The Lubrizol Corporation 1994 Annual Report

Achieving Global Consumer Satisfaction

About the Company

The Lubrizol Corporation is a leading full-service supplier of performance chemicals to diverse markets worldwide. These specialty chemical products are created through the application of advanced chemical, mechanical and biological technologies to enhance the performance, quality and value of the products in which they are used.

Founded in 1928 in Cleveland, Ohio, the company now operates manufacturing and blending facilities, laboratories and offices staffed by more than 4,500 employees around the world.

Even with the company's long history and acknowledged market leadership, its products are still relatively unknown to consumers. Yet Lubrizol products are a vital component in the achievement of consumer satisfaction with the smooth, dependable, efficient and environmentally compatible operation of vehicles and equipment worldwide. Indeed, consumers are the bond which unites lubricant and fuel marketers, original equipment manufacturers (OEMs) and additive producers. Collaboration and cooperation among everyone involved in the industry are directed toward developing new technologies and solutions which ultimately benefit the consumer. Emphasis is on safeguarding the environment, fuel economy, extended durability and determining both the primary and secondary effects accruing from the use of lubricants and fuels.

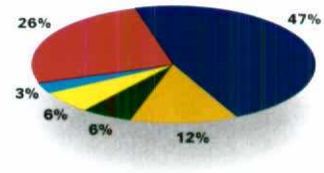
Lubrizol is a recognized leader in specialty additive systems for lubricating oils used in gasoline and diesel engines, for automatic transmission fluids, gear oils, marine and tractor lubricants. The company also supplies specialty products for industrial fluids, fuel additives and process chemicals. In addition, it develops performance chemicals for specialized markets.

Lubrizol works with its customers to achieve their product performance goals in the most effective, timely and cost-efficient manner. Its commitment is to provide top quality products and services to meet both consumer and environmental demands.

1994

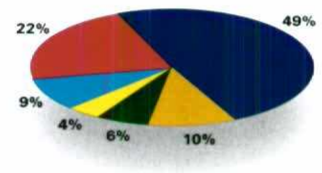
NORTH AMERICA

$617 Million Revenues



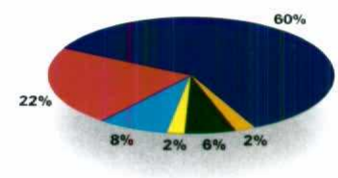
EUROPE

$526 Million Revenues



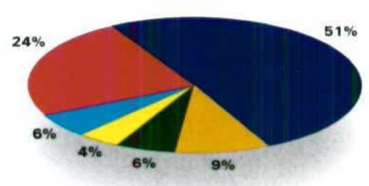
ASIA-PACIFIC, LATIN AMERICA, MIDDLE EAST

$456 Million Revenues



WORLDWIDE

$1,599 Million Revenues



- ENGINE OIL ADDITIVES
- DRIVELINE OIL ADDITIVES
- ADDITIVE COMPONENTS
- FUEL PRODUCTS
- INDUSTRIAL PRODUCTS
- BUSINESS DEVELOPMENT

About the Cover

CHALLENGING OPERATING CONDITIONS TEST BOTH VEHICLE AND DRIVER IN THIS SCENE ON THE ICE FIELDS PARKWAY, EAST OF JASPER, ALBERTA, CANADA.

Financial Highlights

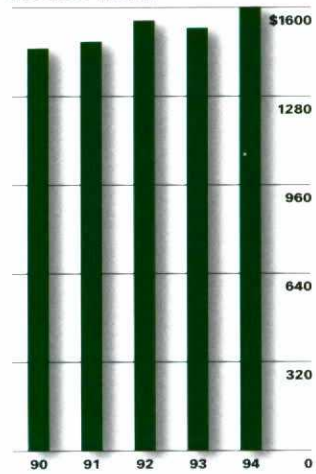
(In Millions Except Per Share and Employee Data)	**1994**	1993	Increase (decrease)
OPERATIONS:			
Revenues	**$1,599.0**	$1,525.5	5%
Net income before unusual items*	**148.8**	113.5	31%
Net income per share before unusual items*	**2.26**	1.67	35%
Dividends per share	**.89**	.85	5%
Research, testing and development expense	**165.5**	171.5	(4%)
Return on shareholders' equity before unusual items*	**19%**	14%	
FINANCIAL POSITION:			
Total assets	**$1,394.4**	$1,182.6	18%
Debt as a percent of capital	**17%**	9%	
Shareholders' equity	**832.0**	732.2	14%
OTHER:			
Capital expenditures	**$160.5**	$127.9	26%
Shares outstanding at December 31	**64.9**	66.6	(3%)
Number of employees	**4,520**	4,613	(2%)

**Unusual items are Genentech gains and 1993 special charge and accounting changes.*

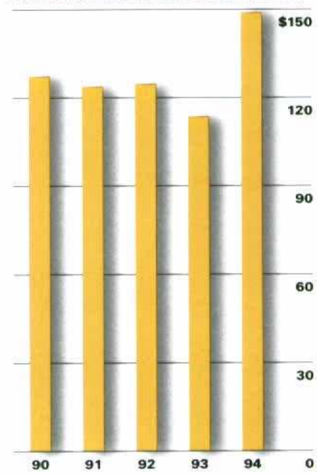
COMMON SHARE PRICE HISTORY

	1994		1993	
	High	Low	High	Low
1st quarter	$38⅝	$32⅛	$31¼	$26⅝
2nd quarter	36⅞	33⅛	34½	28⅞
3rd quarter	36½	29⅞	36	29
4th quarter	34	28½	36⅜	30¾

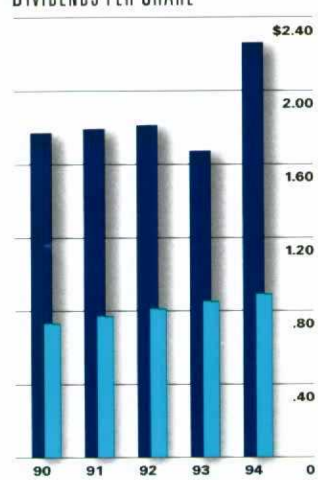
REVENUES (millions)



NET INCOME (millions)
(BEFORE GENENTECH GAINS, AND 1993 IS BEFORE ACCOUNTING CHANGES AND SPECIAL CHARGE.)



NET INCOME PER SHARE*/ DIVIDENDS PER SHARE



DIVIDENDS PER SHARE
NET INCOME PER SHARE

*BEFORE GENENTECH GAINS, AND 1993 IS BEFORE ACCOUNTING CHANGES AND SPECIAL CHARGE.

To Our Stockholders

Last year, we reported that changes occurring at Lubrizol in 1993 were a catalyst for future growth. We are pleased to report to you that the company is keeping that commitment and that, in 1994, Lubrizol achieved record revenues and operating income. Higher revenues from increased pricing and new product introductions, lower expenses and better results from our agribusiness investments enabled Lubrizol to resume its earnings growth in 1994.

The earnings growth was the result of progress in implementing the strategic initiatives announced last year. We will be discussing those initiatives in this report. Our objective was to return to historical earnings per share growth and, for 1994, to grow operating earnings per share by 25 percent. We achieved this goal with net income per share, excluding investment gains, increasing 35 percent for the year.

Consolidated revenues for 1994 were $1.6 billion, while consolidated revenues for 1993 were $1.53 billion. For the year, worldwide additive shipments were up slightly from the prior year. Consolidated net income in 1994 was $175.6 million, or $2.67 per share, and included after-tax gains of $26.8 million, or $.41 per share, from the sale of investments. In 1993, consolidated net income was $45.6 million, or $.67 per share, and included the effect of changes in accounting principles for postretirement health care benefits and income taxes, a special charge for organizational realignment and manufacturing rationalization and a gain from the sale of investments. Excluding investment gains and 1993 special items, net income in 1994 was $148.8 million, or $2.26 per share, compared with 1993 net income of $113.5 million, or $1.67 per share.

Lubrizol gained profit momentum as the year progressed. Year-over-year, quarterly earnings per share comparisons, excluding unusual items, showed increases of 4 percent, 35 percent, 53 percent and 65 percent in the first through fourth quarters respectively.

L.E. COLEMAN

W.G. BARES

OUR FIRST COMMITMENT IN 1994 WAS TO GROW EARNINGS PER SHARE BY A MINIMUM OF 25 PERCENT, AND THIS WAS ACHIEVED. WE ALSO IMPROVED OUR RETURN ON EQUITY TO NEARLY 20 PERCENT, WHICH WAS OUR OBJECTIVE.

Revenues in the first half of 1994 increased 6 percent largely as a result of a 5 percent increase in additive shipments due to additional spot sales to certain international customers. Lubrizol also implemented additive price increases in the first quarter of 1994 to more fully recover the costs of product technology, as well as costs resulting from increased environmental regulation requirements at our facilities. Gross profit margins improved in the first half due to the higher shipment volumes and prices. Selling, testing, administrative and research expenses in the first half declined slightly from the level in the previous year, which also contributed to higher operating income. Late in the first half of 1994, the company began to be impacted by higher raw material costs.

Revenues in the second half increased 4 percent, despite a 3 percent decline in additive shipments compared with the second half of 1993. Improving price, product mix and currency effects offset lower volumes and resulted in better gross profit margins. Selling, testing, administrative and research expenses declined 2 percent in the second half. For the full year, these expenses amounted to $324.9 million, a decline of 2 percent. Technology spending declined to 10.4 percent of sales in 1994 from 11.3 percent of sales in 1993. Another significant contributor to our higher second half earnings was the improved returns from our agribusiness investments. For the year, these investments lost $.02 per share compared with a loss of $.13 per share last year.

Higher raw material prices continued to impact the company in the second half of the year and increased about 7 percent compared with the prior year. We were able to manage the near-term impact of these higher raw material costs through good expense control. However, these raw material increases will have a long-term effect on earnings, if not recovered through higher additive prices. Therefore, Lubrizol is implementing worldwide additive price increases in the first quarter of 1995 to recover these higher raw material costs.

Quarterly dividends were increased 4.5 percent during the fourth quarter to $.23 per share, yielding an annualized rate of $.92 per share. This is the eleventh consecutive year in which dividends were raised. Dividends paid in 1994 totaled $58.6 million.

During the year, the company repurchased 2.01 million of its outstanding shares. At the end of 1994, 1.03 million shares remained in the current repurchase authorization.

KEEPING COMMITMENTS

Our first commitment in 1994 was to grow earnings per share by a minimum of 25 percent, and this was achieved. We also improved our return on equity to nearly 20 percent, which was our objective. Share repurchases have been an important factor in meeting these commitments. Lubrizol has repurchased 4 million shares during the past two years and over 19 million shares during the last ten years. Proceeds from the sale of our Genentech investment have been used to supplement this share repurchase program in both 1993 and 1994.

We expect our share repurchases to continue in 1995, as will our sale of Genentech stock.

We significantly improved the results from our agribusiness investments in 1994. During 1992 and 1993, we restructured our agribusiness segment through transactions involving transfer of a majority interest in Agrigenetics Company to Mycogen Corporation. Lubrizol now has a remaining 19.5 percent interest, as well as holding 6.1 million shares of Mycogen Common and $30 million of Mycogen Preferred Stock. In January 1994, we also announced a marketing alliance between our SVO Specialty Products subsidiary and Cargill, Inc. to increase interest in and acceptance of our high oleic sunflower oil products in the marketplace.

One of the strengths of our business operations this year has been our focus on managing spending. Technical spending declined to $165.5 million for the year. Selling and administrative expenses were held flat with the prior year. These operating expenses were $5 million below last year, and, in addition, the growth rate in manufacturing costs has declined as a result of our rationalization initiative.

In 1993, we announced that Lubrizol was eliminating its business unit structure and realigning its activities into one combined organization. We also implemented initiatives to more effectively manage our manufacturing activities worldwide, to increase the timeliness and effectiveness of new product development and to create a simplified and rationalized line of products.

Results from all of these initiatives have been excellent. We are making good progress in reducing the time required to complete new customer programs. Sample blend times have been reduced and the pass/fail ratio on engine testing has improved. We are also making good progress in simplifying our product line. At the beginning of 1994, we offered over 2,500 products, but just 20 percent of those products accounted for 80 percent of gross profits. During 1994, we eliminated approximately 800 low volume and low profit products.

We committed to reduce the number of Lubrizol's individual component production units by one-third over a three-year period. These actions were taken to improve manufacturing efficiencies, as well as blending and delivery capabilities without sacrificing customer service. We completed about one-half of these unit reductions, with the remainder to be completed by the end of 1996.

Last year, we estimated the combined benefit from the above initiatives to be annual cost savings of $50 million by 1996. For 1994, the combined savings of these initiatives were estimated to be $20 to $25 million.

After our organizational realignment, the company condensed its business development activities into the areas described elsewhere in this report. These activities accounted for approximately $140 million of revenues in 1994.

ONE OF THE STRENGTHS OF OUR BUSINESS OPERATIONS THIS YEAR HAS BEEN OUR FOCUS ON MANAGING SPENDING.

Key business development product areas include process chemicals, where revenues consist mainly of sales of our AMPS® monomer that is used in acrylic fibers, water treatment and oil field chemicals. In 1994, we doubled manufacturing capacity for AMPS monomer to increase availability of this product.

In 1993, we acquired Langer & Company as part of our strategy to grow our coating additives business. This has been a successful acquisition, and our sales to this market have been strong. We are now realizing the product and market synergies which we set out to achieve. Sales from our Gate City Equipment subsidiary have also been strong, due to higher demand for in-line blending equipment at refineries. And finally, we are beginning to sell our new synthetic refrigerant lubricants into the market for non-CFC compressors. Sales in 1994 were about $4 million.

