 5, |
| Loans to participants | 1,111,254 | - | 1, |
| | ----- | ----- | ----- |
| Total investments | 88,770,351 | 4,798,114 | 93, |
| Receivables: | | | |
| Interest and dividends | 88,212 | 31,156 | |
| | ----- | ----- | ----- |
| Net assets available for benefits | \$ 89,064,245 | \$ 4,918,882 | \$93, |
| | ===== | ===== | ===== |

The accompanying notes are an integral part of the financial statements.

SAVINGS PLAN FOR THE EMPLOYEES OF ETHYL CORPORATION
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year Ended December 31, 2001

| | Participant Directed ----- | Non-Participant Directed ----- |
|------------|----------------------------------|--------------------------------------|
| Additions: | | |

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| | | |
|--|---------------|--------------|
| Contributions: | | |
| Employee contributions | \$ 5,891,269 | \$ - |
| Employer contributions | | 2,120,529 |
| Net investment income: | | |
| Dividends | 1,302,573 | - |
| Interest: | | |
| Funds | - | 7,862 |
| Loans to participants | 85,967 | - |
| | ----- | ----- |
| Total additions | 7,279,809 | 2,128,391 |
| | ----- | ----- |
| Deductions: | | |
| Benefit payments | (25,948,302) | (603,500) |
| Net depreciation in fair value of investments | (9,165,537) | (2,212,847) |
| | ----- | ----- |
| Total deductions | (35,113,839) | (2,816,347) |
| | ----- | ----- |
| Interfund transfers (net) | 147,443 | (147,443) |
| | ----- | ----- |
| Total deductions and transfers | (34,966,396) | (2,963,790) |
| | ----- | ----- |
| Net decrease for the year | (27,686,587) | (835,399) |
| | ----- | ----- |
| Net assets available for benefits, December 31, 2000 | 89,064,245 | 4,918,882 |
| | ----- | ----- |
| Net assets available for benefits, December 31, 2001 | \$ 61,377,658 | \$ 4,083,483 |
| | ===== | ===== |

The accompanying notes are an integral part of the financial statements.

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SAVINGS PLAN FOR THE EMPLOYEES OF ETHYL CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

Basis of Accounting:

The accompanying financial statements of the Savings Plan for the Employees of Ethyl Corporation (the "Plan") have been prepared in conformity with accounting principles generally accepted in the United States of America.

Accounting Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties:

The Plan provides for various mutual fund investment options in stocks,

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bonds and fixed income securities as well as direct common stock investments. Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Security Valuation:

Investments are stated at fair value determined as follows:

| | |
|---|--|
| Merrill Lynch Retirement Preservation Trust | - Investments in commingled trusts with Guaranteed Investment Contracts ("GIC's") and Bank Investment Contracts ("BIC's") with benefit responsive features are carried at cost plus accrued interest (contract value). Synthetic investment contracts are stated at the contract book value which approximates amortized cost. Money market instruments and US Government agency obligations are valued at amortized cost. |
| Mutual funds and Merrill Lynch Equity Index Trust | - quoted market value |
| Common stocks | - last published year end sales price on the New York Stock Exchange |
| Loans to participants | - balances due which approximate fair value |

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SAVINGS PLAN FOR THE EMPLOYEES OF ETHYL CORPORATION NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Significant Accounting Policies, continued:

Security Transactions and Related Investment Income:

Security transactions are accounted for on a trade-date basis and dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The Plan presents in the statement of changes in net assets available for benefits the "net depreciation in the fair value of investments" which consists of realized gains or losses and changes in the unrealized appreciation (depreciation) on those investments. Investment income is allocated to participant accounts in proportion to the participant's account balance.

2. Description of Plan:

The Plan is a defined contribution plan. It is subject to the provisions of the Employee Retirement Income Security Act of 1974. Information regarding plan benefits, priority of distributions upon termination of the Plan, and vesting is provided in the plan agreement which is available at the main

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office of the plan administrator at 330 South Fourth Street, Richmond, Virginia.

