

OCTEL CORP
Form DEF 14A
March 31, 2005
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

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OCTEL CORP.

(Name of Registrant as Specified in Its Charter)

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OCTEL CORP.

**220 Continental Drive
Newark, DE 19713**

DENNIS J. KERRISON
President and Chief Executive Officer

Dear Stockholder:

March 31, 2005

You are cordially invited to attend the Annual Meeting of Stockholders of Octel Corp. (the Corporation), which will be held on May 3, 2005 at 10:00 a.m. local time, at the Hyatt Regency Boston, One Avenue de Lafayette, Boston, MA 02111, U.S.A.

The Notice of Meeting, Proxy Statement, Proxy Form and Annual Report of the Corporation are included with this letter. The matters listed in the Notice of Meeting are more fully described in the Proxy Statement.

It is important that your shares are represented and voted at the Annual Meeting, regardless of the size of your holdings. Accordingly, please mark, sign and date the enclosed Proxy Form and return it promptly in the enclosed reply envelope which requires no postage if mailed in the United States of America. If you sign and return your Proxy Form without specifying your choices, it will be understood that you wish to have your shares voted in accordance with the directors' recommendations as set forth in the attached Proxy Statement.

Sincerely,

/s/ Dennis J. Kerrison

DENNIS J. KERRISON

President and Chief Executive Officer

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OCTEL CORP.

220 Continental Drive

Newark, DE 19713

U.S.A.

Notice of Annual Meeting of Stockholders

May 3, 2005

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Stockholders of Octel Corp. (the Corporation) will be held at 10:00 a.m. local time on May 3, 2005 at the Hyatt Regency Boston, One Avenue de Lafayette, Boston, MA 02111, USA for the following purposes:

1. To re-elect two current directors to serve until the 2008 Annual Meeting;
2. To elect one new director to serve until the 2008 Annual Meeting;
3. To ratify the appointment of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2005; and
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed March 4, 2005 as the date of record for the meeting and only stockholders of record at the close of business on that date will be entitled to vote at the meeting or any postponement or adjournment thereof. A list of such stockholders will be available for examination by any stockholder for any purpose germane to the meeting both at the meeting and during normal business hours at the Corporation's offices at 220 Continental Drive, Newark, DE 19713, U.S.A. for a period of 10 days prior to the meeting.

A proxy statement, form of proxy and a copy of the annual report of the Corporation for the year ended December 31, 2004 are enclosed.

By Order of the Board of Directors,

/s/ Andrew Hartley

Andrew Hartley

Vice President and General Counsel

March 31, 2005

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON AND REGARDLESS OF THE NUMBER OF SHARES YOU OWN, PLEASE MARK, SIGN AND DATE THE ENCLOSED PROXY FORM AND MAIL IT PROMPTLY IN THE ENVELOPE PROVIDED TO ENSURE THAT YOUR SHARES WILL BE REPRESENTED. YOU MAY NEVERTHELESS VOTE IN PERSON IF YOU ATTEND THE ANNUAL MEETING. IN ADDITION, YOUR PROXY IS REVOCABLE AT ANY TIME BEFORE IT IS VOTED BY WRITTEN NOTICE TO THE SECRETARY OF THE CORPORATION OR BY DELIVERY OF A LATER DATED PROXY.

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OCTEL CORP.

220 Continental Drive

Newark, DE 19713

U.S.A.

PROXY STATEMENT

March 31, 2005

for

Annual Meeting of Stockholders

To Be Held On May 3, 2005

This proxy statement (the **Proxy Statement**) is being furnished to the holders of common stock, par value \$0.01 per share (the **Common Stock**), of Octel Corp., a Delaware corporation (the **Corporation**) in connection with the solicitation of proxies by and on behalf of the Board of Directors of the Corporation (the **Board of Directors** or the **Board**) for use at the annual meeting of stockholders to be held on May 3, 2005 at 10:00 a.m. local time, and at any adjournments or postponements thereof (the **Annual Meeting**). The purpose of the Annual Meeting is:

- to re-elect two directors to the Board,
- to elect one new director to the Board, and
- to ratify the appointment of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for the 2005 fiscal year.

Record Date and Quorum

This Proxy Statement, the Proxy Form and the Corporation's Annual Report to Stockholders are being mailed on or about March 31, 2005 to holders of record of the Common Stock at the close of business on March 4, 2005 (the **Record Date**). Each outstanding share of Common Stock entitles the holder thereof as of the record date to one vote (or where a part share shall be owned a proportionate part of the vote of one share) on each matter to come before the Annual Meeting. As of the Record Date, excluding treasury stock, there were 14,777,250 shares of Common Stock outstanding. There are no other outstanding voting securities of the Corporation other than the Common Stock.

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The presence at the Annual Meeting in person or by proxy of the holders of a majority of the shares of Common Stock outstanding and entitled to vote will constitute a quorum for the transaction of business. Abstentions and broker non-votes are treated as present and entitled to vote, and therefore are counted in determining the existence of a quorum. At the Annual Meeting, election inspectors will determine whether or not a quorum is present.

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner with respect to such item.

Proxies

If the enclosed proxy form (the Proxy Form) is properly signed, dated and returned to the Corporation, the individuals identified as proxies thereon will vote the shares represented by the Proxy Form in accordance with the directions noted thereon. If you do not indicate how your shares should be voted on a matter, the shares

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represented by your properly completed Proxy Form will be voted as the Board of Directors recommends. The Corporation's management does not know of any matters other than those discussed in this Proxy Statement that will be presented at the Annual Meeting. If other matters are presented, all proxies will be voted in accordance with the recommendations of the Corporation's Board of Directors unless the stockholder otherwise specifies in the Proxy Form.

Returning your completed Proxy Form will not prevent you from voting in person at the Annual Meeting if you are present and wish to vote. In addition, you may revoke your proxy at any time before it is voted by sending written notice of revocation or by submission of a properly executed proxy bearing a later date to the Secretary of the Corporation prior to the Annual Meeting at the Corporation's principal executive offices at the address above.

Required Votes

Proposal One (Re-Election of Directors): The election of directors is decided by the affirmative vote of a plurality of the votes duly cast by holders of all shares entitled to vote in the election. Abstentions and broker non-votes are not counted as votes cast for the purpose of electing directors. Accordingly, abstentions and broker non-votes will not be taken into account and, therefore, will not affect the outcome of the election of directors.

Proposal Two (Election of New Director): The election of directors is decided by the affirmative vote of a plurality of the votes duly cast by holders of all shares entitled to vote in the election. Abstentions and broker non-votes are not counted as votes cast for the purpose of electing directors. Accordingly, abstentions and broker non-votes will not be taken into account and, therefore, will not affect the outcome of the election of directors.

Proposal Three (Ratification of Appointment of Independent Registered Public Accounting Firm): The affirmative vote of the majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on this proposal is required to ratify the appointment of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2005. A broker or nominee has discretion to vote on this matter. Accordingly, both abstentions and broker non-votes will be treated as present and entitled to vote and, therefore, will have the effect of votes against this proposal.

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PROPOSAL ONE

(Item 1 on the Proxy Form)

Re-election of Current Class I Directors

The Bylaws of the Corporation provide that the number of directors shall be not less than three nor more than 12, the exact number of which shall be determined from time to time by resolution adopted by the Board of Directors, and that the Board shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. Currently, the Board has 8 members, three in Class I, two in Class II and three in Class III and the appointments of the directors in such Classes expire at the Annual Meetings of the Corporation in 2005, 2006 and 2007, respectively.