DIRECTORS AND OFFICERS

In February 1994, Robert W. Scher retired as Senior Vice President after 39 years of service with the company.

In April, William D. Manning retired as Senior Vice President after 31 years of service with the company. Also in April, R. John Senz resigned as Senior Vice President after 31 years of service.

In April, J. Alun Thomas was elected Vice President.

OUTLOOK

Lubrizol today is prepared and well positioned for growth within its industry. The theme of this year's annual report is *Achieving Global Consumer Satisfaction.* Lubrizol is uniquely qualified to meet this challenge through a combination of product technology, manufacturing efficiency, commercial development and financial strength. We are committed to continue to serve our customers, shareholders and the communities in which we operate.

Our financial objectives of a minimum 10 percent annual earnings per share growth and 20 percent return on equity are consistent and achievable, and we are obviously pleased to have been able to report the company's record performance in 1994.

On behalf of the Board of Directors and all of our employees, we thank you for your investment, commitment and confidence in Lubrizol.

L. E. Coleman

L. E. COLEMAN
Chairman of the Board

W. G. Bares

W. G. BARES
President

March 15, 1995

THE ROLE OF ADDITIVES FOR LUBRICANTS AND FUELS

Lubrizol's products are vital components in achieving consumer satisfaction in the operation of motor vehicles and equipment around the world. Lubrizol additives contribute to smooth, dependable and efficient vehicle and equipment operation and play an important role in making such operations environmentally compatible. Although Lubrizol is an acknowledged market leader, its performance additive products are typically invisible to consumers.

Today's consumers are the ultimate focus of lubricant and fuel marketers, original equipment manufacturers and additive producers. All participants are directing their combined efforts toward developing new technologies and solutions which will benefit the consumer. This includes emphasis on safeguarding the environment, increasing fuel economy, extending product durability and examining both the primary and secondary effects of new lubricants and fuels.

In 1994, Lubrizol spent approximately 10 percent of revenues developing and testing technology to meet new and anticipated higher performance requirements for lubricants and fuels. These higher standards are occurring everywhere in the world and are driven by the need for lower emissions, better fuel economy, greater efficiencies and improved durability in all types of equipment.

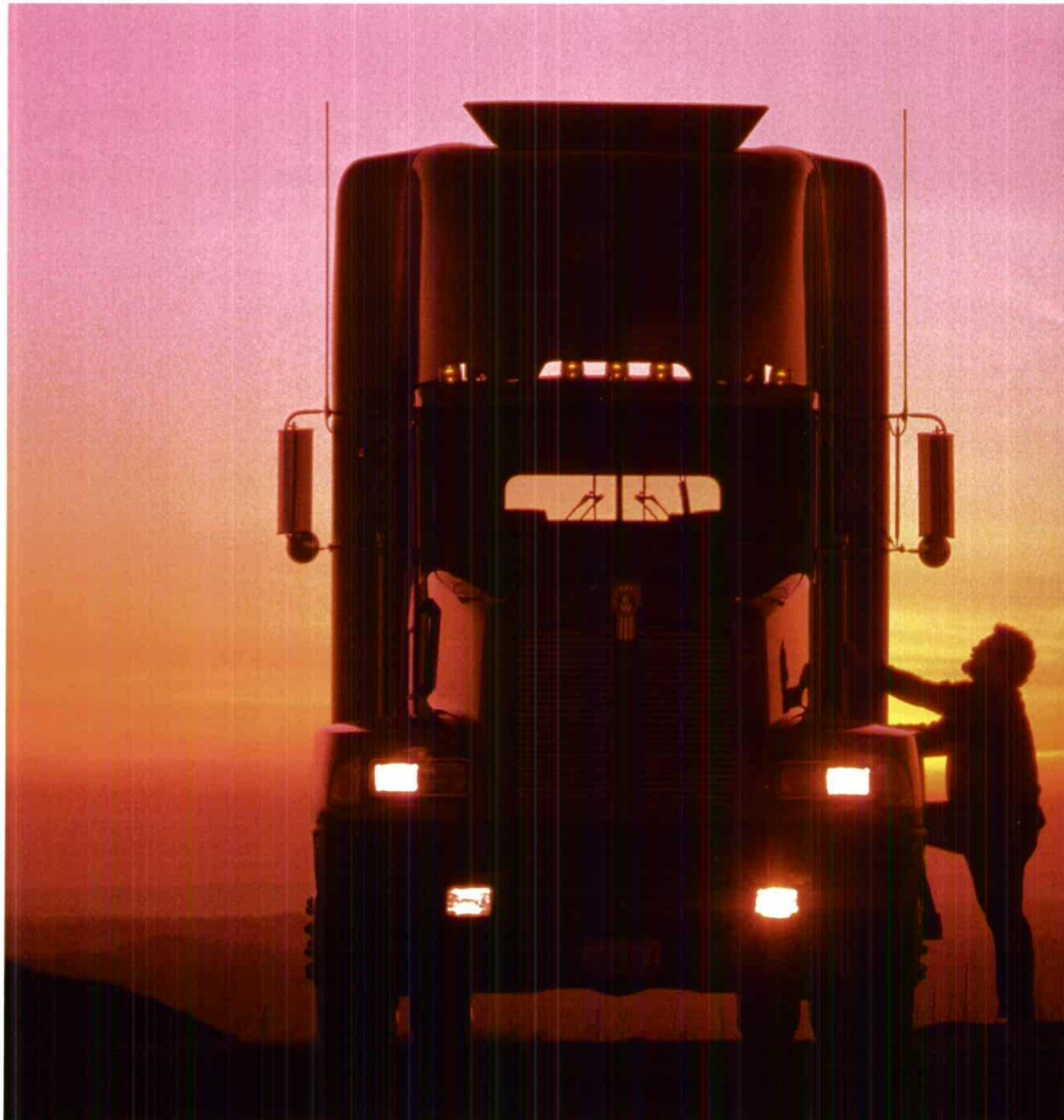
PASSENGER CAR MOTOR OILS

Emissions legislation in the United States and elsewhere has mandated reduced automobile emissions to improve air quality. This, in turn, has driven the OEMs to new low emission engine technology and improved emission control system performance. These engine designs have better efficiency, higher power/density ratios, higher operating temperatures and improved fuel economy. This is coupled with improved combustion catalyst function, increased emission control system durability and better emission monitoring system control.

Oil marketers are able to enhance the performance of these engines and emission systems in various ways with the help of advanced lubricant additive packages. Oil marketers, for example, can achieve superior wear control, which is fundamental to engine performance, engine life and emissions control, and is essential in keeping engines "tight." Oils can be formulated to be more compatible with combustion catalysts, leading to longer catalyst life and reduced emissions. Energy conserving oils provide lower fuel costs and improve air quality. Oils with improved low temperature properties provide better protection during frigid temperature conditions, as do oxidatively stable oils at high temperatures.

Lubrizol continues to provide the advanced additive technology necessary to meet the product performance demands of oil marketers and consumers. The company commercialized a new generation of passenger car engine oil additives in late 1993 which meet the requirements of the new API SH specifications. These additives deliver improved wear, oxidation and deposit performance in passenger car engines, plus superior engine cleanliness.

LUBRIZOL PERFORMANCE ADDITIVES ARE VITAL COMPONENTS IN ACHIEVING CONSUMER SATISFACTION IN THE OPERATION OF MOTOR VEHICLES AND EQUIPMENT.



LUBRIZOL
IS PROVIDING
ADVANCED ADDITIVE
TECHNOLOGY
FOR NEW DIESEL
ENGINE LUBRICANTS
BEING INTRODUCED
IN 1995.

The Role of Additives for Lubricants and Fuels

HEAVY-DUTY DIESEL ENGINE OILS

Issues impacting the diesel equipment industry in the 1990s include exhaust emissions control and operational costs. The challenge to the industry is to redesign engines and lubricants proactively to satisfy increasingly stringent emissions requirements and expectations for extended maintenance intervals — all without compromising durability. Constantly increasing operating costs in the transportation industry require fleet operators to be aware of every possible cost-saving measure. Lubricants are selected on the basis of their quality, performance, warranty, handling, supplier service and overall value.

In 1995, new API CG-4 diesel engine lubricants are being introduced by oil marketers. These lubricants address the needs of low emission engines operating at high utilization on low sulfur fuels. The lubricants are formulated specifically for 1994 four-stroke, low emission diesel engines. As with passenger car engine oils, Lubrizol is providing advanced additive technology for these new lubricants.

The results of this combined effort on the part of OEMs, oil marketers and additive producers are reduced particulate and nitrogen oxide (NOx) emissions and cleaner air.

AUTOMATIC TRANSMISSION FLUIDS

Modern vehicle and transmission designs continue to evolve to bring improved performance, quality and satisfaction to the consumer. However, these new designs have placed increased performance requirements on the automotive transmission fluids which are vital to their operation.

A key driving force behind many of the current design developments is the continuing need for improvements in fuel economy. This is being achieved through increased use of electronic controls for transmissions, as well as new devices such as the continuously slipping torque converter clutch (CSTCC). At the same time, vehicle designs have become more aerodynamic to reduce wind drag and enhance fuel economy. This reduces air flow across the drivetrain, resulting in substantially higher operating temperatures in the transmission.

THE ROLE OF ADDITIVES FOR LUBRICANTS AND FUELS

The design changes to the vehicles and their transmissions have challenged the performance of the automatic transmission fluid (ATF). Low temperature fluid flow, oxidation stability and the proper balance between power transfer and "shift feel" are among the performance issues which must be addressed with improved additive technology. Again, Lubrizol has been the leader in providing this advanced technology to satisfy the evolving needs of oil marketers, OEMs and consumers.

AUTOMOTIVE GEAR OILS

The greatest opportunity to achieve consumer satisfaction with automotive gear oil additives has been in the commercial vehicle segment. Here, as with diesel engine oils, the emphasis has been on productivity improvements and operating efficiencies. Extended warranties and oil drain intervals are achieving lower maintenance costs and faster maintenance turnarounds in fleet operations. A single lubricant for both manual transmissions and differentials produces inventory efficiencies in a total driveline system concept.

The new generation of thermally stable lubricants has greater seal compatibility and, therefore, less leakage discharge and environmental pollution in use. Extended drains and service also result in lower used oil disposal costs. New wide-range multigrade gear oils provide improved fuel economy and lower fleet operating costs.

In summary, Lubrizol's additive technology enables gear lubricants to meet more severe service requirements by providing improved thermal stability and thermal durability, seal compatibility, score protection, surface fatigue protection and synchromesh performance.

FARM TRACTOR FLUIDS

Increased awareness of the need for preserving the environment has motivated the development of several new environmentally compatible lubricants. Vegetable oil based lubricants are environmentally friendly because of their farming crop origin, as well as being readily biodegradable if spilled.

Agricultural and industrial equipment are uniquely suited to using vegetable oil based lubricants, since this equipment operates close to the environment. The lubricant can come in contact with the soil, groundwater and crops. This situation prompted Lubrizol and a leading OEM to participate in a joint project which has resulted in the first successful canola based tractor hydraulic fluid. This fluid is a universal tractor transmission oil and can directly replace mineral oil lubricants in the axle, transmission, brakes and hydraulic system.

The company has also introduced its new Lubrizol®7600 series of vegetable oil blending stocks. These oils find application in tractor, industrial and two-cycle equipment where biodegradability is required. These blending stocks are being sold exclusively to our oil company customers in areas of Europe where biodegradability is being mandated by local legislation.

INDUSTRIAL OILS

Additive technology for industrial oils is totally directed toward improving the environment and protecting worker health. Product segments include hydraulic oils, metalworking fluids and grease.

Hydraulic oils are used in off-highway equipment, and leakage is a potential problem. Equipment builders are developing better seals and smaller reservoirs to help limit such leakage. Both fluids and additives need improved durability in this more severe service and, as previously mentioned, biodegradable hydraulic fluids are being evaluated.

FUEL ADDITIVES BENEFIT CONSUMERS BY HELPING TO ACHIEVE CLEANER AIR, BETTER FUEL ECONOMY AND REDUCED ENGINE MAINTENANCE COSTS.

LUBRIZOL IS SUPPLYING NEW GEAR OIL ADDITIVES WHICH MAKE IT POSSIBLE FOR TRUCK AND BUS FLEET OPERATORS TO USE A SINGLE LUBRICANT FOR BOTH MANUAL TRANSMISSIONS AND DIFFERENTIAL GEARING.

The Role of Additives for Lubricants and Fuels

Metalworking fluids are facing increased government regulations due to the potential for the worker coming in contact with the fluid. Increased knowledge and awareness of the potential hazards of various chemicals has resulted in the reduction and/or elimination of chlorine, secondary amines, barium, boron and biocide/fungicides in metalworking fluids. Fluid life is being extended by increased use of chemical and/or mechanical methods. Fluid aesthetics, such as color and odor, also are becoming more important, especially in the Japanese and Southeast Asia markets.

Lubrizol is working with its customers to minimize the impact of environmental contamination by carefully selecting additive raw materials and supporting improvements in the working environment. The company is also helping to achieve higher performance using longer drain intervals and resource conservation.

FUELS

Fuel additives benefit the consumer by helping to achieve cleaner air, better fuel economy and reduced engine maintenance costs.