3. Investment Funds:

Effective November 3, 1997, Merrill Lynch Trust Company of America was appointed investment manager and trustee and Merrill Lynch, Pierce, Fenner & Smith, Inc. was appointed recordkeeper (collectively "Merrill Lynch" and "ML"). The Plan currently consists of 11 active investment options.

Participants currently in the Plan may select a program for investment in any of the 7 commingled trust funds and 3 common stocks, or in any combination thereof. Contributions made by Ethyl Corporation (the "Company" or "Ethyl") are invested in the non-participant directed portion of the Ethyl Corporation Common Stock Fund, which contains both participant and non-participant directed balances. Transfers may be made between the funds. However, participants only have a one time election to transfer the Company's contributions to the Ethyl Corporation Common Stock Fund into other funds during the course of their employment. The following table presents investments held at year-end that represent five percent (5%) or more of net assets available for benefits:

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SAVINGS PLAN FOR THE EMPLOYEES OF ETHYL CORPORATION NOTES TO FINANCIAL STATEMENTS, Continued

3. Investment Funds, continued:

| | 2001 | 2000 |
|--|---------------|---------------|
| Merrill Lynch Equity Index Trust | \$ 23,097,978 | \$ 30,615,482 |
| Ethyl Corporation Common Stock * | 6,022,656 | 8,440,535 |
| Albemarle Corporation Common Stock | 7,907,079 | 14,181,386 |
| Merrill Lynch Retirement Presevation Trust | 8,546,380 | 9,561,309 |
| Franklin Small Cap | 3,651,348 | 10,389,120 |
| Merrill Lynch Capital Fund | 3,666,559 | 4,264,297 |
| Davis New York Venture Fund | 4,295,204 | 4,167,164 |

* Nonparticipant-directed totals \$3,995,416 and \$4,798,114 for 2001 and 2000, respectively.

During 2001, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value as follows:

| | |
|------------------------|-----------------|
| Common stock | \$ (3,811,337) |
| Mutual Funds | (4,098,364) |
| Commingled Trust Funds | (3,468,683) |
| | ----- |
| | \$ (11,378,384) |

=====

4. Contributions:

Participants in the Plan may make pre-tax and/or after-tax contributions from 1% to 15% of their base pay, as defined in the plan document. Any combination of pre-tax and after-tax contributions are subject to the 15% limit. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Ethyl makes a matching contribution, in the form of Ethyl common stock, to the Plan equal to 50% of participant contributions up to 10%. Participant contributions are 100% vested at all times while contributions made by Ethyl are 60% vested after three years of service, 80% vested after four years of service and 100% vested after five years of service.

As of December 31, 2001, there were no employee or employer contributions, which were received by Merrill Lynch, but not yet allocated to the specific investment funds. As of December 31, 2000, employee and employer contributions amounting to \$190,183 and \$88,543, respectively, were received by Merrill Lynch, but not yet allocated to the specific investment funds. These amounts are included in the cash balances on the statement of net assets available for benefits at December 31, 2000.

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SAVINGS PLAN FOR THE EMPLOYEES OF ETHYL CORPORATION
NOTES TO FINANCIAL STATEMENTS, Continued

5. Participant Accounts:

Each participant's account is credited with the participant's contribution and an allocation of a) the Company's contribution and b) Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

6. Distributions:

Benefits are recorded when paid. Employees may decide whether benefits will be received directly in the form of a lump sum or rolled over to an individual retirement account or to another qualified plan.

7. Participant Loans:

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their vested account balance. Loan transactions are treated as a transfer to (from) the investment fund from (to) the Loan fund. Loans are made over a period not to exceed five years. The loans are collateralized by the balance in the participant's account and bear a reasonable fixed rate of interest determined by the plan administrator based on a rate of return commensurate with the prevailing interest rate charged on similar commercial loans by persons in the business of lending money. At December 31, 2001 and December 31, 2000, interest rates on participant loans ranged from 7% to 10.5% and 8.25% to 10.5%, respectively.