Directors in Class I, Mr. Charles M. Hale and Mr. Samuel A. Haubold, whose terms expire at the upcoming Annual Meeting, have been nominated for re-election. See Management Nominees for Director for information with respect to Messrs. C. Hale and Haubold. The Corporation believes that the nominees are willing to be elected and to serve. In the event that the nominees are unable to serve or are otherwise unavailable for election, which is not now contemplated, the incumbent Board may or may not select a substitute nominee. If a substituted nominee is selected, all proxies will be voted for the person selected.

The election of directors at the Annual Meeting requires a plurality of the votes actually cast by the stockholders present (in person or by proxy) at the meeting and entitled to vote. There is no cumulative voting as to any matter, including the election of directors.

The Board of Directors recommends a vote FOR the re-election of the nominee current directors.

PROPOSAL TWO

(Item 2 on the Proxy Form)

Election of a New Director

The Bylaws of the Corporation provide that the number of directors shall be not less than three nor more than 12, the exact number of which shall be determined from time to time by resolution adopted by the Board of Directors, and that the Board shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. By resolution of the Board of Directors dated December 15, 2004, the Board of Directors increased the number of members on the Board of Directors from seven to eight; three directors in Class I, two directors in Class II and three directors in Class III and the appointments of the directors in such Classes expire at the Annual Meetings of the Corporation in 2005, 2006 and 2007, respectively.

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Mr. Hugh Aldous was elected to the Board in accordance with Article III of the Bylaws to fill the vacancy on the Board created as a result of the increase in the number of members by resolution of the Board passed on December 15, 2004. Mr. Aldous will serve until the date of the 2005 Annual Meeting. Mr. Aldous has also been nominated for election as a Class I Director to the Board of Directors to serve until the Corporation's 2008 Annual Meeting. See Management Nominees for Director for information with respect to Mr. Aldous. The Board of Directors appointed Mr. Aldous to serve on the Audit Committee after the Corporation's February 15, 2005 Board Meeting. The Corporation believes that Mr. Aldous is willing to be elected and to serve. In the event that Mr. Aldous is unable to serve or is otherwise unavailable for election, which is not now contemplated, the incumbent Board may or may not select a substitute nominee. If a substituted nominee is selected, all proxies will be voted for the person selected.

The election of directors at the Annual Meeting requires a plurality of the votes actually cast by the stockholders present (in person or by proxy) at the meeting and entitled to vote. There is no cumulative voting as to any matter, including the election of directors.

The Board of Directors recommends a vote FOR the election of the nominee director.

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PROPOSAL THREE

(Item 3 on the Proxy Form)

Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee has appointed the accounting firm of PricewaterhouseCoopers LLP to serve as independent registered public accounting firm of the Corporation with respect to the 2005 fiscal year to examine the financial statements of the Corporation for the fiscal year ending December 31, 2005 and to perform other appropriate accounting services. PricewaterhouseCoopers LLP served as the Corporation's independent registered public accounting firm for fiscal year 2004.

A representative of PricewaterhouseCoopers LLP is expected to be present at the Annual Meeting to respond to questions and to make a statement if such representative desires to do so. If the stockholders do not ratify this appointment by the affirmative vote of a majority of the shares represented in person or by proxy at the Annual Meeting, the Audit Committee will consider other independent registered public accounting firms.

The Board of Directors recommends a vote FOR ratification of the appointment of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2005.

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MANAGEMENT

The following sets forth certain information as of March 31, 2005 with respect to the Corporation's nominees for directors, the Corporation's continuing directors and certain officers of the Corporation and its subsidiaries (including all executive officers of the Corporation). Officers of the Corporation serve at the discretion of the Board of Directors.

Nominees for Director

Class I Directors who will serve until the 2005 Annual Meeting and are seeking re-election

Charles M. Hale Director since May 7, 1998

Age: 69

Charles Hale is Executive Chairman of Polar Capital Partners Limited, a London based asset management company regulated by the FSA. Prior to 2002, he was Vice Chairman of CSFB Europe Limited, having been Chairman of Donaldson, Lufkin & Jenrette International, the London based subsidiary of Donaldson Lufkin & Jenrette Inc., until its acquisition by Credit Suisse First Boston in November 2000. Prior to 1984, he was a general partner of Lehman Brothers Kuhn Loeb and Managing Director of AG Becker International. Mr. Hale is a graduate of Stanford University and Harvard Business School. Charles Hale is the brother of Martin Hale who is also a director of the Corporation. Mr. Charles Hale is the Chairman of the Finance Committee and a member of the Audit and Compensation Committees.

Samuel A. Haubold Director since November 19, 2002

Age: 66

Samuel A. Haubold regularly serves as an arbitrator and mediator of international commercial disputes. He is currently affiliated with Littleton Chambers, a chamber of barristers in London. Prior to his retirement in July 2003, Mr. Haubold had been the Senior Partner of Kirkland & Ellis International in London since 1995. Mr. Haubold is a graduate of the Harvard Law School and is a member of the Advisory Council of the Institute of United States Studies, University of London. Mr. Haubold is the Chairman of the Nominating and Corporate Governance Committee and a member of the Compensation Committee.

Hugh Aldous Director effective May 3, 2005 (if approved)

Age: 60

Hugh Aldous is a partner at RSM Robson Rhodes, Chartered Accountants and Management Consultants where he served as Chief Executive Officer from 1987 to 1997. Mr. Aldous currently serves as Chairman of two buy-out funds: Craegmoor Healthcare Limited, a £180 million private equity carehome company, and Eastern European Trust plc, a London listed co-investor in Russia and Eastern Europe. Mr. Aldous is also a non-executive director of two listed public investment companies Henderson TR Pacific Trust plc and Elderstreet Millennium Venture Capital Trust plc. Mr. Aldous has authored several reports on corporate governance issues and has served as the Audit Committee Chairperson for several companies and currently Mr. Aldous chairs the Audit Committee of Henderson TR Pacific Trust plc and Elderstreet Millennium Venture Capital Trust plc. Mr. Aldous is a member of the Audit Committee.

Continuing Directors

The Class II members who will serve until the 2006 Annual Meeting

James M. C. Puckridge Director since May 7, 1998

Age: 69

James Puckridge was Chairman of Elf Atochem U.K. Ltd. (now Atofina U.K. Ltd.), a position he assumed in 1990, until his retirement on December 31, 1998. Prior to that he was Managing Director of the same organization. He is a non-executive director of Thomas Swan and Co Ltd., a U.K. based specialty chemical corporation and venture capitalist. He is a past President of the British Plastics Federation and a former Council Member of the Chemical Industries Association, where he was Chairman of the General Purpose and Finance Committee. He has been Chairman of the Trustees of The Associated Octel Company Limited Pension Plan since October 3, 2000. Mr. Puckridge is Chairman of the Compensation and the Safety, Health and Environmental Committees and is a member of the Nominating and Corporate Governance Committee.

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Dr. Benito Fiore Director since May 7, 1998

Age: 67

Dr. Benito Fiore is a specialist in the chemical industry retained by the chemical practices division of A T Kearney Limited, part of a global consultancy organization. Between 1990 and 1995 he was Chairman and Chief Executive Officer of Enichem U.K. Ltd. Prior to this he held a number of executive directorships in the Montedison Group working in Denmark, Canada, Italy and the U.S.A. He is a Member of the Council of the Italian Chamber of Commerce, an Associate Member of the Council of the Chemical Industries Association and a Fellow of the Institute of Directors. Dr. Fiore is a member of the Safety, Health and Environmental Committee.