Clean air regulations in the United States have mandated low sulfur diesel fuel, reformulated gasoline and the use of deposit control additives in all United States gasoline. Similar regulations are developing in Europe and other parts of the world. OEMs have responded with more efficient engine designs having lower tailpipe emissions, while consumers continue to demand good vehicle power, durability, fuel economy and driveability.

The pace of fuel additive development has increased and progressed from carburetor cleanliness to injector deposit control, intake valve deposit control and finally to combustion chamber deposit control.

Lubrizol is working with equipment builders, fuel refiners and marketers to provide the necessary additive technology to meet these requirements. In addition to gasoline additives, the company has introduced new diesel fuel detergent technology for improved cleanliness. Cleaner air, better fuel economy and reduced maintenance remain the primary objectives.

THE PROMISE OF THE DEVELOPING BUSINESSES

In addition to Lubrizol's well-established additives for lubricants and fuels, the company is a participant in other specialty chemical markets. Several of these disciplines directly address consumers' needs and desires for quality products which are environmentally compatible.

Examples of products included in Lubrizol's business development division are:

SPECIALTY MONOMERS

AMPS® monomer is a highly reactive monomer capable of imparting a number of distinctive high-performance characteristics to a wide variety of polymer products.

New applications for AMPS monomer continue to be developed. For example, AMPS monomer is an ingredient in latex based coatings and adhesives where it provides exceptional stability. Consumers also will find this Lubrizol product in cosmetic applications, serving as a very efficient skin lubricant in hand lotions, body creams, soaps, etc.

AMPS monomer, because of its lubricity and anti-coagulant characteristics, is also used in various medical applications, particularly in coatings for medical devices that come in contact with tissue, blood and other biofluids.

COATING ADDITIVES

Specialty chemical technology in Lubrizol's Coating Additives group emphasizes the needs of today's consumer who expects, more than ever before, to be supplied with products which are safe and environmentally sound. Lubrizol coating additives technology improves the physical properties of coatings. Lubrizol's technology also provides improvements in adhesion and corrosion resistance for coatings applied to metal. The primary use of Lubrizol's coating additives is in industrial coatings. The acquisition of Langer & Company in 1993 supplemented Lubrizol's existing lines of IRCOGEL® rheology control additives, IRCOSPERSE® dispersants and adhesion promoters. Langer's line of LANCO-WAX™ micronized waxes are used in premium coatings for applications such as high quality wood and metal furniture.

Lubrizol, together with Langer, will continue to provide new benefits to customers in the form of expanded product lines and worldwide resources.

SYNTHETIC REFRIGERANT LUBRICANTS

Although CFCs have been used for many years in refrigeration and air conditioning compressor systems, their adverse effect on the ozone layer has resulted in increasing regulation of their use.

To address the need for refrigerant lubricant technology that will allow replacement of CFCs, Lubrizol is developing and marketing synthetic refrigerant lubricants and additives for compressors using HFC refrigerants. These new lubricants can be found in home appliances, such as refrigerators, freezers and dehumidifiers, as well as commercial and industrial refrigeration and air conditioning applications.

DIESEL EMISSIONS CONTROL

To comply with certain facets of the Clean Air Act amendments, the United States Environmental Protection Agency (EPA) has established particulate emissions standards for diesel engine manufacturers and operators.

TO MEET CONSUMER EXPECTATIONS FOR PAINT PRODUCTS WHICH ARE SAFE AND ENVIRONMENTALLY SOUND, LUBRIZOL COATING ADDITIVES TECHNOLOGY IMPROVES THE PHYSICAL PROPERTIES OF PAINTS.

LUBRIZOL IS DEVELOPING AND MARKETING SYNTHETIC REFRIGERANT LUBRICANTS AND ADDITIVES FOR COMPRESSORS USING HFC REFRIGERANTS.

The Promise of the Developing Businesses

Lubrizol has developed unique additive and filter technology which can be used by bus fleet operators to meet clean air standards in retrofit applications. This technology provides a simple system which collects engine exhaust particulates in a filter. A specialty chemical additive promotes the continuous clean burning of the particulates at engine exhaust temperatures.

The company expects to commercialize its emission control system to fleet operators worldwide.

OTHER BUSINESS DEVELOPMENT AREAS

In addition to the four major product categories previously described, Lubrizol participates in several other promising business development areas.

Lubrizol's SVO specialty vegetable oil products continue to provide a viable alternative to mineral oils.

In the petroleum refinery chemicals market, Flozol™ additives from Lubrizol improve paraffin control during the refining process, thus creating more usable fuel products and reducing costs. Another product, SulfrZol,™ is a specialty chemical which treats a catalyst with an initial layer of sulfur in order to facilitate initial start-ups of refinery processes.

Lubrizol's Gate City Equipment Company assists customers in complying with environmental regulations by providing highly reliable precision metering equipment for the petroleum and chemical industries.

New applications are being investigated for Lubrizol's electrorheological fluid technology. This includes the development of an advanced vibration control system for truck seats which will contribute to driver safety, comfort and health.

The company's Mycogen agribusiness investment also is primarily environmentally driven, focusing on biopesticide management of insects using environmentally compatible biochemical techniques.

The direction of the company's business development initiatives will maintain its consumer focus, with a strong commitment to enhance performance and environmental compatability.

THE GOAL OF RESPONSIBLE CARE®

Lubrizol continues to be a strong supporter of the chemical industry's initiative to continually improve its health, safety and environmental performance worldwide. This initiative is called Responsible Care.

Lubrizol has committed to be a recognized leader in conducting its business according to the principles of the global Responsible Care initiative. This commitment has evolved directly from one of its fundamental corporate philosophies which goes back to the founding of the company over 65 years ago. This philosophy states that Lubrizol will maintain the health and safety of employees, customers and neighbors and that it will protect the environment.

The backbone of the Responsible Care initiative is best described in the six areas where the chemical industry will focus its improvement efforts. These areas are called the Codes of Management Practices and include:

- **COMMUNITY AWARENESS AND EMERGENCY RESPONSE**
- **DISTRIBUTION**
- **EMPLOYEE HEALTH AND SAFETY**
- **POLLUTION PREVENTION**
- **PROCESS SAFETY**
- **PRODUCT STEWARDSHIP**

These Codes of Management Practices support the company's efforts to meet public expectations beyond regulatory requirements.

Full implementation of these Codes forms the basis for continuous improvement. Annual self-assessments are conducted at all United States facilities to support this implementation effort.

The results of Lubrizol's 1994 self-assessments are shown in the chart below.

Lubrizol continues to progress toward "management practice in place" in all six Codes. This progress supports and maintains customers' confidence in the quality of Lubrizol products.

LUBRIZOL IS COMMITTED TO BEING A LEADER IN CONDUCTING ITS BUSINESS IN ACCORDANCE WITH THE GLOBAL RESPONSIBLE CARE® INITIATIVE.

RESPONSIBLE CARE® CODES OF MANAGEMENT PRACTICES 1994
LUBRIZOL (U.S. FACILITIES) IMPLEMENTATION

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Lubrizol Corporation is a full service supplier of performance chemicals to diverse markets worldwide. These specialty chemical products are created through the application of advanced chemical, mechanical and biological technologies to enhance the performance, quality and value of the products in which they are used. The company develops, produces and sells specialty additive systems for gasoline and diesel engine lubricating oils, for automatic transmission fluids and for gear oils, and marine and tractor lubricants. The company also supplies specialty products for industrial lubricants and functional fluids, fuel additives and diversified specialty chemical products.

Prior to December 1, 1992, the company had a separately reportable Agribusiness segment. That segment developed, produced and marketed planting seeds and specialty vegetable oils, and also conducted strategic biotechnology research and development. As described in Note 16 to the financial statements, the company transferred substantially all of its Agribusiness segment, other than the specialty vegetable oil operations, to Mycogen Corporation and to a joint venture formed with Mycogen. The transferred assets are referred to in the following discussion as "Agrigenetics." The agribusiness assets and operations retained by the company are not reportable as a separate industry segment after 1992.

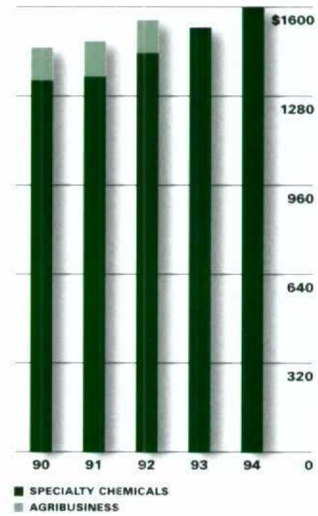
In 1993, the company began initiatives to eliminate its separate business unit structure and realign activities into one combined organization, consolidate intermediate production activities, improve the timeliness of product development, simplify its product offerings and continued the restructuring of its agribusiness investments.

As discussed in Note 17 to the financial statements, the company recorded a special pretax charge of $86.3 million in the third quarter of 1993 primarily for the manufacturing rationalization and organizational realignment initiatives. When substantially complete in 1996, the number of intermediate production units will have been reduced by one-third, and the number of employees will have been reduced by approximately 5%. Through December 31, 1994, the company has completed approximately one-half of the production unit reductions and two-thirds of the employee reductions. Approximately $22 million has been expended since the third quarter of 1993 implementing the initiatives, primarily for employee reductions. Future cash expenditures of $24 million are estimated to be necessary to complete implementation of the initiatives. These initiatives reduced the rate of increase in 1994 costs, as compared to historical trends, which resulted in estimated savings in 1994 of $20 to $25 million. These savings resulted from fewer employees, lower operating costs and reductions in the number of manufacturing units. When fully implemented, annual savings are expected to approximate $50 million of which $40 million will represent cash savings.

1994 RESULTS OF OPERATIONS

In 1994, the company achieved record revenues and results of operations. As discussed below, the primary factors contributing to 1994 results were higher average selling prices, lower research, testing and development expenses and better results from agribusiness investments.

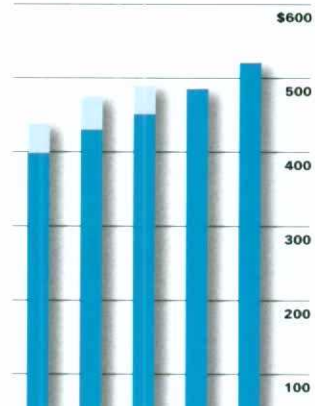
Revenues by Segment (millions)



In 1994, consolidated revenues were $1.6 billion, an increase of $73.5 million or 5% from 1993. This increase was comprised of 4% higher average selling prices, including currency, and 1% volume increases. Average selling prices increased primarily as a result of price increases and new product introductions. The company implemented price increases in the first quarter of 1994 to more fully recover the costs of product technology and the costs resulting from increased requirements of environmental, health and safety regulations at the company's facilities. Higher performing products, which carry higher selling prices, were introduced late in 1993 to meet new passenger car motor oil standards in the U.S. markets.

Gross profit (sales less cost of sales) increased 7% to $520.7 million in 1994 from $485.4 million in 1993. The improvement in gross profit was primarily attributable to the positive effects of implementing selling price increases, new product introductions and growth from business development activities. These improvements were partially offset by higher material costs in the second half of the year and higher manufacturing costs. Gross profit as a percentage of sales increased to 32.7% in 1994 from 32.0% in 1993.

Gross Profit by Segment (millions)

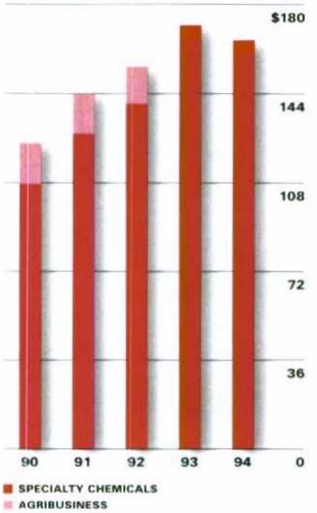


Raw material prices increased during the last half of 1994, and at year-end were approximately 7% higher than the prior year. Additionally, plant operating costs to comply with changing environmental, health and safety regulations have continued to increase. The company was able to manage the near-term impact of the higher raw material costs through operating expense control. However, these higher material costs will impact future earnings if not recovered through higher prices; therefore, the company is implementing worldwide price increases of 5% to 7% in the first quarter of 1995.

Selling and administrative expenses increased less than 1% to $159.5 million in 1994. This increase is significantly lower than the company's previous historical cost trend because of lower legal expenses and a decline in the number of employees as a result of early retirements related to the company's realignment initiative.

Research, testing and development expenses (technology expenses) decreased $6.1 million or 4% to $165.5 million in 1994. This decrease is primarily attributable to completion in early 1994 of testing required for passenger car motor oil specification upgrades, the decline in the number of employees resulting from realignment and increased efficiencies in the product development process.

RESEARCH TESTING & DEVELOPMENT BY SEGMENT (millions)



Primarily as a result of the above factors, consolidated revenues increased $38.8 million more than the increase in total costs and expenses in 1994.

The company continued its program of selling its investment in Genentech common stock. During 1994 and 1993, respectively, the company sold 869,100 and 1,001,776 shares of Genentech common stock resulting in pretax gains of $41.2 million and $42.4 million. The net proceeds of these sales were used to repurchase common shares of the company.

Other income-net increased $6.8 million primarily due to improved equity earnings from the company's investment in Mycogen, including its agribusiness joint venture, net of a gain on the sale of an agribusiness investment in 1993.

The company conducts a significant amount of its business and has a number of operating facilities in countries outside the United States. As a result, the company is subject to business risks inherent in non-U.S. activities, including political uncertainty, import and export limitations, exchange controls and currency fluctuations. The company believes risks related to its foreign operations are mitigated due to the political and economic stability of the countries in which its largest foreign operations are located.