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8. Plan Termination:

Although it has not expressed any intent to do so, Ethyl has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974. In the event of Plan termination, participants will become 100% vested in their account balances and the assets of the Plan shall be allocated to participants in proportion to their account balances as of the effective date of termination.

9. Federal Income Taxes:

The U.S. Treasury Department advised the plan administrator on July 7, 1995 that the Plan, as amended and restated effective March 1, 1994, constitutes a qualified trust under Section 401 of the Internal Revenue Code and therefore is exempt from federal income taxes. The Plan has been amended since March 1, 1994 and was restated effective January 1, 1998. The Plan applied for a new determination letter on March 6, 2002, but has not yet received a response from the IRS. However, the plan administrator believes that the Plan is designed and currently is being operated in compliance with the applicable provisions of the Internal Revenue Code. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

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SAVINGS PLAN FOR THE EMPLOYEES OF ETHYL CORPORATION NOTES TO FINANCIAL STATEMENTS, Continued

9. Federal Income Taxes, continued:

Until such time as participants withdraw all or part of their accumulated account balance, their invested funds are not subject to federal income taxes for contributions made on their behalf by Ethyl or for investment income and gains received on such investments.

10. Administration Expenses:

Expenses for administering the Plan are borne entirely by Ethyl and no charge is made to the Plan with respect thereto.

11. Forfeitures:

Employees who leave Ethyl before becoming fully vested in Ethyl contributions forfeit the value of their nonvested account. Forfeitures during a Plan year serve to reduce required Company contributions and to cover Plan expenses, and are reflected in the statement of changes in net assets available for benefits of the year in which the forfeitures are applied to Ethyl's contribution. At December 31, 2001 and December 31, 2000, the forfeiture balance was \$19,901 and \$19,610, respectively, and \$27,487 was applied to employer contributions in 2001.

12. Related-Party Transactions:

Certain Plan investments are shares of investment funds managed by Merrill

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Lynch, the trustee of the Plan. Investments in the Ethyl Corporation Common Stock Fund represent investments in shares of common stock of Ethyl Corporation, the Plan sponsor. The balance within this account was \$6,022,655, or 6,546,365 shares, and \$8,440,535, or 5,873,719 shares, at December 31, 2001 and 2000, respectively. Current year activity within this fund included purchases of \$2,908,045, or 2,195,778 shares, and sales of \$6,284,397, or 1,253,854 shares.

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SAVINGS PLAN FOR THE EMPLOYEES OF ETHYL CORPORATION
 Schedule H, Line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 December 31, 2001

EIN: 54-011882 PN: 002

| (a) | (b) Identity of issuer, borrower, lessor or similar party | (c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value | (d) |
|-----|---|---|-------|
| ** | Ethyl Corporation | Common stock, \$1.00 par value (6,546,365 shares) | \$34, |
| | Tredegar Corporation | Common stock, no par value (169,966 shares) | |
| | Albemarle Corporation | Common stock, \$.01 par value (329,462 shares) | |
| ** | Participant Loans | Loans to participants bearing interest at 7% - 10.5%, maturity dates of 1/09/02 - 8/30/06 | |
| ** | Merrill Lynch | Retirement Preservation Trust (8,546,380 units) | |
| ** | Merrill Lynch | Equity Index Trust (286,575 units) | |
| | PIMCO | Total Return Fund (214,416 units) | |
| ** | Merrill Lynch | Capital Fund (137,170 units) | |
| ** | Merrill Lynch | Growth Fund (69,222 units) | |
| | Franklin | Small Cap Growth Fund (117,143 units) | |
| | Ivy | International Fund (31,409 units) | |
| | Davis | New York Venture Fund (168,903 units) | |
| | Pending Settlement Fund | | |

**Denotes a party in interest to the Plan

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

SAVINGS PLAN FOR THE EMPLOYEES OF
ETHYL CORPORATION

BY: /s/ David A. Fiorenza

David A. Fiorenza
Vice President, Treasurer and Principal Financial
Officer, Member of the Master Trust Committee

Dated: June 28, 2002