Class III Directors who will serve until the 2007 Annual Meeting

Dr. Robert E. Bew Director and Chairman since May 7, 1998

Age: 68

Dr. Robert Bew serves as Non-Employee Chairman of the Corporation. Until January 1, 2001 he was Chairman of the European Process Industries Competitiveness Centre, an organization specializing in increasing competitiveness in process industries, and until 2002 he was Chairman of the Teesside Chemical Initiatives (TCI). He spent over 35 years with ICI, most recently as CEO of ICI's International Chemical & Polymer division based in Teesside, U.K. Previously he served as head of ICI Corporate Planning and between 1995 and 1997 he was also Chairman of Phillips Imperial Petroleum Ltd., a refinery joint venture between ICI and Phillips Petroleum. Dr. Bew is a member of the Executive, Audit and Finance Committees.

Dennis J. Kerrison Director since February 27, 1998

Age: 60

Dennis Kerrison serves as President and Chief Executive Officer of the Corporation. He joined the Corporation's wholly owned subsidiary The Associated Ocel Company Limited as Managing Director in May 1996 as well as serving as a Group Vice President and Officer of that Corporation's then owners, Great Lakes Chemical Corporation. Between 1992 and 1996 he was a Director and Officer of Hickson International plc, his last position being Chief Executive Officer. Prior to this he worked in senior management roles for specialty chemical companies, in Europe and the United States, notably Rhone Poulenc, Rohm & Haas and RTZ Chemicals. Mr. Kerrison is a member of the Executive and Finance Committees.

Martin M. Hale Director since February 27, 1998

Age: 64

Martin Hale is a Director of Great Lakes Chemical Corporation, having been a Director since 1978 and from 1995 until May 2000 served as Chairman. Prior to 1983, Mr. Hale was President and Chief Executive Officer of Marsh & McLennan Asset Management Company. From 1983 to 2001 Mr. Hale was Executive Vice President and Partner of Hellman Jordan Management Co, a registered investment adviser. He also serves as a Trustee of the Museum of Fine Arts, Boston. Martin Hale is the brother of Charles Hale who is also a Director of the Corporation. Mr. Martin Hale is the Chairman of the Audit Committee and a member of the Executive Committee.

Officers (other than those who are directors and listed above)

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Andrew Hartley (Appointed November 1, 2004)

Age: 48

Andrew Hartley serves as Vice President and General Counsel to the Corporation, having been appointed as Corporate Secretary on November 1, 2004. Prior to this Mr. Hartley was Company Secretary and General Counsel of BASF plc, the UK subsidiary of the global chemical company, BASF AG. He has held in-house legal positions since 1990, prior to which he worked in private practice.

Dr. Catherine Hessner (Appointed August 12, 2003)

Age: 46

Cathy Hessner serves as Senior Vice President, Human Resources of the Corporation, having joined it in March 2003. Prior to joining the Corporation, she served as European Human Resources Director for Nova Chemicals, a US commodity chemicals company. From 1995 to 1999, Dr. Hessner served as European HR Director for Anheuser-Busch, the U.S. brewing corporation, based in the U.K. and, prior to that, spent nine years with various divisions of Mars Incorporated in a variety of Human Resources and general business roles.

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Dr. Geoffrey J. Hignett (Appointed December 22, 1998)

Age: 54

Geoffrey Hignett serves as Senior Vice President, Corporate Leadership of the Corporation, having been Vice President, Specialty Chemicals from December 1998 to November 2000. Dr. Hignett joined the Corporation's subsidiary The Associated Ocel Company Limited in February 1997 as Business Director, Petroleum Specialties. From May 1993 to January 1997 he served as Director of Technology and Business Director of Water Additives for a division of FMC Corporation, a multinational engineering, manufacturing and chemicals company and prior to that as Technical Director of the Metals and Electronics Division of Laporte plc.

Paul W. Jennings (Appointed November 18, 2002)

Age: 47

Paul Jennings serves as Executive Vice President and Chief Financial Officer of the Corporation having joined the Corporation in November 2002. Prior to joining the Corporation, Mr. Jennings served as Chief Financial Officer for Griffin LLC, a joint venture between Griffin Corporation and Dupont in the crop protection chemical industry based in the U.S.A. From 1986 to 1999, Mr. Jennings held the positions of Chief Financial Officer and Vice President Finance for various divisions and regions of Courtaulds plc working in Europe, U.S.A. and Singapore spanning the fiber, chemical, film and coating industries.

Dr. Ian McRobbie (Appointed May 7, 2002)

Age: 56

Ian McRobbie serves as Senior Vice President, Research and Technology, having joined the Corporation in January 2002. Between 1989 and 2002 he was Technical Director of A H Marks and Company Ltd., a privately owned British chemical company operating in agrochemical and specialty chemical markets. Prior to this, he worked in senior research and manufacturing roles for Seal Sands Chemical Co. Ltd. (a wholly owned subsidiary of the Hexcel Corporation based in California) and BTP plc (now part of Clariant).

Richard T. Shone (Appointed May 7, 2002)

Age: 57

Richard Shone serves as Vice President, Safety, Health and Environment of the Corporation, having joined its subsidiary, The Associated Ocel Company Limited, in a similar capacity in May 1997. Prior to that, from 1986, he served as General Manager, Group Safety Hazards and Environment, Laporte plc, having previously worked for the U.K.'s Health and Safety Executive.

Sharon E. Todd (Appointed May 7, 2002)

Age: 38

Sharon Todd serves as Executive Vice President and Corporate Development Director of the Corporation, having joined its subsidiary, The Associated Ocel Company Limited, in October 2001. From 1997, she served as Strategic Planning Director at ICI Acrylics in Belgium. Prior to that she held various management positions with Albright & Wilson, her last position being Business Manager of one of its specialty chemical businesses.

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Dr. Alexander A. Dobbie, former Executive Vice President, resigned effective August 31, 2004.

John P. Tayler, former Corporate Secretary and General Counsel, resigned effective April 6, 2004.

Family Relationships

Charles Hale, who is a director of the Corporation, is the brother of Martin Hale, who is also a director of the Corporation. There are no other family relationships between any of the persons referred to in the sections Nominees for Director , Continuing Directors or Officers above.

LEGAL PROCEEDINGS

In April 2002, the Corporation commenced proceedings in the Patents Court in the U.K. against Infineum USA L.P. (Infineum) for the revocation of the U.K. equivalent of European Patent No. 0807155 (155), European Patent No. 0743972 (972) and European Patent No. 0743974 (974).

Octel Corp. (Octel) and Infineum have agreed that the issues between them concerning the validity of certain patents should be determined at the European Patent Office (EPO), and not in the U.K. courts.

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Accordingly, Octel and Infineum have agreed that the U.K. proceedings for revocation of the patents and Infineum's counterclaim for infringement should be stayed while this determination at the European Patent Office took place.

The EPO revoked Infineum's patent 974 completely. Infineum has appealed to the EPO's Board of Appeal. Octel, along with three other respondents, BASF, Clariant and Ethyl, will make representations to the Board of Appeal. It is unlikely that the appeal will be heard in 2005.

With regard to Infineum's patents 155 and 972, all composition claims were revoked. Certain use claims were permitted. All five parties (Infineum and the respondents, Octel, BASF, Clariant and Ethyl) have appealed. The 972 appeal is scheduled to be heard in August 2005. All four parties (Infineum, Octel, Clariant and Ethyl) have appealed the 155 patent decision. The appeal is unlikely to be heard in 2005.

In addition, Octel has opposed the following Infineum patents in the EPO:

- i. EP No: 0890631, a patent for an acid based lubricity enhancer containing a detergent. Opposition filed September 2004.
- ii. EP No: 0743973, a patent for a lubricity enhancer and polyoxylalkylene compound. Opposition filed on January 21, 2005.