While changes in the dollar value of foreign currencies will affect earnings from time to time, the longer term economic effect of these changes should not be significant given the company's net asset exposure, currency mix and pricing flexibility. Generally, the income statement effect of changes in the dollar value of foreign currencies is partially or wholly offset by the company's ability to make corresponding price changes in local currency. The company's consolidated net income will generally benefit as foreign currencies increase in value compared to the U.S. dollar and will generally decline as foreign currencies decrease in value. In 1994, there was not a significant net earnings effect due to foreign currency fluctuations.

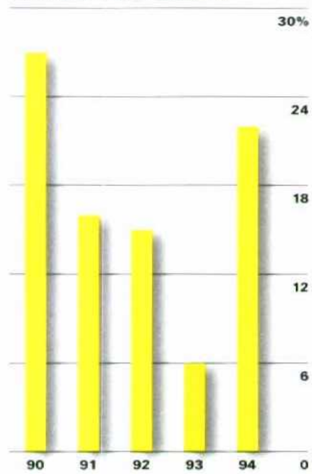
As a result of the above factors and a decrease in interest expense, consolidated income before taxes increased $131.8 million from 1993. Excluding the gain on the sales of Genentech stock and the 1993 special charge, income before taxes increased $46.7 million or 29% from 1993.

The company made donations of Genentech common stock during 1994 (see Note 7 to the financial statements) which reduced the company's 1994 effective tax rate by 2%. This benefit is nonrecurring. The company anticipates its 1995 effective tax rate will approximate 33%.

Excluding gains on the sales of Genentech common stock and the 1993 special charge and accounting changes (discussed below), net income was $148.8 million in 1994 compared to $113.5 million in 1993, and the related earnings per share amounts improved by 35% to $2.26 in 1994 from $1.67 in 1993.

RETURN ON AVERAGE SHAREHOLDERS' EQUITY

RETURN ON EQUITY (percent)



Return on average shareholders' equity was 22% in 1994, 6% in 1993 and 15% in 1992. Excluding Genentech gains and the 1993 accounting changes and special charge, return on average shareholders' equity was 19% in 1994 and 14% in 1993.

1993 RESULTS OF OPERATIONS

In 1993, consolidated revenues increased $61.9 million or 4% from 1992 after excluding $88.6 million of Agrigenetics revenue in 1992. Selling prices increased 4% as a result of price increases implemented in the fourth quarter of 1992 and the introduction late in 1993 of higher performing products to meet new passenger car motor oil standards in the U.S. market. Favorable product mix (including sales by Langer & Company acquired early in 1993) of 3% was offset by unfavorable currency effects of 2% and volume decreases of 1%. North American volume decreased 9% in 1993 from the record levels of volume in 1992 as a result of a decrease in market share. The revenue impact of this volume decrease was offset by an increase in sales of more profitable products. International volume increased 6% over 1992 and accounts for approximately 60% of revenues.

Gross profit increased $30.4 million or 7% from $455.0 million in 1992 (excluding $35.3 million of Agrigenetics gross profit in 1992) primarily as a result of the higher average selling prices. Gross profit as a percentage of sales was 32.0% in 1993 compared to 31.2% (excluding Agrigenetics) in 1992.

Excluding Agrigenetics expenses of $29.1 million in 1992, selling and administrative expenses increased $6.3 million or 4% in 1993 primarily because of the acquisition of Langer. Technology expenses increased $30.3 million or 21% in 1993 after excluding Agrigenetics expenses of $13.5 million from 1992. This increase was a result of higher testing costs associated with customer test programs to meet new industry performance standards for passenger car and diesel engine oils and automatic transmission fluids. These standards change periodically as engine and transmission designs are improved by the equipment manufacturers to meet new emissions, efficiency, durability and other performance factors. The frequency of these performance upgrades compressed the time cycles for new product development and resulted in an increase in the company's technology expenses.

As a result of the above factors and increased royalties, after excluding Agrigenetics from 1992, total cost and expenses increased $5.9 million more than revenues increased in 1993.

During 1993, the company recorded a special pretax charge of $86.3 million and pretax gains of $42.4 million on the sale of Genentech common stock as discussed above. Other income-net was $.5 million in 1993 compared to $11.9 million in 1992. Other income includes the company's share of equity losses in Mycogen and the agribusiness joint venture. Mycogen recorded restructuring charges and incurred weather-related problems in the Midwest which adversely affected agribusiness results. The reduction in other income was attributable to increased equity losses of $18.3 million in Mycogen and the agribusiness joint venture, partially offset by increased gains on the sale of investments, excluding Genentech, of $6.7 million.

The equity losses related to Mycogen and the agribusiness joint venture, net of preferred stock dividends and a gain on the sale of investment, were $4.1 million less in 1993 than the Agrigenetics operating loss and equity losses recorded in 1992.

Interest income decreased $3.2 million due to lower average balances of cash and short-term investments. An increase in borrowings resulted in slightly higher interest expense in 1993.

As discussed previously, the company conducts a significant amount of its business outside of the United States and is therefore subject to risks including currency fluctuations. In 1993, European currencies weakened and the Japanese yen strengthened resulting in an insignificant net earnings effect.

As a result of the above factors, income before income taxes decreased $57.5 million in 1993 compared to 1992. Net income in 1993, excluding the special charge, Genentech gain and the accounting changes discussed below, decreased 9% to $113.5 million or $1.67 per share, from $124.6 million or $1.81 per share in 1992.

As described in Note 10 to the financial statements, effective January 1, 1993, the company adopted SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The company recorded the cumulative effect of this accounting change of $79.9 million before taxes ($51.5 million or $.76 per common share after taxes) in the first quarter of 1993. As a result of this accounting change, postretirement health care and life insurance costs increased $8.1 million ($.08 per share after taxes) in 1993. This expense is allocated among the various cost and expense categories in the consolidated statements of income. SFAS 106 has no effect on cash flows since the company continues to pay claims as incurred.

As described in Note 8 to the financial statements, effective January 1, 1993, the company also adopted SFAS 109, "Accounting for Income Taxes." The cumulative effect of this accounting change reduced net deferred tax liabilities and increased net income in 1993 by $12.1 million or $.18 per share. The positive effect of adopting SFAS 109 was primarily attributable to more favorable treatment of the deferred income taxes on intercompany profit in inventory. SFAS 109 has no effect on cash flows.

1992 RESULTS OF OPERATIONS

Following is a discussion of the results of operations for 1992. The discussion is presented first on a summary consolidated basis and then on a historical business segment basis.

In 1992, consolidated revenues increased $75.9 million or 5% compared to 1991 primarily as a result of record volume in the Specialty Chemicals segment. The increased revenues were partially offset by increased manufacturing costs in Specialty Chemicals, and higher specialty vegetable oil production costs, with the result that gross profit increased $14.7 million or 3%. Gross profit as a percentage of sales was 31.7% in 1992, compared to 32.4% in 1991. Selling, administrative and technology expenses increased $19.7 million or 6% (all in the Specialty Chemicals segment), more than offsetting the higher gross profit. As a result of these factors and reduced royalties, total cost and expenses increased $5.8 million more than revenues.

Other income-net increased $2.4 million in 1992, primarily as a result of a gain on sales of investments of $6.5 million, partially offset by the company's share of losses related to the agribusiness joint venture formed in December 1992, and expenses related to closing facilities in the mining chemicals market. Accordingly, combined segment income was $3.4 million lower in 1992 than in 1991. As explained in the segment discussions, this consisted of a $6.0 million increase in Specialty Chemicals and a $9.4 million decrease in Agribusiness. Net interest income increased $2.4 million primarily as a result of the repayment of debt early in the year.

As a result of the above factors, income before income taxes was $1.0 million or 1% lower than 1991. However, due principally to increased tax benefits from foreign dividends, net income in 1992 increased $1.0 million or 1% over 1991.

Specialty Chemicals Segment: In 1992, the Specialty Chemicals segment accounted for 92% of consolidated revenues. The segment's revenues increased $84.6 million or 6% in 1992 as a volume increase of 8% and favorable currency effects of 2% were partially offset by unfavorable product and geographic mix of 4%. Volume was at a record level for the year. North American volume was up 21% for the year as a result of market share gains and a comparatively weak first half of 1991. International volume was flat for the year. Average selling prices declined slightly during the first three quarters. In the fourth quarter, the company announced price increases which increased revenues for part of the period.

Gross profit increased $21.1 million or 5% compared to 1991. The increase in gross profit resulting from higher revenues was partially offset by higher manufacturing costs that primarily reflected the effects of higher volume, increased pension and health care costs and environmental costs. As a percentage of sales, gross profit decreased in 1992 to 31.6% from 32.1% in 1991.

Selling and administrative expenses increased $7.7 million or 6% primarily due to higher international selling expenses and higher pension and health care costs. Technology expenses increased $12.1 million or 10% as a result of increased operating and staffing levels necessary to meet customer and product development needs relating to new performance standards for gasoline engine oil effective in July 1993, and diesel engine oils in 1994.

In 1992, the U.S. dollar weakened against other currencies, resulting in a net favorable effect on the company when international transactions were translated into U.S. dollars.

The increase in gross profit was greater than the increase in expenses, and when combined with a $5.6 million increase in other income-net, Specialty Chemicals segment income was $6 million or 3% higher than in 1991.

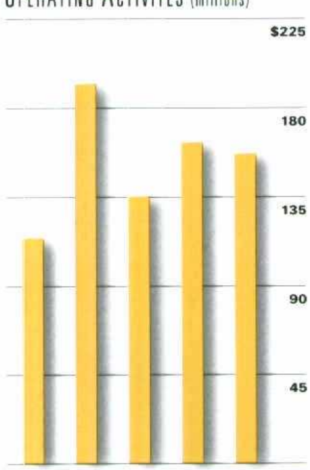
Agribusiness Segment: In 1992, Agribusiness revenues decreased $8.6 million or 7% as a result of lower specialty vegetable oil volume due to more competition in international markets and a fire at a customer's plant in Asia. Gross profit decreased $6.4 million or 14% as a result of the lower sales, costs associated with inventory market adjustments and higher storage costs, all of which related to specialty vegetable oil operations. Gross profit as a percent of sales decreased in 1992 to 33.1% compared to 35.9% in 1991.

Selling, administrative and research expenses were approximately the same as 1991. Lower specialty vegetable oil selling expenses and lower research expenses offset costs associated with the company's partnership with Mycogen. Agribusiness segment loss increased $9.4 million due to the lower gross profit and the company's share of losses in Mycogen and the agribusiness joint venture.

WORKING CAPITAL, LIQUIDITY AND CAPITAL RESOURCES

The company's cash flows for the years 1992 through 1994 are presented in the consolidated statements of cash flows. Cash provided from operating activities during 1994 was $156.8 million, a decrease of $5.7 million compared to 1993. Cash received from customers increased $69.0 million or 5% due to higher revenues. However, this increase was more than offset by amounts paid to suppliers and employees, including payments of $18 million for costs which had been accrued in the 1993 special charge, and higher income tax payments.

CASH PROVIDED FROM OPERATING ACTIVITES (millions)



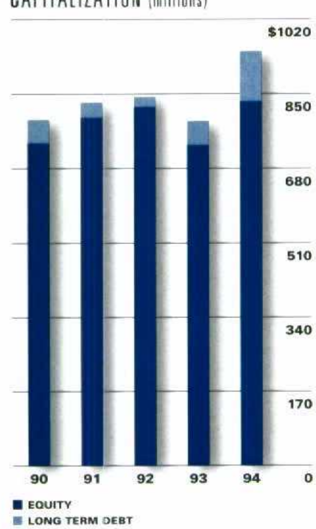
Net cash outflows from investing activities were $117.2 million in 1994 compared to $106.8 million in 1993. Capital expenditures increased $32.7 million or 26% in 1994, of which one-half was attributable to increases at manufacturing facilities, and the balance was primarily due to improvements and additions at the company's Wickliffe facilities. During 1993, the company expended $40.3 million to acquire Langer and certain commercial and technology assets of Great Lakes Chemical, S.A. Cash proceeds from the sale of Genentech common stock were $43.6 million in 1994 compared to $44.5 million in 1993. In 1993, investment proceeds also included amounts aggregating $17.0 million from the sale and redemption of portions of the company's agribusiness investments.

Throughout 1994, the company continued its share repurchase program. In 1994 and 1993, the net proceeds from the sale of Genentech common stock as well as cash generated from operations were used to repurchase common shares of the company. The company repurchased 2,007,721, or 3%, of its common shares for $68.3 million during 1994 compared to the repurchase of 2,075,645 common shares for $67.1 million in 1993. At December 31, 1994, there was Board authorization remaining for the repurchase of 1,031,234 million common shares.

As a result of the activities discussed above and the increase in debt discussed below, cash and short-term investments at December 31, 1994, increased by $12.2 million compared to December 31, 1993.

As described in Note 3 to the financial statements, effective January 1, 1994, the company adopted SFAS 115 "Accounting for Certain Investments in Debt and Equity Securities." SFAS 115 requires that certain of the company's marketable equity securities, included in investments in consolidated companies, be reported at fair value rather than historical cost. The effect at December 31, 1994, of adopting SFAS 115 was to increase investments in nonconsolidated companies by $35.6 million, increase shareholders' equity by $23.2 million and increase deferred tax liabilities by $12.4 million. SFAS 115 had no effect on 1994 net income or cash flows.

CAPITALIZATION (millions)



The company held 830,900 shares of Genentech common stock as of December 31, 1994. The company has continued to sell Genentech stock during the first quarter of 1995 and expects to sell its remaining shares throughout 1995.

The company's financial position continues to be strong. The ratio of current assets to current liabilities was 2.5:1 at both December 31, 1994 and 1993. The level of capital spending and the continuation of the company's share repurchase program were principal factors in the company incurring net borrowings of $92.7 million in 1994. Total debt as a percent of capitalization (shareholders' equity plus short-term and long-term debt) increased to 17% at the end of 1994 compared to 9% at the end of 1993. The company anticipates that, during 1995, its capital expenditures, primarily for manufacturing, technical and administrative support, and its share repurchase program will continue at approximately the same levels as 1994. Total debt is therefore expected to continue at or above the December 31, 1994 levels throughout 1995. The company's strategy of using additional debt to finance capital requirements reflects management's continuing efforts to enhance shareholder value.

At December 31, 1994, the company had unused revolving credit agreements and other credit lines aggregating $95 million. Under a currently effective shelf registration statement, the company has the ability to offer to the public up to $100 million of debt securities. As described in Note 4 to the financial statements, the company has the ability to refinance on a long-term basis $56.6 million of outstanding commercial paper under its revolving credit agreements. Management believes the company's internally generated funds as well as its credit facilities and shelf registration will be sufficient to meet its cash requirements.

Implementation of the remaining special charge activities is estimated to involve future cash outlays aggregating $24 million, primarily in 1995 and 1996. Offsetting the cash outlays will be cash savings which are expected to grow to approximately $40 million annually after the plans are fully implemented. The impact of the special charge on the balance sheet at December 31, 1994, after recognition of deferred taxes, was to reduce working capital by $6.9 million, reduce noncurrent assets by $5.9 million and increase noncurrent liabilities by $13.5 million.

The company is involved in patent litigation with Exxon Corporation in various countries. Determinations of liability against the company in the U.S., which is being heard on appeal, and against Exxon in Canada have been made by the courts. Management is unable to predict the eventual outcomes of this litigation and, therefore, their impact on future cash flows is not known. If Exxon prevails in the U.S. case, management believes the company has sufficient financial resources to meet any resulting obligation and, other than a potential one-time charge against income, the litigation would not have a material adverse effect on future results of operations. Refer to Note 18 for further information regarding this litigation.

INDEPENDENT AUDITORS' REPORT

Deloitte & Touche LLP

To the Shareholders and Board of Directors of
The Lubrizol Corporation

We have audited the accompanying consolidated balance sheets of The Lubrizol Corporation and its subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Lubrizol Corporation and its subsidiaries at December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

As discussed in Notes 8 and 10 to the financial statements, in 1993 the Company changed its method of accounting for income taxes to conform with Statement of Financial Accounting Standards ("SFAS") No. 109 and its method of accounting for postretirement benefits to conform with SFAS No. 106.

Deloitte & Touche LLP

Cleveland, Ohio
February 14, 1995

CONSOLIDATED STATEMENTS OF INCOME

(In Thousands of Dollars Except Per Share Data)	Year Ended December 31 1994	1993	1992
Net sales	**$1,592,750**	$1,517,631	$1,544,670
Royalties and other revenues	**6,244**	7,869	7,578
Total revenues	**1,598,994**	1,525,500	1,552,248
Cost of sales	**1,072,025**	1,032,199	1,054,376
Selling and administrative expenses	**159,459**	158,506	181,326
Research, testing and development expenses	**165,480**	171,540	154,762
Total cost and expenses	**1,396,964**	1,362,245	1,390,464
Special charge		(86,303)	
Gain on sale of Genentech	**41,235**	42,443	
Other income - net	**7,332**	537	11,905
Interest income	**4,011**	3,873	7,070
Interest expense	**(3,149)**	(4,154)	(3,615)
Income before income taxes	**251,459**	119,651	177,144
Provision for income taxes	**75,884**	34,676	52,498
Income before accounting changes	**175,575**	84,975	124,646
Cumulative effect of accounting changes		(39,375)	
Net income	**$ 175,575**	$ 45,600	$ 124,646
Per Common Share:			
Income before accounting changes	**$2.67**	$1.25	$1.81
Cumulative effect of accounting changes		(.58)	
Net income per share	**$2.67**	$ .67	$1.81
Dividends per share	**$ .89**	$ .85	$ .81

The accompanying notes to financial statements are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

(In Thousands of Dollars)	December 31 1994	1993
ASSETS		
Cash and short-term investments	**$ 36,379**	$ 24,220
Receivables	**250,392**	225,603
Inventories	**298,331**	284,537
Other current assets	**39,286**	34,553
Total current assets	**624,388**	568,913
Property and equipment - at cost	**1,266,249**	1,089,106
Less accumulated depreciation	**707,505**	651,471
Property and equipment - net	**558,744**	437,635
Investments in nonconsolidated companies	**138,013**	103,246
Other assets	**73,219**	72,786
TOTAL	**$1,394,364**	$1,182,580
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term debt	**$ 53,700**	$ 14,590
Accounts payable	**114,244**	116,775
Income taxes and other current liabilities	**85,589**	92,883
Total current liabilities	**253,533**	224,248
Long-term debt	**114,161**	55,298
Postretirement health care obligation	**98,453**	89,423
Noncurrent liabilities	**68,799**	70,022
Deferred income taxes	**27,379**	11,353
Total liabilities	**562,325**	450,344
Contingencies and commitments		
Preferred stock without par value - unissued		
Common shares without par value - Outstanding 64,844,560 shares in 1994 and 66,590,028 shares in 1993	**84,059**	80,830
Retained earnings	**734,533**	683,269
Other shareholders' equity	**13,447**	(31,863)
Total shareholders' equity	**832,039**	732,236
TOTAL	**$1,394,364**	$1,182,580

The accompanying notes to financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of Dollars)	Year Ended December 31 1994	1993	1992
CASH PROVIDED FROM (USED FOR):			
OPERATING ACTIVITIES:			
Net income	**$ 175,575**	$ 45,600	$ 124,646
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	**65,934**	61,674	62,013
Deferred income taxes	**19,797**	(32,751)	(37)
Equity (earnings) losses, net of distributions	**(382)**	18,138	2,792
Special charge		86,303	
Gain on sale of investments	**(41,235)**	(55,617)	(6,484)
Cumulative effect of changes in accounting principles		39,375	
Change in current assets and liabilities:			
Receivables	**(20,682)**	(16,066)	(2,400)
Inventories	**(3,150)**	(14,043)	(30,807)
Accounts payable and accrued expenses	**(17,745)**	16,056	(13,693)
Other current assets	**(12,921)**	7,359	(316)
Increase in noncurrent liabilities	**3,246**	12,370	714
Other items - net	**(11,600)**	(5,887)	(1,265)
Total operating activities	**156,837**	162,511	135,163
INVESTING ACTIVITIES:			
Proceeds from sale or redemption of investments	**43,582**	61,494	8,512
Capital expenditures	**(160,527)**	(127,855)	(95,814)
Acquisitions and investments in nonconsolidated companies	**(1,734)**	(40,346)	(2,402)
Other - net	**1,488**	(87)	1,541
Total investing activities	**(117,191)**	(106,794)	(88,163)
FINANCING ACTIVITIES:			
Short-term borrowing (repayment)	**38,359**	168	(3,837)
Long-term borrowing	**56,741**	36,048	3,690
Long-term repayment	**(2,370)**	(23,146)	(20,000)
Dividends paid	**(58,588)**	(57,608)	(55,883)
Common shares purchased, net of options exercised	**(64,372)**	(64,073)	(19,235)
Total financing activities	**(30,230)**	(108,611)	(95,265)
Effect of exchange rate changes on cash	**2,743**	521	(1,289)
Net increase (decrease) in cash and short-term investments	**12,159**	(52,373)	(49,554)
Cash and short-term investments at the beginning of year	**24,220**	76,593	126,147
Cash and short-term investments at the end of year	**$ 36,379**	$ 24,220	$ 76,593

The accompanying notes to financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Number of Shares Outstanding	Shareholders' Equity: Common Shares	Retained Earnings	Other Shareholders' Equity
		(In Thousands of Dollars)		
BALANCE, DECEMBER 31, 1991	69,031,464	$ 77,423	$ 713,229	$ 3,814
Net income 1992			124,646	
Cash dividends			(55,883)	
Translation adjustment for 1992				(24,632)
Common shares - Treasury:				
Shares purchased	(835,200)	(957)	(22,086)	
Shares issued upon exercise of stock options	254,322	3,808		
BALANCE, DECEMBER 31, 1992	68,450,586	80,274	759,906	(20,818)
Net income 1993			45,600	
Cash dividends			(57,608)	
Translation adjustment for 1993				(11,045)
Common shares - Treasury:				
Shares purchased	(2,075,645)	(2,479)	(64,629)	
Shares issued upon exercise of stock options	215,087	3,035		
BALANCE, DECEMBER 31, 1993	**66,590,028**	**80,830**	**683,269**	**(31,863)**
Net income 1994			**175,575**	
Cash dividends			**(58,588)**	
Unrealized gain on marketable securities				**23,169**
Translation adjustment for 1994				**22,141**
Common shares - Treasury:				
Shares purchased	**(2,007,721)**	**(2,528)**	**(65,723)**	
Shares issued upon exercise of stock options	**208,210**	**3,879**		
Other	**54,043**	**1,878**		
BALANCE, DECEMBER 31, 1994	**64,844,560**	**$ 84,059**	**$ 734,533**	**$ 13,447**

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

(In Thousands of Dollars Unless Otherwise Indicated)

NOTE 1 - ACCOUNTING POLICIES

CONSOLIDATION - The consolidated financial statements include the accounts of The Lubrizol Corporation and its majority-owned subsidiaries. For nonconsolidated companies (affiliates), the equity method of accounting is used when ownership exceeds 20% or when the company has the ability to exercise significant influence over the policies of the investee. Other affiliates are carried at cost or fair market value (see Note 3). Refer to Note 16 regarding changes in Agribusiness.

ACCOUNTING CHANGES - Effective January 1, 1993, the company changed its method of accounting for postretirement benefits to conform with Statement of Financial Accounting Standards (SFAS) 106 (see Note 10) and its method of accounting for income taxes to conform with SFAS 109 (see Note 8). The cumulative effect at adoption of these changes in accounting principles, net of tax, is separately reported on the Consolidated Statements of Income. Effective January 1, 1994, the company changed its method of accounting for certain investments in marketable securities to conform to SFAS 115 (see Note 3).

CASH EQUIVALENTS - The company generally invests its excess cash in short-term investments with various banks and financial institutions. Short-term investments are cash equivalents as they are part of the cash management activities of the company and are comprised primarily of investments having maturities when purchased of less than three months.

INVENTORIES - Inventories are stated at cost which is not in excess of market. Cost of inventories is determined by the last-in, first-out (LIFO) method in the United States and the first-in, first-out (FIFO) method elsewhere. The average cost method is used for specialty vegetable oil.

DEPRECIATION AND AMORTIZATION - Accelerated depreciation methods are used in computing depreciation on certain machinery and equipment which comprise approximately 60% of the depreciable assets. The remaining assets are depreciated using the straight-line method. Effective January 1, 1993, the company changed to the straight-line method for newly acquired machinery and equipment. Management believes that straight-line depreciation provides for a better matching of costs and revenues over the lives of the newly acquired assets and conforms to predominant industry practices. The new depreciation method did not have a material effect on net income reported in the periods. The estimated useful lives are 10 to 40 years for buildings and land improvements and range from 3 to 20 years for machinery and equipment. Amortization of intangible and other assets is on a straight-line method over periods ranging from 5 to 25 years.

For income tax purposes, different methods and rates are used in certain instances.

RESEARCH, TESTING AND DEVELOPMENT - Research, testing and development costs are expensed when incurred. Research and development expenses, excluding testing, were $90.7 million, $88.5 million and $91.2 million in 1994, 1993 and 1992, respectively.

FOREIGN CURRENCY TRANSLATION - The assets and liabilities of most non-U.S. subsidiaries are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Operating results are translated at weighted average exchange rates in effect during the period. Net unrealized translation adjustments are recorded as a component of other shareholders' equity and totaled $(9,722), $(31,863) and $(20,818) at December 31, 1994, 1993 and 1992, respectively.

PER SHARE AMOUNTS - Net income per share has been computed by dividing net income by the average number of common shares outstanding during the period. Net income per share has not been adjusted for the effect of stock options as the dilution effect would be less than 3% in any year. All share and per share data have been restated to reflect the 2-for-1 stock split effective August 31, 1992.

NOTE 2 - INVENTORIES

	1994	1993
Finished products	$102,605	$ 89,817
Products in process	98,105	92,067
Raw materials and supplies	97,621	102,653
	$298,331	$284,537

Inventories on the LIFO method were 27% and 25% of consolidated inventories at December 31, 1994 and 1993, respectively. The current replacement cost of these inventories exceeded the LIFO cost at December 31, 1994 and 1993 by $49.9 and $43.0 million, respectively.