Octel commenced opposition proceedings in the EPO on January 7, 2005 against Rhodia's patent no: EP1090211. Infineum has opposed Octel's diesel particulate fuel patent, EP no: EP1047755.

On April 20, 2004, United Color Manufacturing filed a claim for damages and injunctive relief under the federal Lanham Act and Pennsylvania's common law alleging false advertising by Octel Starreon concerning Octel Starreon's Oil Red B Dyes. Octel Starreon's management is defending this litigation vigorously, working closely with its outside legal counsel to contest and defend the allegations of the Complaint. Though Octel Starreon views these claims as legally and factually unfounded, the Corporation has taken affirmative action to limit the prospective impact on the Corporation's exposure. The litigation is in the discovery phase, and there have been no rulings from the Court at this time as to the merits of the claims or defenses.

Given the international scope of its operations, the Corporation is subject to laws of many different jurisdictions, including laws relating to the imposition of restrictions on trade and investment with various entities, persons and countries, some of which laws are conflicting. In 2004 the Corporation reviewed, as it does periodically, aspects of its operations in respect of such restrictions, and determined to dispose of certain non-core, non-US subsidiaries of Bycosin AB which had been engaged, since prior to the acquisition in 2001 of Bycosin AB by the Corporation, in transactions and activities, including the sale of certain fuel additives, with entities and persons that are in or associated with Cuba. Consequently, on November 15, 2004, Bycosin AB, a wholly-owned subsidiary of the Corporation organized under the laws of Sweden (now known as Octel Sweden AB, the Seller), entered into a Business and Asset Purchase Agreement (the Agreement) with Pesdo Swedcap Holdings AB (the Purchaser), Håkan Byström and others as the Purchaser's guarantors, and Octel Petroleum Specialties Limited as the Seller's guarantor, and completed the all-cash transaction contemplated thereby (together with related transactions, the Transaction). The Agreement provided for, among other things: (i) the disposal of certain non-core Petroleum Specialties business and related manufacturing and other assets of the Seller; and (ii) the supply and distribution of certain power products to certain geographic regions. The net consideration paid by the Purchaser was approximately US\$2.9 million.

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Following completion of the Transaction, the Corporation made a voluntary disclosure to the U.S. Office of Foreign Assets Control (OFAC) regarding such transactions and activities engaged in by certain non-core non-US subsidiaries of the Seller. The Corporation has commenced an internal review of such transactions and activities and has disclosed to OFAC the results of such review. While the Corporation believes that it is no longer engaged in business with certain entities, persons and countries that are subject to restrictions and

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sanctions under U.S. trade laws and regulations and that it has taken appropriate steps to achieve compliance with applicable U.S. laws and regulations relating to trade and investment, if the Corporation or its subsidiaries (current or former) were found not to have complied with such laws or regulations, or any other applicable laws or regulations, including those of jurisdictions the laws of which are conflicting, the Corporation or its subsidiaries could be subject to fines or other civil or criminal penalties which could be material.

No director or officer and to our knowledge no affiliate of the Corporation or any associate of any director or officer is involved, or has a material interest in, any proceedings which would have a material adverse effect on the Corporation.

Item 103 of Regulation S-K requires disclosure of administrative or judicial proceedings arising under any federal, state or local provisions dealing with protection of the environment, if the monetary sanctions might exceed \$100,000. There are currently no such proceedings.

Except as described above, there are no other material pending legal proceedings to which the Corporation or any of its subsidiaries is a party, or of which any of their property is subject, other than ordinary, routine litigation incidental to their respective businesses.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

Our Board of Directors believes that the purpose of corporate governance is to ensure that we maximize stockholder value in a manner consistent with all applicable legal and regulatory requirements as well as the highest standards of business ethics and integrity. The Corporation has adopted a set of Corporate Governance Guidelines available on the Corporation's website, including specifications for director qualification and responsibility, which the Board and senior management believe promote this purpose and represent best practices. The Board of Directors believes that corporate governance is an evolving process and periodically reviews and updates the Corporate Governance Guidelines.

The guidelines can be accessed electronically in the Investor Relations section of our website, www.octel-corp.com, or by writing to our Investor Relations Director at Octel Corp., European Headquarters, Global House, Bailey Lane, Manchester, M90 4AA, England.

Information about the Board of Directors

Attendance

The Board of Directors met five times and the Committees of the Board met a total of twenty seven times during fiscal year ended December 31, 2004. Directors are expected to attend all Board Meetings and meetings of committees on which they serve. All of the directors attended the 2004 Annual Meeting. Attendance at the meetings, during fiscal 2004, by nominees and incumbents serving as directors was 100%. All directors attended in person, except for Mr. Charles Hale who attended one meeting by teleconference. Each director attended 90% or more of the

meetings of the Board and meetings of committees of the Board on which he or she served.

Independent Board of Directors

The Board of Directors, after considering broadly all relevant facts and circumstances of which it is aware, including those matters set forth under *Certain Other Transactions and Relationships* and under *Management - Family Relationships*, has determined that a majority of its members are independent within the meaning of The New York Stock Exchange listing rules applicable on the date hereof.

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The Corporation adopted the following standards for director independence in compliance with the NYSE corporate governance listing standards.

1. No director qualifies as independent unless the Board affirmatively determines that the director has no material relationship with the Corporation or its wholly-owned subsidiaries (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Corporation). These determinations must be disclosed.

2. The Board has established the following criteria for determining director independence:
 - a. A director who is an employee, or whose immediate family member is an executive officer of the Corporation is not independent until three years after the end of such employment relationship;

 - b. A director who receives, or whose immediate family member receives, more than \$100,000 per year in direct compensation from the Corporation, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than \$100,000 per year in such compensation;

 - c. A director who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external registered public accounting firm of the Corporation is not independent until three years after the end of the affiliation or the employment or auditing relationship;

 - d. A director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the Corporation's present executives serve on that company's compensation committee is not independent until three years after the end of such service or the employment relationship; and

 - e. A director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, the Corporation for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues, is not independent until three years after falling below such threshold.

The Board determined that each member of the Board, except for Mr. Kerrison, meets the aforementioned independence standards. Mr. Kerrison does not meet the aforementioned independence standards, because as the current President and Chief Executive Officer of the Corporation, he is an employee of the Corporation.

Executive Sessions of Non-Employee Directors

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Non-employee directors are all those who are not Corporation officers, and includes such directors who are not independent by virtue of a material relationship, former status or family membership, or for any other reason. Executive Sessions are led by the Chairman. An executive session is held in conjunction with each regularly scheduled Board meeting and other sessions may be called by the Chairman in his or her own discretion or at the request of the Board. Dr. Robert E. Bew has been designated as the Chairman. There were five executive sessions during fiscal 2004.

Contacting the Board of Directors

Any stockholder who desires to contact the Chairman or any of the directors of the Corporation may do so via the following e-mail address: contact.board@octel-corp.com, or by writing to them at Octel Corp., Global House, Bailey Lane, Manchester M90 4AA England. Communications received electronically or in writing will be forwarded to the addressee of the communication.

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Committees of the Board of Directors

The Corporation has Executive, Finance, Audit, Safety, Health and Environmental, Compensation and Nominating and Corporate Governance Committees, the members of which are as shown below.

Audit Committee

The Audit Committee operates pursuant to a written Charter (attached hereto as Appendix A), and is responsible for monitoring and overseeing the Corporation's internal controls and financial reporting process, the independent audit of the Corporation's consolidated financial statements by the Corporation's independent registered public accounting firm, PricewaterhouseCoopers LLP, and the other responsibilities set forth in its Charter. Mr. C. Hale has served as a member of this Committee since its formation on May 11, 1998. On February 20, 2002 Mr. M. Hale was appointed Chairman of this Committee. On March 31, 2004, Mr. Bew was appointed to the Committee. Under the listing standards of The New York Stock Exchange applicable on the date hereof, each of Messrs. R. Bew, M. M. Hale and C. M. Hale is an independent director. The Committee met nine times during fiscal 2004. Assuming election to the Board, Mr. Aldous will be appointed to the Audit Committee, effective February 15, 2005. Under the listing standards of The New York Stock Exchange applicable on the date hereof, Mr. Aldous would be considered an independent director.