NOTE 3 - INVESTMENTS IN NONCONSOLIDATED COMPANIES

	1994	1993
Investments carried at equity	$ 60,523	$ 59,909
Investments carried at cost	37,890	43,337
Investments classified as available-for-sale	39,600	
	$138,013	$103,246

The company adopted SFAS 115 "Accounting for Certain Investments in Debt and Equity Securities" as of January 1, 1994. SFAS 115 requires that certain investments in marketable debt and equity securities classified as available-for-sale be reported at fair value, rather than historical cost, with the unrealized gain or loss recorded in shareholders' equity. The effect of adopting SFAS 115 at January 1, 1994 was to increase investments in nonconsolidated companies by $99.2 million, increase shareholders' equity by $64.5 million and increase deferred tax liabilities by $34.7 million.

At December 31, 1994, investments classified as available-for-sale had an average cost basis of $4.0 million and an aggregate fair value of $39.6 million resulting in unrealized gains of $36.2 million or $23.5 million after tax and unrealized losses of $.6 million or $.4 million after tax.

The company also holds other investments in nonconsolidated companies, including certain investments in marketable securities that are either accounted for on the equity basis or the cost basis due to restrictions placed on the securities. These marketable investments have quoted market values which exceed the book carrying values by $17.7 million at December 31, 1994.

NOTE 4 - SHORT-TERM AND LONG-TERM DEBT

	1994	1993
Long-term debt consists of:		
Debt supported by long-term banking arrangements:		
Commercial paper at weighted average rate of 5.97%	$ 56,625	
6.5% Marine terminal refunding revenue bonds, due 2000	18,375	$18,375
7.875% Industrial development revenue bonds, due 2000	1,000	1,000
Term loans:		
Yen denominated, at 3.8% to 5.8%, due 1995-2002	24,898	24,210
Deutsche mark denominated, at 6.78%, due 1996	15,484	13,825
Other (5% in 1994, 5.9% in 1993)	325	184
	116,707	57,594
Less current portion	(2,546)	(2,296)
	$114,161	$55,298

	1994	1993
Short-term debt consists of:		
Commercial paper at weighted average rates of 5.97% and 3.3%	$ 46,375	$ 4,400
Other short-term debt at weighted average rates of 5.2% and 6.1%	4,779	7,894
Current portion of long-term debt	2,546	2,296
	$ 53,700	$14,590

Commercial paper debt is due within one year. The company has available $95 million in credit facilities, including $75 million in committed revolving credit agreements which would permit the company to borrow at or below the U.S. prime rate. These facilities, which were unused at December 31, 1994, would permit the company to refinance for a period beyond one year the Marine Terminal Refunding Revenue Bonds, whose bondholders have the right to put the bonds back to the company, and $56.6 million of commercial paper outstanding. Accordingly, the company has classified these balances as long-term debt.

Amounts due on long-term debt are $2.5 million in 1995, $18.0 million in 1996, $2.6 million in 1997, $12.1 million in 1998, $3.6 million in 1999 and $77.9 million thereafter, which includes $56.6 million of commercial paper.

The company has an effective shelf registration with the Securities and Exchange Commission which permits the company to offer up to $100 million of debt securities in amounts, at prices and on terms, to be determined at the time of offering. Such debt securities would be unsecured senior securities ranking equal with all other unsecured senior securities of the company.

The Marine Terminal Refunding Revenue Bonds have a variable interest rate. The company has entered into an interest rate swap agreement that effectively fixes the interest rate at 6.5%.

During 1994, 1993 and 1992, interest paid, net of amounts capitalized, amounted to $3.0 million, $3.9 million and $5.2 million, respectively.

NOTE 5 - OTHER BALANCE SHEET INFORMATION

Receivables:	1994	1993
Customers	$ 219,475	$ 200,218
Affiliates	9,174	10,459
Other	21,743	14,926
	$ 250,392	$ 225,603

Receivables are net of allowance for doubtful accounts of $2.6 million in 1994 and $2.1 million in 1993.

Other Current Assets:	1994	1993
Deferred income taxes	$ 20,232	$ 28,453
Other	19,054	6,100
	$ 39,286	$ 34,553

Property and Equipment:	1994	1993
Land and improvements	$ 90,069	$ 80,669
Buildings and improvements	217,002	181,618
Machinery and equipment	828,340	727,409
Construction in progress	130,838	99,410
	$1,266,249	$1,089,106

Depreciation expense was $61.3 million in 1994, $59.6 million in 1993 and $58.4 million in 1992.

Other Assets:	1994	1993
Goodwill and other intangibles	$ 41,381	$ 36,609
Deferred income taxes	18,229	25,821
Other	13,609	10,356
	$ 73,219	$ 72,786

Accumulated amortization of intangible and other assets was $19.0 million and $14.3 million at December 31, 1994 and 1993, respectively.

Accounts Payable:	1994	1993
Trade	$ 109,151	$ 106,005
Affiliates	5,093	10,770
	$ 114,244	$ 116,775

Income Taxes and Other Current Liabilities:	1994	1993
Employee compensation	$ 33,763	$ 30,369
Income taxes	10,504	25,714
Taxes other than income	11,030	9,793
Other	30,292	27,007
	$ 85,589	$ 92,883

Noncurrent Liabilities:	1994	1993
Employee benefits	$ 35,687	$ 35,070
Other	33,112	34,952
	$ 68,799	$ 70,022

NOTE 6 - SHAREHOLDERS' EQUITY

The company has 147 million authorized shares consisting of 2 million shares of Serial Preferred Stock, 25 million shares of Serial Preference Shares and 120 million Common Shares, each of which is without par value. The outstanding Common Shares shown on the balance sheets exclude Common Shares held in treasury of 21,351,334 and 19,605,866 at December 31, 1994 and 1993, respectively. The company effected a two-for-one stock split effective August 31, 1992.

The company has a shareholder rights plan under which one right to buy one-half Common Share has been distributed for each Common Share held. The rights may become exercisable under certain circumstances involving actual or potential acquisitions of 20% or more of the Common Shares by a person or affiliated persons who acquire such stock without complying with the requirements of the company's articles of incorporation. The rights would entitle shareholders, other than such person or affiliated persons, to purchase Common Shares of the company or of certain acquiring persons at 50% of then current market value. At the option of the directors, the rights may be exchanged for Common Shares, and may be redeemed in cash, securities or other consideration. The rights will expire in 1997 unless earlier redeemed.

Under another shareholder rights plan, each holder of Common Shares has one right to buy shares of Serial Preferred Stock for each Common Share held. The rights may become exercisable under certain circumstances involving actual or potential acquisitions of 20% or more of the company's Common Shares by a person or affiliated persons. The rights would entitle shareholders, other than such person or affiliated persons, to purchase shares of Serial Preferred Stock at the purchase price of 1 dollar plus 25 rights per share. The dividend and redemption value of the Serial Preferred Stock would be determined in relation to after-tax amounts which have been or may be recovered by the company from Exxon or its affiliates as a result of certain patent claims. The rights will expire in November 1996 unless earlier redeemed.

NOTE 7 - OTHER INCOME AND GENENTECH GAIN

The company sold 869,100 and 1,001,776 shares of Genentech, Inc. redeemable common stock for cash during 1994 and 1993, respectively. The gains realized on these transactions were $41.2 million in 1994 and $42.4 million in 1993 and, after tax, contributed $.41 per share in each year. At December 31, 1994, the company held 830,900 shares of Genentech redeemable common stock. Genentech, at its option, may redeem the common stock in whole, but not in part, at various redemption prices per share ranging from $58.75 at January 1, 1995, to $60 at June 30, 1995.

Other income - net consists of the following:

	1994	1993	1992
Equity earnings (losses) of non-consolidated companies	$ 2,972	$(15,966)	$ 1,798
Gain on donations of Genentech stock	13,967		
Donations of Genentech stock to The Lubrizol Foundation	(14,581)		
Gain on sale of investments, excluding Genentech		13,174	6,484
Other - net	4,974	3,329	3,623
	$ 7,332	$ 537	$11,905

NOTE 8 - INCOME TAXES

Effective January 1, 1993, the company adopted SFAS 109, which is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the company's financial statements and tax returns. In estimating future tax consequences, SFAS 109 generally considers all expected future events other than changes in tax laws or rates not yet enacted. Previously, the company accounted for income taxes under SFAS 96, which gave no recognition to future events other than the recovery of assets and settlement of liabilities at their carrying value. As permitted under SFAS 109, the company elected not to restate the financial statements of any prior years. The cumulative effect of adopting SFAS 109 at January 1, 1993 increased net income by $12.1 million, or $.18 per share. The effects of the change on both income before income taxes and the effective tax rate for the years ended December 31, 1994 and 1993, were not material.

Income before income taxes consists of the following:

	1994	1993	1992
United States	$163,508	$ 68,673	$ 80,248
Foreign	87,951	50,978	96,896
Total	$251,459	$119,651	$177,144

The provision for income taxes consists of the following:

	1994	1993	1992
Current:			
United States	$ 28,698	$ 31,560	$ 13,981
Foreign	27,389	34,774	37,791
	56,087	66,334	51,772
Deferred:			
United States	12,605	(15,306)	1,603
Foreign	7,192	(16,352)	(877)
	19,797	(31,658)	726
Total	$ 75,884	$ 34,676	$ 52,498

Foreign taxes include withholding taxes. The United States tax provision includes the U.S. tax on foreign income distributed to the company. U.S. and foreign income tax rate changes occurring during the periods presented did not have a material effect on the company's provision for income taxes. The differences between the provision for income taxes at the U.S. statutory rate (35% for 1994 and 1993 and 34% for 1992) and the tax shown in the consolidated statements of income are summarized as follows:

	1994	1993	1992
Tax at statutory rate	$ 88,011	$ 41,878	$ 60,229
Contribution of appreciated property	(5,050)		
Foreign sales corporation earnings	(3,885)	(2,964)	(3,702)
Equity income	(812)	(1,551)	(1,955)
Other - net	(2,380)	(2,687)	(2,074)
Provision for income taxes	$ 75,884	$ 34,676	$ 52,498

The components of deferred tax assets (liabilities) as of December 31 are as follows:

	1994	1993	1992
Accrued compensation and benefits	$ 42,468	$ 42,425	$ 2,791
Intercompany profit in inventory	12,055	11,208	3,829
Net operating losses carried forward	5,660	6,668	
Equity investments and partnerships	1,495	(2,003)	(5,964)
Depreciation and other basis differences	(40,111)	(28,238)	(32,555)
Marketable securities valuation	(12,476)		
Undistributed foreign equity income	(4,124)	(3,877)	(3,644)
Other - net	3,174	13,892	4,378
Net deferred tax assets (liabilities)	$ 8,141	$ 40,075	$(31,165)

At December 31, 1994, certain foreign subsidiaries have net operating loss carry forwards of $13 million for income tax purposes, of which $6 million expires in years 1995 through 2002 and $7 million has no expiration. After evaluating tax planning strategies and historical and projected profitability, the tax benefit of these net operating loss carry forwards has been recognized as a deferred tax asset.

U.S. income taxes or foreign withholding taxes are not provided on undistributed earnings of foreign subsidiaries which are considered to be indefinitely reinvested in the operations of such subsidiaries. The amount of such earnings was approximately $275 million at December 31, 1994. Determination of the net amount of unrecognized U.S. income tax with respect to these earnings is not practicable.

Income taxes paid during 1994, 1993 and 1992, amounted to $70.9 million, $61.2 million and $62.6 million, respectively.

NOTE 9 - PENSION AND PROFIT SHARING PLANS

The company has retirement plans, including non-contributory defined benefit pension plans and a profit sharing plan, covering most employees in the United States and at non-U.S. subsidiaries. Pension benefits are based on years of service and the employee's compensation. The company's funding policy in the United States is to contribute amounts to satisfy the Internal Revenue Service funding standards and elsewhere to fund amounts in accordance with local regulations. Several defined benefit plans are unfunded. Plan assets are invested principally in marketable equity securities and fixed income instruments.

Expense for all retirement plans was $24.1 million in 1994, $25.1 million in 1993 and $20.0 million in 1992, including profit sharing contributions in the U.S. of $5.7 million in 1994, $3.8 million in 1993 and $3.9 million in 1992.

Net periodic pension cost of U.S. and significant international defined benefit plans consists of:

	1994	1993	1992
Service cost - benefits earned during period	$ 11,454	$ 10,107	$ 9,814
Interest cost on projected benefit obligation	16,769	16,115	14,787
Actual return on plan assets	1,510	(24,830)	(17,926)
Net amortization and deferral	(14,695)	16,363	5,779
Net periodic pension cost	$ 15,038	$ 17,755	$ 12,454

The increase in net periodic pension cost for 1993 results largely from the company's realignment and early retirement programs accounted for in the special charge (see Note 17).

The weighted average assumptions used at December 31 were:

	1994	1993	1992
Discount rate for determining funded status	8.2%	7.2%	8.0%
Compensation increase	5.2%	5.1%	5.8%
Return on plan assets	8.6%	8.5%	8.9%

The funded status of such defined benefit pension plans and the amounts recognized in the consolidated balance sheets at December 31 is as follows:

	1994		1993	
	Assets Exceed Accum. Benefits	Accum. Benefits Exceed Assets	Assets Exceed Accum. Benefits	Accum. Benefits Exceed Assets
Fair value of plan assets	$180,905	$ 6,273	$133,755	$ 48,142
Projected benefit obligation	(186,988)	(36,599)	(140,363)	(79,541)
Projected benefit obligation in excess of plan assets	(6,083)	(30,326)	(6,608)	(31,399)
Unrecognized net transition obligation (asset)	(14,871)	3,531	(12,794)	119
Unrecognized net loss (gain)	14,408	1,670	(446)	12,049
Unrecognized prior service cost	15,299	4,222	17,566	3,179
Minimum liability adjustment		(983)		(3,177)
Accrued pension asset (liability)	$ 8,753	$(21,886)	$ (2,282)	$(19,229)
Accumulated benefit obligation	$138,258	$ 26,020	$ 88,735	$ 70,608
Vested benefits	$133,880	$ 21,901	$ 83,543	$ 67,344

NOTE 10 - POSTRETIREMENT HEALTH CARE

The company provides certain postretirement benefits other than pensions, primarily health care, for retired employees. Currently, substantially all of the company's full-time employees in the U.S. become eligible for these benefits after attaining specified years of service and age 55 at retirement. Participants contribute a portion of the cost of such benefits. The company's postretirement health care plans are not funded.