All Audit Committee members possess the required level of financial literacy and at least one member of the Committee meets the current standard of requisite financial management expertise as required by The New York Stock Exchange on the date hereof. The Board of Directors has determined that Mr. M. Hale qualifies as an Audit Committee Financial Expert, as such term is defined in Item 401(h) of Regulation S-K, and is independent for purposes of the Securities Exchange Act of 1934. The Board made this determination based on Mr. M. Hale's 40 years of experience as a securities analyst and portfolio manager with emphasis on balance sheet study and his direct experience serving on the audit committee of the Great Lakes Chemical Corporation for the last 26 years (including five years as its chairman).

PricewaterhouseCoopers LLP, the Corporation's independent registered public accounting firm, report directly to the Audit Committee.

The Audit Committee, consistent with the Sarbanes-Oxley Act of 2002 and the rules adopted thereunder, meets with management and the Registered Public Accounting Firm prior to the filing of officers' certifications with the Securities and Exchange Commission (the SEC) to receive information concerning, among other things, significant deficiencies in the design or operation of internal controls.

Any stockholder or employee may submit at any time a good faith complaint regarding any questionable accounting, internal accounting controls, or auditing matters concerning the Corporation without fear of dismissal or retaliation of any kind. Employees are encouraged to report their concerns and complaints to the Corporate Secretary or to the Audit Committee. Confidential, anonymous reports may be made by writing to: Corporate Secretary, Octel Corp., Global House, Bailey Lane, Manchester, M90 4AA, England. The Audit Committee has adopted a Complaint Monitoring Procedure Policy to enable confidential and anonymous reporting to the Audit Committee. All complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters will be retained in accordance with the Corporation's document retention policy.

The Corporation's internal audit group reports directly to the Audit Committee.

The Corporation limits the number of public company audit committees its audit committee members serve to three or less.

The Audit Committee Report appears later in this Proxy Statement.

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Executive Committee

The Executive Committee has all the powers and authority of the Board of Directors, except those powers specifically reserved to the Board of Directors by Delaware law, the Certificate of Incorporation or the Bylaws of the Corporation or otherwise, to act for the Board, with certain restrictions, on behalf of the Corporation. Dr. Bew (Chairman), Mr. Kerrison, Mr. M. Hale and Mr. Puckridge have served as members of this Committee since its formation on May 11, 1998. The Committee did not meet during fiscal 2004.

Finance Committee

The Finance Committee reviews and assesses the financial affairs of the Corporation and provides advice to the Board of Directors on financial policies and the financial condition of the Corporation. Mr. C. Hale (Chairman), Dr. Bew and Mr. Kerrison have served as members of this Committee since its formation on May 11, 1998. The Committee met three times during fiscal 2004.

Safety, Health and Environmental Committee

The Safety, Health and Environmental Committee assesses the Corporation's safety, health and environmental policies and performance and makes recommendations to management regarding the promotion and maintenance of standards of compliance and performance. Mr. Puckridge (Chairman) and Dr. Fiore have served as members of this Committee since its formation on May 11, 1998. The Committee met once during fiscal 2004.

Compensation Committee

The Compensation Committee operates under a formal charter that governs its duties and standards of performance. The current version of the Compensation Committee Charter can be accessed at the Corporation's website www.octel-corp.com.

The Compensation Committee reviews management compensation programs, recommends compensation terms and agreements for senior executive officers to the Board for Board approval, reviews changes in compensation for senior executive officers and non-employee directors and administers the Corporation's stock option plans. Mr. Puckridge and Mr. C. Hale were appointed to the Committee on February 20, 2002. Mr. Puckridge was appointed Chairman on March 31, 2004. Mr. Haubold was appointed to the Committee on March 31, 2004. Under The New York Stock Exchange listing standards applicable on the date hereof, each of Messrs. Puckridge, C. Hale and Haubold is an independent director. The Committee met nine times during fiscal 2004.

Nominating and Corporate Governance Committee

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On November 19, 2002, the Corporation formed a Nominating and Corporate Governance Committee and appointed Mr. Haubold as its Chairman and Mr. Puckridge as a member. The purpose of the Nominating and Corporate Governance Committee is to identify individuals qualified to become Board members consistent with criteria approved by the Board, recommend to the Board the persons to be nominated by the Board for election as directors at the annual meeting of stockholders, develop and recommend to the Board a set of corporate governance principles and oversee the evaluation of the Board and management. The Committee met five times during fiscal 2004.

Under the listing standards of The New York Stock Exchange applicable on the date hereof each of the members of the Nominating and Corporate Governance Committee meet the appropriate tests for independence. The Nominating and Corporate Governance Committee operates under a formal charter that governs its duties and standards of performance. The charter was filed with the Corporation's 2004 Proxy Statement and is available on the Corporation's website.

The Nominating and Corporate Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Committee regularly assesses the appropriate size of the Board and

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whether vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Committee considers potential candidates for director. Candidates may come to the attention of the Committee through current Board members, professional search firms, stockholders or other persons. These candidates are evaluated at regular or special meetings of the Committee and may be considered at any time during the year.

The policy of the Nominating and Corporate Governance Committee is to consider properly submitted stockholder nominations for election to the Board as described in the Corporate Governance Guidelines which may be found on the Corporation's website. In order for any candidate to be considered by the committee, and if nominated, included in the proxy statement, such recommendation should be received no later than the deadline for submission of stockholder proposals. See *Stockholders' Proposals For the 2006 Annual Meeting*. Recommendations should be sent to the Corporate Secretary and should specify the nominee's name, qualification for Board membership and any other information required by the Corporation's Bylaws. All properly submitted stockholder proposals for director nominees received by the Corporate Secretary will be submitted to the Committee for review and consideration.

Disclosure Committee

The Corporation has formed a Disclosure Committee, composed of senior members of management, including the Chief Internal auditor, the Group Financial Controller, the Corporate Secretary/General Counsel and the Director of Investor Relations. The Committee's remit is to help ensure that all disclosures made by the Corporation to its security holders or the investment community are accurate and complete in all material respects, fairly present the Corporation's financial condition and results of operations in all material respects, and are made on a timely basis as required by applicable laws and stock exchange requirements.

Code of Ethics

Management has adopted a Code of Ethics, violations of which may be reported to the Chairman of the Nominating and Corporate Governance Committee or the Corporate Secretary. This Code of Ethics is intended to promote, among other things, honest and ethical conduct, full and accurate reporting and compliance with applicable laws and regulations.

Copies of Code of Ethics, Corporate Governance Guidelines and Committee Charters

Any stockholder who requires a copy of the Code of Ethics, Corporate Governance Guidelines or any of the Board Committee Charters may obtain one by writing to the Investor Relations Director, Octel Corp., Global House, Bailey Lane, Manchester, M90 4AA, England, or by e-mail to: investor@octel-corp.com. These documents can also be accessed via the Corporation's website, www.octel-corp.com.

Compensation of Directors

Retainer, Committee and Meetings Fees

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Non-employee directors receive compensation for their services in the form of an annual retainer, Committee Chairman fees and meeting fees. Corporation employees are not paid any fees or compensation for being on the Board or on any Board committee.

In fiscal 2004, the non-employee Chairman of the Board received an annual retainer of approximately \$140,000. All other non-employee directors received an annual retainer of approximately \$33,000. All non-employee directors received an annual retainer of \$6,000 for each committee (other than the Audit Committee) that they chair, \$2,500 per day for attendance at Board Meetings and \$1,800 per day for attendance at Committee Meetings and for special assignments. They were also reimbursed out-of-pocket expenses. One-quarter of each non-employee director's annual retainer was paid in shares of the Corporation's Common Stock.

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In addition to his remuneration as non-employee director, Mr. Puckridge also receives payment as described below, from the Corporation for consulting and other services rendered to the Corporation. In fiscal 2004, Mr. Puckridge was paid an annual retainer of \$25,000 for providing services in connection with U.K. pension matters and \$1,800 per day for attendance at pensions meetings. Prior to June 2003 Mr. Haubold was a partner in the law firm Kirkland & Ellis International LLP where he provided legal services to the Corporation. After retiring from Kirkland & Ellis International LLP in June 2003, Mr. Haubold provided consulting services to the Corporation on a transitional and as-needed basis. Mr. Haubold was paid approximately \$4,200 (actual £2,400) in 2004 for such services. The provision of such services terminated in February 2004, and since such time Mr. Haubold has received no compensation from the Corporation other than his non-employee director's fees. Mr. Haubold had no relationship with Kirkland & Ellis International LLP as a partner, attorney or consultant in 2004.

In addition to their annual retainer described above, non-employee directors are eligible to participate in The Octel Corp. Non-Employee Directors' Stock Option Plan, pursuant to which the Compensation Committee may, in its discretion, grant options under the plan to such non-employee directors. There were no stock options granted to the non-employee directors during fiscal 2004.

Deferred and Long-Term Compensation

None were awarded or in place in the last fiscal year.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act 1934, as amended, requires the Corporation's directors and officers, and persons who beneficially own more than 10% of a registered class of the Corporation's Common Stock and other equity securities, to file initial reports of ownership and reports of changes in ownership of the Corporation's Common Stock or other equity securities with the SEC. Such persons are required by SEC regulations to furnish the Corporation with copies of all Section 16(a) forms they file.

Based solely upon a review of the copies of such forms furnished to the Corporation, or written representations that no Form 5 filings were required, the Corporation believes that each of its officers, directors and greater than 10% beneficial owners complied with all Section 16(a) filing requirements applicable to them during fiscal 2004.

Based solely upon a review of the copies of such forms furnished to the Corporation, or written representations that no Form 5 filings were required, the Corporation believes that each of its officers, directors and greater than 10% beneficial owners complied with all Section 16(a) filing requirements applicable to them during fiscal 2004 except that: (i) a late Form 5 was filed for each of Geoffrey Hignett, Richard Shone and Dennis Kerrison on January 14, 2005; (ii) a late Form 4 was filed for Dennis Kerrison on June 1, 2004; and (iii) a late Form 4 was filed for Dennis Kerrison on May 20, 2004.

TRANSACTIONS WITH EXECUTIVES, OFFICERS, DIRECTORS AND OTHERS

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On February 24, 2005, Dennis J. Kerrison, the Chief Executive Officer and President of the Corporation arranged to transfer GBP 50,000 (equivalent to approximately SAR 500,000 and approximately USD 95,000) from his bank account in the United Kingdom to the account of the Associated Octel Company (South Africa) (Pty) Limited (AOCSA), a wholly-owned indirect subsidiary of Octel Corp. On the same day, at the initiation of Mr. Kerrison, AOCSA made a payment of SAR 500,000 (equivalent to approximately USD 95,000) for Mr. Kerrison s personal use. Mr. Kerrison s UK bank sent the funds to AOCSA s bank on February 24, 2005. Those funds were credited to AOCSA s bank on February 28, 2005. AOCSA was reimbursed on behalf of Mr. Kerrison for associated costs of approximately ZAR 629 (equivalent to approximately USD 107) on March 3, 2005. See the Annual Report s Recent Developments section for a more detailed description and actions taken by the Corporation.

Table of Contents**CERTAIN OTHER TRANSACTIONS AND RELATIONSHIPS**

The Corporation has and continues to retain Kirkland & Ellis International LLP, a law firm in which Mr. Haubold was formerly a partner, to perform significant legal services for the Corporation. Mr. Haubold retired from Kirkland & Ellis International LLP in June 2003.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL**OWNERS AND MANAGEMENT**

The following table sets forth certain information with respect to the beneficial ownership of the Corporation's Common Stock as of December 31, 2004 by holders of more than five percent of the Corporation's outstanding Common Stock and as of February 7, 2005 with regard to the directors of the Corporation and the executive officers of the Corporation included in the summary Compensation Table ("Named Executives") set forth under the caption "Executive Compensation and Other Information" who were employed by the Corporation as of February 7, 2005, and all current directors and executive officers of the Corporation as a group. As of December 31, 2004, excluding treasury stock, there were 12,387,031 shares of Common Stock outstanding. As of February 7, 2005, excluding treasury stock, there were 12,393,576 shares of Common Stock outstanding. According to the rules adopted by the Securities and Exchange Commission, a person is the beneficial owner of securities if he or she has or shares the power to vote them or to direct their investment or has the right to acquire beneficial ownership of such securities within 60 days through the exercise of an option, warrant, right of conversion of a security or otherwise. The percentage of the Corporation's Common Stock beneficially owned by a person assumes that the person has exercised all options and converted all convertible securities that the person holds which are exercisable or convertible within 60 days of December 31, 2004 for five percent holders and February 7, 2005 for executive officers of the Corporation. To the knowledge of the Corporation, each stockholder has sole voting and investment power with respect to the shares indicated as beneficially owned, unless otherwise indicated in a footnote. Unless otherwise indicated, the business address of each person is the Corporation's corporate address.

Beneficial Owners as of December 31, 2004**(Information as Reported in Schedule 13Gs as of December 31, 2004)**

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
T. Rowe Price Associates, Inc. ⁽¹⁾ 100 E. Pratt Street Baltimore, MD 21202	1,793,000	14.47%
FMR Corp. ⁽²⁾ 82 Devonshire Street Boston, MA 02109	1,381,800	11.16%
White Mountains Insurance Group, Ltd ⁽³⁾ 80 South Main Street Hanover, NH 03755	1,325,000	10.70%
Tontine Capital Partners, LP ⁽⁴⁾ 55 Railroad Avenue, 3rd Floor Greenwich, Connecticut 06830	1,008,200	8.14%

Barclays Global Investors, NA ⁽⁵⁾ 45 Fremont Street San Francisco, CA 94105	705,845	5.70%
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Notes:

- (1) According to a Schedule 13G dated February 14, 2005 filed jointly by T. Rowe Price Associates, Inc., a Maryland corporation, (T. Rowe Price) and T. Rowe Price Capital Appreciation Fund (TRP Fund), the shares of Common Stock shown as beneficially owned by T. Rowe Price are owned by various individual and institutional investors including TRP Fund (which owns 990,000 shares of Common Stock, representing 7.9% of the shares of Common Stock outstanding), to which T. Rowe Price Associates serves as an investment advisor with power to direct investments and/or sole power to vote the securities. For the purposes of the reporting requirements of the Securities Exchange Act of 1934, T. Rowe Price is deemed to be a beneficial owner of such securities, which T. Rowe Price expressly disclaims.
- (2) According to a Schedule 13G dated February 14, 2004 filed jointly by FMR Corp. (FMR), Edward C Johnson 3d (Mr. Johnson), Abigail P Johnson (Ms. Johnson), Fidelity Management & Research Company (FM&R) and Fidelity Low-Priced Stock Fund (Fidelity Stock), various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Common Stock shown as beneficially owned by FMR, including Fidelity Stock (which owns 1,381,800 shares of Common Stock, representing 11.14% of the shares of Common Stock outstanding). Neither FM&R nor Mr. Johnson have the sole power to vote or direct the voting of the shares directly owned by the Fidelity Funds, which power resides with the Fund s board of trustees.
- (3) According to a Schedule 13G dated February 11, 2005 filed jointly by White Mountains Insurance Group Ltd., a Bermuda corporation (WMIG), parent holding company, and White Mountains Advisors, LLC, a Delaware limited liability company (WMA), through an investment advisory agreement, WMA has sole voting and dispositive power over 1,325,000 shares which are beneficially owned by wholly-owned subsidiaries of WMIG which are controlled by White Mountains Advisors LLC (856,000 shares), shares contained in various employee benefit plans of WMIG which are controlled by WMA (419,000 shares) and shares owned by third parties which are controlled by White Mountains Advisors LLC pursuant to an investment advisory agreement (50,000 shares).
- (4) According to Schedule 13G dated February 9, 2005 filed jointly by Tontine Capital Partners, a Delaware limited partnership (TCP), Tontine Capital Management, L.L.C., a Delaware limited liability company (TCM) and Jeffrey L. Gendell (Gendell), 1,008,200 shares are jointly controlled by TCP, TCM and Gendell. TCM, the general partner of TCP, has the power to direct the affairs of TCP, including decisions respecting the disposition of the proceeds from the sale of shares. Gendell is the managing member of TCM and in that capacity, directs its operations.
- (5) According to Schedule 13G dated February 14, 2005 filed jointly by Barclays Global Investors, NA (BGI), Barclays Global Fund Advisors (BGFA), Barclays Global Investors Ltd., Barclays Global Investors Japan Trust and Banking Company Limited, Barclays Life Assurance Company Limited, Barclays Bank PLC, Barclays Capital Securities Limited, Barclays Capital Inc., Barclays Private Bank & Trust (Isle of Man) Limited, Barclays Private Bank and Trust (Jersey) Limited, Barclays Bank Trust Company Limited, Barclays Bank (Suisse) SA, Barclays Private Bank Limited, Bronco (Barclays Cayman) Limited, Palomino Limited, and HYMF Limited, (HYMF) (collectively, the Barclays Group), 705,845 shares are beneficially owned by the Barclays Group. BGI beneficially owns 562,449 shares and has sole voting power over 509,201 shares and sole dispositive power over 562,449 shares. BGFA beneficially owns 143,396 shares and has sole voting and sole dispositive power over 143,396 shares. HYMF beneficially owns 705,845 shares and has sole voting power over 652,597 shares and sole dispositive power over 705,845 shares.

Share Ownership of Directors and Officers

as of February 7, 2005

Name	Shares Owned Directly or Indirectly	Shares Underlying Options Exercisable within 60 days	Total	Percent of Class
R Bew	7,829	33,066	40,895	*
H Aldous	1,000		1,000	*
A Dobbie ⁽³⁾				*
B Fiore	2,812	22,932	25,744	*
C Hale ⁽¹⁾	155,251	23,046	178,297	1.44%
M Hale ⁽¹⁾	131,703	23,432	155,135	1.25%
C Hessner				*
S Haubold	3,312		3,312	*
P Jennings	500		500	*
D Kerrison	89,583	200,464	290,047	2.34%
I McRobbie		3,439	3,439	*
J Puckridge	2,812	669	3,481	*
S Todd		10,144	10,144	*
	373,434	344,491	717,925	5.79%

Directors and Executive Officers
as a group (15 persons)⁽²⁾

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Notes:

(*) Less than 1%.

- (1) In the case of Mr. C. Hale and Mr. M. Hale, these figures include 27,960 shares as if these same shares were held by each of them individually. Mr. C. Hale and Mr. M. Hale, however, both disclaim beneficial ownership of these shares as such shares are held in a family trust over which they serve as co-trustees with shared voting power.
- (2) Includes the above named directors and officers (other than Mr. Taylor and Dr. Dobbie who have resigned) as well as G Hignett and R Shone. Note that the 27,960 shares held jointly in trust by Mr. M. Hale and Mr. C. Hale (referred to in note 1) are counted only once in these figures.
- (3) Dr. Dobbie was granted options under various stock option plans during his period of employment with the Corporation. These options were relinquished by Dr. Dobbie as part of his settlement agreement when he left the Corporation.

EXECUTIVE COMPENSATION AND OTHER INFORMATION

The following table sets forth certain information regarding compensation paid or accrued to Dennis J. Kerrison, President and Chief Executive Officer of the Corporation, and to each of the Corporation's four next most highly compensated executive officers for services rendered to the Corporation during fiscal 2004, 2003 and 2002.

Summary Compensation Table⁽¹⁾

Name & Principal Position	Year	Annual Compensation			Long Term Compensation Awards	All Other Compensation (\$)
		Salary (\$)	Bonus ⁽²⁾ (\$)	Other Annual Compensation (\$)	Number of Securities Underlying Option/ SAR	
Dennis J Kerrison President & Chief Executive Officer	2004	739,569	534,383	121,404 ⁽³⁾	25,500	802,824 ⁽⁴⁾
	2003	702,292	511,819	101,828	28,000	11,909
	2002	641,788	330,718	120,408	17,545	178,855
Alexander A Dobbie Executive Vice President	2004	269,860		1,754 ⁽⁵⁾	6,000	641,621 ⁽⁶⁾
	2003	339,499	144,600		35,000	
	2002					
Paul W Jennings⁽⁹⁾ Executive Vice President & Chief Financial Officer	2004	424,003	218,954	1,138 ⁽⁷⁾	10,500	20,732 ⁽⁸⁾
	2003	363,058	208,023	1,095	35,000	15,178
	2002					
Sharon E Todd⁽¹¹⁾ Executive Vice President	2004	361,716	135,312	96 ⁽¹⁰⁾		
	2003	235,100	91,960		24,000	
	2002	212,592	102,316		4,509	
Cathy Hessner⁽¹²⁾ Senior Vice President	2004	220,595	105,524	64 ⁽¹³⁾	3,750	16,586 ⁽¹⁴⁾
	2003	145,296	75,392		18,000	15,491
	2002					
Ian M McRobbie	2004	201,162	109,662	18,569 ⁽¹⁵⁾	5,150	16,627 ⁽¹⁶⁾

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Senior Vice President	2003	191,583	99,349	15,951	24,000	13,358
	2002	181,660	89,526	17,011	4,172	10,528

Notes:

- (1) All the Executives listed above are paid in pounds sterling. For the purposes of the Summary Compensation Table, an exchange rate of 1.8246 is used for 2002, 2003 and 2004, being the average exchange rate for 2004. The Corporation does not provide restricted stock awards or LTIPs.
- (2) The bonus payments for all the Executives listed above relate to bonus earned for the stated year, but paid in the following year.
- (3) Mr. Kerrison, the President and Chief Executive Officer, received other benefits consisting of tax payments paid by the Corporation on behalf of Mr. Kerrison consisting of \$105,402 and life assurance cover, the value of which was \$16,002.
- (4) A payment valued at \$802,824 was made into a pension plan on behalf of Mr. Kerrison. In 2004, this payment, which is calculated by an independent global actuary advisor, included an amount to compensate for payments accrued by the Corporation but not paid to the Octel Funded Unapproved Retirement Benefit Scheme (FURBS) in previous years. In accordance with his employment contract, Mr. Kerrison, in his position of President and Chief Executive Officer, is entitled to a pension equal to 1/30th of final salary for each year of

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service with the Corporation since his appointment on May 13, 1996. An element of this entitlement is met through his membership of the Octel Pension Plan, the main Corporation defined benefit pension plan, and the remainder is designed to be met through contributions by the Corporation on his behalf to the FURBS, a defined contribution plan. The amount to be paid into this scheme to ensure the value is sufficient to meet the contractual obligation due to Mr Kerrison is calculated annually by an independent global actuary advisor.