Effective January 1, 1993, the company adopted SFAS 106 which requires the company to accrue the estimated cost of retiree benefit payments during the years the employee provides services. The company previously expensed the cost of these benefits as claims were incurred. The company elected to immediately recognize the cumulative effect of this change in accounting principle. The cumulative effect at January 1, 1993 of adopting SFAS 106 was to record a liability for the accumulated postretirement benefit obligation of $79.9 million, an increase in deferred income tax assets of $28.4 million and a decrease in net income of $51.5 million ($.76 per share).

The status of the U.S. health care plans at December 31 is as follows:

	1994	1993
Accumulated postretirement benefit obligations:		
Retirees	$33,778	$32,885
Fully eligible active plan participants	16,941	20,866
Other active plan participants	18,724	38,198
Total accumulated postretirement benefit obligation	69,443	91,949
Unrecognized net (loss) gain	7,949	(2,526)
Unrecognized net reduction in prior service costs	20,036	
Accrued postretirement health care costs	$97,428	$89,423

The net postretirement health care cost for 1994 was determined based on the provisions of the company's medical plan in effect on January 1, 1994. In late 1994, the company amended its U.S. health care plan, including several changes with delayed effective dates. These amendments changed the eligibility requirements by requiring 15 years of service prior to retirement for new employees and current employees under the age of 40 at the effective date of January 1, 1995, and changed the cost sharing provisions of the plan by indexing deductibles and copayments and introducing a cap on the company's share of future premium costs. These changes reduced the accumulated postretirement benefit obligation at December 31, 1994 by $20.0 million, which will be amortized as a reduction in annual cost on a straight-line basis over 12 years.

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation was 10.5% in 1994 (11.25% in 1993), with subsequent annual decrements of .75% to an ultimate trend rate of 6%. A one-percentage-point increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit obligation by approximately 14% and net postretirement benefit cost by approximately 23%. The discount rate used in determining the accumulated postretirement benefit obligation was 8.75% in 1994 and 7.5% in 1993.

Net postretirement health care cost consists of the following components for the company's U.S. plans:

	1994	1993
Service cost - benefits earned during the year	$ 2,916	$ 2,620
Interest cost on accumulated postretirement benefit obligation	7,131	6,724
Net postretirement health care cost	$10,047	$ 9,344

In 1994, the company applied SFAS 106 for its international locations and recognized expense and accrued postretirement health care cost of $4.0 million for the transition obligation.

The postretirement health care cost increased $8.1 million ($.08 per share after taxes) in 1993 as a result of adopting SFAS 106. Postretirement health care expense on a pay-as-you-go basis was $1.8 million in 1992.

NOTE 11 - LEASES

The company has commitments under operating leases primarily for office space, terminal facilities, land, railroad tank cars and various office equipment. Rental expense was $19.3 million in 1994, $19.0 million in 1993 and $18.3 million in 1992. Future minimum rental commitments under operating leases having initial or remaining non-cancelable lease terms exceeding one year are $14.0 million in 1995, $7.3 million in 1996, $5.4 million in 1997, $3.5 million in 1998, $2.2 million in 1999 and $23.4 million thereafter.

NOTE 12 - OPERATIONS IN GEOGRAPHIC AREAS

Financial data by geographic area, based on the location of the subsidiary which shipped and billed the product, is as follows:

	1994	1993	1992
Revenues from customers:			
United States	$ 707,103	$ 660,674	$ 734,273
Europe	512,279	501,551	472,982
Far East	215,632	203,327	178,702
Other	163,980	159,948	166,291
	1,598,994	1,525,500	1,552,248
Intercompany transfers:			
United States	296,693	290,487	258,673
Europe	28,835	22,276	20,657
Far East	360	496	
Other	27,717	26,707	32,674
	353,605	339,966	312,004
Gross revenues	1,952,599	1,865,466	1,864,252
Less: Intercompany transfers	(353,605)	(339,966)	(312,004)
Consolidated revenues	$1,598,994	$1,525,500	$1,552,248
Operating profit:			
United States	$ 145,971	$ 105,591	$ 94,800
Europe	49,783	58,781	63,141
Far East	15,486	14,374	9,493
Other	14,251	11,392	13,640
Eliminations	(2,249)	(129)	6,500
	223,242	190,009	187,574
General corporate expenses	(21,212)	(26,754)	(25,790)
Special charge		(86,303)	
Gain on sale of Genentech	41,235	42,443	
Other income - net	7,332	537	11,905
Interest - net	862	(281)	3,455
Income before income taxes	$ 251,459	$ 119,651	$ 177,144
Identifiable assets:			
United States	$ 731,651	$ 637,919	$ 548,601
Europe	337,457	289,649	248,723
Far East	157,344	143,542	124,132
Other	74,768	71,651	73,836
Eliminations	(81,640)	(88,012)	(88,619)
	1,219,580	1,054,749	906,673
Corporate assets	174,784	127,831	220,447
Total assets	$1,394,364	$1,182,580	$1,127,120

Notes:

A. Intercompany transfers are made at prices comparable to normal unaffiliated customer sales for similar products.

B. Affiliated companies are not allocated to geographic segments.

C. Corporate assets consist of short-term investments and investments in affiliated companies.

Export sales from the United States to customers, primarily in Latin America, the Middle East and Asia, were $139 million in 1994, $119 million in 1993 and $136 million in 1992.

Net assets of non-U.S. subsidiaries at December 31, 1994 and 1993 were $388 million and $326 million, respectively. Net income of these subsidiaries was $55 million in 1994, $42 million in 1993 and $59 million in 1992; and dividends received from the subsidiaries were $8 million, $34 million and $26 million, respectively.

NOTE 13 - FINANCIAL INSTRUMENTS

The company has various financial instruments, including cash and short-term investments, investments in nonconsolidated companies, foreign currency forward contracts, interest rate swaps and short- and long-term debt. The company has determined the estimated fair value of these financial instruments by using available market information and generally accepted valuation methodologies. The use of different market assumptions or estimation methodologies could have a material effect on the estimated fair value amounts. The company believes the carrying values of financial instruments approximate their fair values except for certain investments in marketable securities (see Note 3). The company uses derivative financial instruments only to manage well-defined foreign currency, interest rate and commodity price risks, as described below. The company does not use derivative financial instruments for trading purposes.

The company is exposed to the effect of changes in foreign currency rates on its earnings and cash flow as a result of doing business internationally. In addition to working capital management, pricing and sourcing, the company selectively uses foreign currency forward contracts to lessen the potential effect of these changes. Such contracts are generally in connection with transactions with maturities of up to one year.

Realized and unrealized gains or losses on these contracts are recorded in the statement of income, or in the case of transactions designated as hedges of net foreign investments, in the cumulative translation adjustment account in other shareholders' equity. Additionally, foreign currency forward contract gains and losses on certain future transactions may be deferred until the future transaction is recorded. The company's deferred currency gains at December 31, 1994 on foreign exchange contracts were insignificant.

At December 31, 1994, the company had short-term forward contracts to sell currencies at various dates during 1995 for $12.2 million.

The maximum amount of foreign currency forward contracts outstanding at any one time was $25.7 million in 1994 and $45.6 million in 1993.

The company has also entered into an interest rate swap to effectively convert floating rate debt to a fixed rate on $18.4 million of Marine Terminal Refunding Revenue Bonds due July 1, 2000 (see Note 4). The company also uses commodity futures contracts to reduce its exposure to fluctuations in raw material costs for its specialty vegetable oils. Realized gains and losses on these contracts are included in inventory cost.

NOTE 14 - BUSINESS SEGMENT INFORMATION

The company has a concentration of sales and receivables in the oil and chemical industries. The ten largest customers, most of which are international oil companies and a number of which are groups of affiliated entities, accounted for approximately 45% in 1994 and 44% of consolidated sales in 1993 and 1992. Although the largest single group accounted for 9% of sales in 1994 and 1993 and 10% in 1992, this group is made up of a number of separate entities that the company believes make independent purchasing decisions.

The company's Agribusiness activities ceased being reportable as a separate industry segment after December 1, 1992 (see Note 16). A description of the company's reportable segments prior to December 1, 1992, is contained on page 20. Industry segment information as of and for the year ended December 31, 1992, is presented below:

	Specialty Chemicals	Agribusiness	Total
Operating results:			
Revenues	$1,433,358	$ 118,890	$1,552,248
Gross profit	450,967	39,327	490,294
Selling and administrative expenses	147,653	33,673	181,326
Research, testing and development expenses	139,810	14,952	154,762
Segment income (loss)	185,148	(11,459)	173,689
Identifiable assets	871,401	104,339	975,740
Other related disclosures:			
Capital expenditures	89,172	6,642	95,814
Depreciation and amortization	55,024	6,989	62,013

Segment income (loss) is before interest and taxes. Consolidated total assets at December 31, 1992 included corporate investments of $151,380 which are not allocable to industry segments.

NOTE 15 - STOCK OPTIONS

The 1991 Stock Incentive Plan provides for granting of options to buy Common Shares intended either to qualify as "incentive stock options" under the Internal Revenue Code or "non-statutory stock options" not intended to so qualify, up to an amount equal to one percent of the outstanding Common Shares at the beginning of any year, plus any unused amount from prior years. Under the 1991 Plan, options generally become exercisable 50% one year after grant, 75% after two years, and 100% after three years, and expire up to ten years after grant. "Reload options," which are options to purchase additional shares if a grantee uses already-owned shares to pay for an option exercise are granted automatically under the 1991 Plan and may be granted in the discretion of the administering committee under their 1985 Employee Stock Option Plan. The 1991 Plan generally supersedes the 1985 Plan, although options outstanding under the 1985 Plan remain exercisable until their expiration dates. The option price under both plans is the fair market value of the shares on the date of grant. Both plans permit or permitted the granting of stock appreciation rights in connection with the grant of options, and the 1991 Plan also permits the grant of restricted and unrestricted shares. In addition, the 1991 Plan provides for an automatic annual grant to each outside director of the company of an option to purchase 2,000 Common Shares, with terms generally comparable to employee stock options.

Information regarding these option plans is as follows:

	Number of Shares		
	1994	1993	1992
Outstanding, January 1	2,338,875	2,147,263	1,970,446
Granted at $26.06 to $37.50 per share	614,815	624,546	596,290
Exercised at $9.31 to $32.81 per share	(364,519)	(394,178)	(407,697)
Surrendered at $11.69 to $37.50 per share	(5,450)	(38,756)	(11,776)
Outstanding, December 31	2,583,721	2,338,875	2,147,263
Exercisable, December 31	1,652,012	1,341,767	1,210,767
Available for grant, December 31	1,873,286	1,816,751	1,718,036

The 1985 Plan options expire June 1995 to November 2004, with an average option price of $24.72. The 1991 Plan options expire April 2001 to June 2004, with an average option price of $33.33.

NOTE 16 - TRANSACTIONS WITH MYCOGEN CORPORATION

On December 1, 1992, the company transferred certain of its Agribusiness assets to Mycogen Corporation in exchange for 2,294,590 shares of Mycogen Common Stock and $39.4 million par value of Mycogen Series A Preferred Stock. The remainder of its Agribusiness assets, plus cash of $4.6 million, and exclusive of specialty vegetable oil operations, was transferred to Agrigenetics, L.P., a partnership with Mycogen, in exchange for a 49% partnership interest.

On December 31, 1993, the company sold 29.54% of Agrigenetics, L.P. to Mycogen in exchange for cash of $7.0 million and 2,000,000 shares of Mycogen Common Stock valued at $20.5 million. This transaction increased the company's ownership of the outstanding Mycogen Common Stock from 25% to 32%. Mycogen liquidated Agrigenetics, L.P. into a successor corporation named Agrigenetics Inc. ("AGI") and issued to the company AGI common shares representing a 19.46% ownership interest.

The company has the right to convert some or all of its interest in AGI into Mycogen Common Stock or, after November 30, 2000, the company may require Mycogen to purchase, and Mycogen may require the company to sell, some or all of its then remaining interest in AGI for cash. The company and Mycogen have agreed the value for the conversion or sale of the company's interest in AGI will not be less than $21.4 million nor more than $26.3 million.

On December 1, 1993, Mycogen mandatorily redeemed $10 million of the Preferred Stock for cash. The Preferred Stock held by the company pays cumulative dividends of 5% per year through November 30, 1996; 8.5% from December 1, 1996 through

November 30, 2000; and the higher of 10% or prime plus 3% per annum thereafter. At Mycogen's option, dividends may be paid in cash or additional shares of Preferred Stock through November 30, 1997 and, thereafter, are payable in cash. The company, at its option, may convert the Preferred Stock into Mycogen Common Stock at the lower of $17.96 per share or 125% of the market price.

At December 31, 1994, the book carrying values of the company's investments aggregated $41.2 million for Mycogen and AGI Common Stock and $30.0 million for Mycogen Preferred Stock.