- (5) Dr. Dobbie received other benefits consisting of life assurance valued at \$1,754.
- (6) Dr. Dobbie joined the Corporation on January 3, 2003 and resigned on August 31, 2004 and at that time received a severance payment of \$641,621.
- (7) Mr. Jennings received other benefits consisting of life assurance valued at \$1,138.
- (8) Mr. Jennings received a pension benefit valued at \$20,732.
- (9) Mr. Jennings joined the Corporation on November 18, 2002.
- (10) Ms. Todd received other benefits consisting of life assurance valued at \$96.
- (11) Ms. Todd joined the Corporation on October 22, 2001.
- (12) Dr. Hessner joined the Corporation on March 31, 2003.
- (13) Dr. Hessner received other benefits consisting of life assurance valued at \$64.
- (14) Dr. Hessner received a pension benefit valued at \$16,586.
- (15) Dr. McRobbie received other benefits consisting of a leased company car, valued at \$18,297 and life assurance valued at \$272.
- (16) Dr. McRobbie received pension benefit valued at \$16,627.

Stock Option Plans

The Corporation has seven stock option plans, the first five of which provide for grants of options to key employees and non-employee directors. Two other plans provide stock options on an equal basis to all U.K. employees.

The five Plans which grant options to key employees or non-employee directors are:

- i) *The Octel Corp. Company Share Option Plan, as amended (the Company Plan)*

Under the Company Plan, the Directors of the Corporation are permitted to grant options, at their discretion, to both directors required to work more than 20 hours a week for the Corporation and other employees who are required to work more than 25 hours for the Corporation and, in each case, where the grantee does not possess more than ten per cent of the shares of the Corporation. Options under the Company Plan are granted at fair market value at the time of grant.

- ii) *The Octel Corp. Performance Related Stock Option Plan, as amended (the Performance Plan)*

Under the Performance Plan, the Octel Compensation Committee may, at its discretion, grant options to employees who work for a group company and who do not own more than ten per cent of the total combined voting power of all classes of shares of the Corporation. Under the Performance Plan, the Compensation Committee may grant stock options at such exercise price as it determines. Options granted under this plan are exercisable subject to the Corporation meeting certain performance targets as set by the Compensation Committee. The targets that are set are designed to be stretch targets which focus on delivery of high performance and enhancing shareholder value.

- iii) *The Octel Corp. Non-Employee Directors Stock Option Plan, as amended (the NED Plan)*

The NED Plan was adopted on February 24, 2004 by which non-employee directors are granted one quarter of their annual fee in the form of shares for work performed in their capacity as directors. The plan is intended to align the interests of the directors with the Corporation.

iv) *The Octel Corp 2004 Executive Co-Investment Plan*

The Executive Co-Investment Plan was adopted on February 24, 2004 by which certain senior executives are allowed to elect to utilize part of their annual bonus earned to acquire shares in the Corporation and provisionally receive matching shares from the Corporation. For every two shares the employee elects to acquire out of their bonus up to target, the Corporation will provisionally allocate one additional share. In the case of shares the employee elects to acquire out of bonus above target, shares are matched on a one for one basis. Executives must elect to use a minimum of one third of their bonus above-target to acquire shares. The matching shares become vested and transfer to the employee if they continue to hold the acquired shares and be employed by the Corporation on the third anniversary of making the election.

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v) *The Octel Corp. Time Restricted Stock Option Plan (TRSOP)*

The TRSOP provided a limited number of senior managers and executives with stock bonuses in lieu of cash. The bonuses were designed to reward the management of the Corporation for managing the spin-off from Great Lakes Chemical Corporation (Great Lakes) and continuing to remain in employment through December 31, 1999. These awards were delivered in the form of options vesting on December 31, 1999 and exercisable by December 31, 2007. As of the date hereof, all the options issued pursuant to this plan have been exercised and no further grants will be made.

The two other plans which provide stock options to UK employees are:

vi) *The Octel Corp. Savings Related Share Option Scheme, as amended (the Savings Plan)*

The Board of Directors may determine, in their absolute discretion, those employees that may participate in the Savings Plan. Permitted participants will be able to make a fixed contribution from their income to the Savings Plan up to a pre-determined maximum limit.

vii) *The Octel Profit Sharing Share Scheme (Profit Sharing Plan)*

In order to encourage motivation and commitment to the new Corporation at the time of the spin-off from Great Lakes, the Compensation Committee granted every U.K. based employee an award of fifteen shares of Common Stock of the Corporation under this plan. On September 7, 2000 the Trustees made a market purchase of 7,620 shares which were held in trust for 508 employees for three years before being assigned to the individuals. The trust, approved by the U.K. Inland Revenue, allowed the stock to be assigned free of any income tax liability. No further awards will be made pursuant to this plan.

All Plans except the TRSOP and the Profit Sharing Plan, were approved or were amended, restated and re-approved by stockholders at the 2004 Annual Meeting.

Options, and the conditions relating thereto, granted under the above plans are determined by the Compensation Committee. The current limit for the number of shares of Common Stock which can be issued or awarded under the plans listed above is 3,043,000.

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The options granted to the Named Executives during fiscal 2004 pursuant to the plans described above are set out in the following table.

Option/SAR Grants in Last Fiscal Year

Name	Individual Grants ⁽¹⁾						Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term ⁽²⁾			
	No of		Exercise or Base Price (\$/share)	Market		Vesting Date	Expiration Date	0% (\$)	5% (\$)	10% (\$)
	Securities Underlying Options/ SARS Granted	% of Total Options/SARS Granted to Employees in 2004		Price of Underlying Securities on Date of Grant						
D J Kerrison										
CSOP	5,500	5.92%	23.00	23.00	12/05/2007	12/05/2014		79,555	201,608	
PRSOP ⁽³⁾	20,000	21.52%		23.00	12/05/2007	12/05/2014	460,000	749,292	1,193,122	
Total	25,500									
P W Jennings										
CSOP	2,500	2.69%	23.00	23.00	12/05/2007	12/05/2014		36,161	91,640	
PRSOP ⁽³⁾	8,000	8.61%		23.00	12/05/2007	12/05/2014	184,000	299,717	477,249	
Total	10,500									
A A Dobbie⁽⁴⁾										
CSOP	1,500	1.61%	23.00	23.00	12/05/2007	12/05/2014		21,697	54,984	
PRSOP ⁽³⁾	4,500	4.84%		23.00	12/05/2007	12/05/2014	103,500	168,591	268,452	
Total	6,000									
C Hessner										
CSOP	1,000	1.08%	23.00	23.00	12/05/2007	12/05/2014		14,465	36,656	
PRSOP ⁽³⁾	2,750	2.96%		23.00	12/05/2007	12/05/2014	63,250	103,028	164,054	
Total	3,750									
I McRobbie										
CSOP	1,300	1.40%	23.00	23.00	12/05/2007	12/05/2014		18,804	47,653	
PRSOP ⁽³⁾	3,850	4.14%		23.00	12/05/2007	12/05/2014	88,550	144,239	229,676	
Total	5,150									
S E Todd										
CSOP	0									
PRSOP ⁽³⁾	0									
Total	0									

Notes:

(1) In the event of a change of control of the Corporation, all op