The company uses the equity method of accounting for its investment in the Common Stock of Mycogen which includes AGI (formerly Agrigenetics, L.P.). Other income-net includes the following amounts related to these investments.

	1994	1993	1992
Preferred dividends	$ 1,454	$ 1,975	$ 164
Equity losses	(94)	(20,997)	(2,708)
Gain on sale of investments		13,174	
	$ 1,360	$ (5,848)	$ (2,544)

The 1992 consolidated financial statements include revenues of $88.6 million, costs and expenses of $95.9 million and segment loss of $6.1 million related to the agribusiness transferred assets.

NOTE 17 - SPECIAL CHARGE

The company recorded a special charge of $86.3 million ($.83 per share after tax) in the third quarter of 1993 in connection with manufacturing rationalization and organizational realignment initiatives. The manufacturing rationalization plan will be substantially complete by the end of 1996 and through consolidation is resulting in cost savings from a reduced number of employees, lower operating costs and fewer manufacturing units used to produce intermediate products.

Approximately $51 million of the special charge relates to the manufacturing rationalization of which $27 million relates to asset write-downs, including $16 million for the shutdown of manufacturing units used to produce intermediate products. The remainder of the rationalization portion of the special charge relates to expected employee reduction at manufacturing locations through early retirements, equipment cleanup and dismantling, employee relocation and other transitional costs.

The organizational realignment relates to the consolidation of the company's nonmanufacturing activities. This portion of the special charge is approximately $35 million and includes $16 million for employee early retirement and relocation. The remainder of this portion of the special charge relates to asset write-downs of $13 million, primarily in the company's Agribusiness investments and accruals for transitional costs.

In 1994, the company updated the estimated costs to complete the initiatives and as a result reclassified approximately $5 million of the special charge from the manufacturing rationalization portion to the organizational realignment portion. This reclassification reduced the amount of asset write-downs and increased the amount related to employee reductions and other transitional items related to the two initiatives.

Cash outlays related to the special charge were approximately $18 million during 1994 and $4 million in 1993. Included in liabilities at December 31, 1994, are future cash outlays of $24 million, primarily for employee reductions and lease terminations, of which $9 million is expected to be spent in 1995.

NOTE 18 - LITIGATION

On November 18, 1993, a federal court jury in Houston, Texas, awarded Exxon Corporation $48 million in damages in a patent case brought, in 1989, against the company. The damages award relates to a December 1992 verdict that the company willfully infringed an Exxon patent pertaining to an oil soluble copper additive component. On February 18, 1994, the trial court judge doubled the damages amount and awarded prejudgment interest, court costs and additional attorneys' fees to Exxon. The total amount of the judgment, including previously awarded attorneys' fees, is $129 million. The company has obtained a bond to stay enforcement of the judgment pending the company's appeal discussed below.

The original December 1992 finding of willful infringement, as well as the jury's determination that the patent is valid, remains on appeal to the United States Court of Appeals for the Federal Circuit Court in Washington, D.C., which has jurisdiction over all patent cases. Oral arguments on this appeal were held on December 6, 1993, and the company does not know when a decision will be announced. This decision could reverse or modify the judgment against the company. In addition, oral arguments on the company's appeal of the February 1994 damages award will be heard by the same court in Washington, D.C., on March 8, 1995. The company's management continues to believe that it has not infringed the Exxon patent and that the patent is invalid. Based on the advice of legal counsel, management believes that the December 1992 trial court judgment will not be upheld on appeal. Therefore, no amount related to the judgment has been recorded in the company's financial statements.

The company has prevailed in a separate case brought in Canada against Exxon's Canadian affiliate, Imperial Oil, Ltd., for infringement of the company's patent pertaining to dispersant, the largest additive component used in motor oils. A 1990 trial court verdict in favor of the company regarding the issue of liability was upheld by the Federal Court of Appeals of Canada in December 1992, and in October 1993, the Supreme Court of Canada dismissed Imperial Oil's appeal of the Court of appeals decision. The case has returned to the trial court for an assessment of damages. On October 4, 1994, the trial court judge awarded the company $15 million (Canadian) in special penalty damages, plus attorneys' fees, against Imperial Oil for disregarding an earlier injunction for the manufacture or sale of the dispersant which is the subject of this case. Imperial Oil commenced proceedings to appeal the award of penalty damages. The company has not reflected the award of penalty damages within its financial statements pending the outcome of the appeal process. The penalty damages are in addition to compensation damages, as to which no date has been set for a determination. A reasonable estimation of the company's potential recovery for compensation damages cannot be made at this time.

Quarterly Financial Data (Unaudited)

	Three Months Ended			
	March 31	June 30	Sept. 30	Dec. 31
	(In Thousands of Dollars Except Per Share Data)			
1994				
Net sales	$397,816	$407,163	$396,478	$391,293
Gross profit	125,210	134,721	134,601	126,193
Genentech gain (net of tax)	7,483	7,719	7,812	3,789
Net income	43,281	49,132	47,933	35,229
Net income per share	$.65	$.74	$.73	$.54
1993				
Net sales	$365,580	$392,236	$390,819	$368,996
Gross profit	118,168	121,625	129,225	116,414
Genentech gain (net of tax)			13,070	14,517
Income before accounting changes	35,431	31,342	(15,905)	34,107
Net income	(3,944)	31,342	(15,905)	34,107
Net income per share:				
Before accounting change	.52	.46	(.24)	.51
Net income	$(.06)	$.46	$(.24)	$.51

In the third quarter of 1993, the company recorded a special charge decreasing net income $56.1 million ($.83 per share).

HISTORICAL SUMMARY

(In Thousands of Dollars Except Per Share Data)	**1994**	1993	1992
SUMMARY OF OPERATIONS			
Revenues	**$1,598,994**	$1,525,500	$1,552,248
Cost of sales	**1,072,025**	1,032,199	1,054,376
Selling, administrative, research, testing and development expenses	**324,939**	330,046	336,088
Total cost and expenses	**1,396,964**	1,362,245	1,390,464
Other income (charges)	**49,429**	(43,604)	15,360
Income before income taxes	**251,459**	119,651	177,144
Provision for income taxes	**75,884**	34,676	52,498
Changes in accounting principles		(39,375)	
Net income	**$ 175,575**	$ 45,600	$ 124,646
For the Year:			
Net income per share	**$2.67**	$.67	$1.81
Dividends declared per share	**.89**	.85	.81
Average Common Shares outstanding (in thousands)	**65,737**	67,706	68,966
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Current assets	**$ 624,388**	$ 568,913	$ 591,016
Property - net	**558,744**	437,635	375,587
Other assets	**211,232**	176,032	160,517
Total assets	**1,394,364**	1,182,580	1,127,120
Less:			
Short-term debt	**53,700**	14,590	25,140
Other current liabilities	**199,833**	209,658	181,108
Long-term debt	**114,161**	55,298	23,258
Other noncurrent liabilities	**194,631**	170,798	78,252
Shareholders' equity	**$ 832,039**	$ 732,236	$ 819,362
OTHER DATA			
Return on average shareholders' equity	**22%**	6%	15%
Capital investments	**$ 162,261**	$ 168,201	$ 98,216
Depreciation	**61,278**	59,595	58,435
At End of Year:			
Number of employees	**4,520**	4,613	4,609
Number of shareholders	**6,494**	6,616	6,822
Common Shares outstanding (in thousands)	**64,845**	66,590	68,451
Shareholders' equity per share	**$12.83**	$11.00	$11.97

All share and per share data have been restated to reflect the 2-for-1 stock split effected on August 31, 1992.

1991	1990	1989	1988	1987	1986	1985	1984
$1,476,306	$1,452,701	$1,227,910	$1,125,731	$1,022,277	$ 985,182	$ 913,351	$ 844,175
992,275	1,006,341	864,576	783,113	713,152	695,068	659,130	627,378
316,401	282,050	245,132	226,776	203,236	180,650	158,358	114,501
1,308,676	1,288,391	1,109,708	1,009,889	916,388	875,718	817,488	741,879
10,510	106,902	19,544	69,908	23,310	19,200	7,582	12,788
178,140	271,212	137,746	185,750	129,199	128,664	103,445	115,084
54,481	81,166	43,766	54,544	47,864	50,479	43,221	47,353
			8,751				
$ 123,659	$ 190,046	$ 93,980	$ 139,957	$ 81,335	$ 78,185	$ 60,224	$ 67,731
$1.79	$2.67	$1.26	$1.81	$1.03	$.99	$.74	$.87
.77	.73	.69	.65	.61	.59	.58	.56
69,260	71,121	74,665	77,391	79,117	79,356	80,817	78,276
$ 701,571	$ 668,810	$ 543,166	$ 573,002	$ 513,342	$462,982	$447,441	$376,050
380,030	353,551	316,493	298,670	297,573	289,078	290,298	251,735
90,082	92,235	100,525	98,999	128,463	125,847	116,706	74,189
1,171,683	1,114,596	960,184	970,671	939,378	877,907	854,445	701,974
32,801	12,552	8,002	5,483	13,561	4,303	31,448	9,381
229,361	235,799	172,906	179,405	155,605	158,494	151,095	122,871
34,982	54,023	53,180	55,339	56,138	52,616	73,444	30,416
80,073	76,011	62,832	66,136	92,441	89,815	79,160	64,963
$ 794,466	$ 736,211	$ 663,264	$ 664,308	$ 621,633	$ 572,679	$ 519,298	$ 474,343
16%	27%	14%	22%	14%	14%	12%	14%
$ 83,541	$ 92,231	$ 82,720	$ 71,891	$ 56,460	$ 52,986	$ 103,990	$ 49,001
54,614	53,960	48,682	46,598	47,229	42,591	44,605	38,723
5,299	5,169	5,030	4,781	4,817	4,802	5,205	4,176
6,767	6,692	7,370	7,782	8,335	9,240	10,803	10,804
69,031	69,397	74,016	76,020	77,922	79,382	79,321	78,221
$11.51	$10.61	$8.96	$8.74	$7.98	$7.21	$6.55	$6.06

Board of Directors

Top Row left to right: RONALD A. MITSCH, EDWARD F. BELL, THOMAS C. MacAVOY, DAVID H. HOAG, RENOLD D. THOMPSON, WILLIAM P. MADAR
Bottom Row left to right: PEGGY GORDON ELLIOTT, KARL E. WARE, L. E. COLEMAN, W. G. BARES, RICHARD A. MILLER

L. E. Coleman
Chairman of the Board and Chief Executive Officer

W. G. Bares
President and Chief Operating Officer

Edward F. Bell
Retired President and Chief Executive Officer of Ameritech Ohio, which provides telephone service, data transmission and other advanced telecommunications services to residential and business customers in Ohio.

Peggy Gordon Elliott
President of The University of Akron, which has the third largest main campus enrollment in Ohio and the nation's largest academic program in polymer science.

David H. Hoag
Chairman, President and Chief Executive Officer of The LTV Corporation and Chief Executive Officer of LTV Steel Company. The LTV Corporation is a diversified company engaged in the production of steel and the manufacture and distribution of oil field supplies.

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Karl E. Ware
Chairman and Chief Executive Officer of Ware Industries, Inc., a company which designs, manufactures and markets a broad range of specialty wire forms and steel components.

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Corporate Information

TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSING AGENT

KeyCorp Shareholder Services, Inc.

P. O. Box 6477

Cleveland, Ohio 44101-1477

(216) 813-5745 (800) 542-7792

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at the Clarion Hotel & Conference Center, Eastlake, Ohio, on April 24, 1995.

FORM 10-K

The Form 10-K Annual Report to the Securities and Exchange Commission will be available April 3. A copy may be obtained without charge upon written request to the Secretary of the Corporation.

SHAREHOLDER INFORMATION

The Common Shares of The Lubrizol Corporation are listed on the New York Stock Exchange under the symbol LZ. The number of shareholders of record of Common Shares was 6,461 as of February 10, 1995.

Lubrizol offers shareholders of record an opportunity to purchase additional shares of stock through a dividend reinvestment program.

Interested shareholders should contact our transfer agent, KeyCorp Shareholder Services, Inc., at the address and telephone number listed above.

OFFICERS

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President and Chief Operating Officer

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Senior Vice President

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Vice President and Chief Financial Officer

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Vice President

J. Alun Thomas
Vice President

William R. Jones
Treasurer

LUBRIZOL

29400 LAKELAND BOULEVARD

WICKLIFFE, OHIO 44092

216 943-4200

PRINCIPAL SUBSIDIARIES AND BRANCHES

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Lubrizol do Brasil Aditivos, Ltda.
Lubrizol Canada Limited
Lubrizol de Chile Limitada
Lubrizol China, Inc.
Lubrizol Española, S.A.
Lubrizol France S.A.
Lubrizol Gesellschaft m.b.H. (Austria)
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Lubrizol Overseas Trading Corporation
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Lubrizol Scandinavia AB
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Lubrizol de Venezuela C.A.
Anedco Inc.
Gate City Equipment Company, Inc.
Langer & Company G.m.b.H. (Germany)
SVO Specialty Products, Inc.

AFFILIATES

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Industrias Lubrizol S.A. de C.V. (Mexico)
Lubrizol Transarabian Company Limited (Saudi Arabia)
C.A. Lubricantes Quimicos L.Q. (Venezuela)
Solub Product Application Laboratory (Russia)

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Houston, Texas
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Rouen, France
Mourenx, France
Ritterhude, Germany
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Apodaca, Mexico
Yanbu, Saudi Arabia
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Durban, South Africa
Valencia, Venezuela

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